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

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

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

HIGHLIGHTS

	2016 HK$ millions	Pro forma results 2015 (1) HK$ millions	Change	Local currency change
Total Revenue (2)	**372,686**	396,087	-6%	-2%
Total EBITDA (2)	**91,980**	92,093	–	+6%
Total EBIT (2)	**62,414**	62,079	+1%	+7%
Profit attributable to ordinary shareholders before profits on disposal of investments & others	**33,313**	32,128	+4%	+11%
Profits on disposal of investments & others	**(305)**	(960)	+68%	
Profit attributable to ordinary shareholders	**33,008**	31,168	+6%	
Recurring earnings per share (3)	**HK$8.63**	HK$8.32	+4%	
Earnings per share (4)	**HK$8.55**	HK$8.08	+6%	
Final dividend per share	**HK$1.945**	HK$1.850	+5%	
Full year dividend per share	**HK$2.680**	HK$2.550	+5%	

(1) CKHH Pro forma results for the year ended 31 December 2015 assume that the Reorganisation was effective as at 1 January 2015. Pro forma 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") by operating segments for the year ended 31 December 2015 have been reclassified to include the respective additional contributions as a result of the Reorganisation to enable a like-for-like comparison with CKHH actual results for the year ended 31 December 2016. The CKHH statutory results for the year ended 31 December 2015 reflect the impact of Reorganisation that occurred on 3 June 2015 and the total revenue and profit attributable to ordinary shareholders for the year ended 31 December 2015 reported on that basis was HK$316,318 million and HK$118,570 million respectively. See the Consolidated Income Statement included in this Announcement and CKHH 2015 Annual Report for Reconciliation from CKHH Statutory Results to CKHH Pro forma Results for the year ended 31 December 2015.

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

(3) Recurring earnings per share is calculated based on profit attributable to ordinary shareholders before profits on disposal of investments and others, after tax. For the year ended 31 December 2016, the recurring earnings per share is calculated based on CKHH's weighted average number of shares outstanding during the year of 3,859,441,388. For the year ended 31 December 2015, recurring earnings per share on a pro forma basis was calculated based on profit attributable to ordinary shareholders before exceptional items of HK$32,128 million and on CKHH's issued shares outstanding as at 31 December 2015 of 3,859,678,500.

(4) Earnings per share is calculated based on profit attributable to ordinary shareholders. For the year ended 31 December 2016, the earnings per share is calculated based on CKHH's weighted average number of shares outstanding during the year of 3,859,441,388. For the year ended 31 December 2015, earnings per share on a pro forma basis was calculated based on profit attributable to ordinary shareholders of HK$31,168 million and on CKHH's issued shares outstanding as at 31 December 2015 of 3,859,678,500 and the earnings per share on a statutory basis of HK$36.91 as at 31 December 2015 was calculated based on the profit attributable to ordinary shareholders of HK$118,570 million and on CKHH's weighted average number of shares outstanding during the year ended 31 December 2015 of 3,212,671,194.

CHAIRMAN'S STATEMENT

Economic and political uncertainty continued to weigh on global growth through 2016. Volatility in major exchange rates and commodity prices in particular, contributed to a challenging business environment in many of the sectors and geographies in which the Group operates. On balance, however, the Group's geographical and business diversification delivered a steady performance for the year.

With the completion of the Wind Tre joint venture in Italy and continuing organic growth in the Group's telecommunications businesses outside of Hong Kong, the Telecommunication division made a significant contribution to the Group's growth in 2016. Together with the execution of strategic transactions on the Group's Energy and Infrastructure divisions, the Group was able to achieve 4% and 6% growth in recurring and reported earnings per share respectively. That growth would have been over 10% but for continuing declines in Euro exchange rates and the precipitous fall of Sterling after the Brexit vote.

EBITDA was flat compared to last year while EBIT showed a modest 1% increase. However, if major currency fluctuations are removed, EBITDA and EBIT grew 6% and 7% respectively against last year in local currencies, reflecting accretive contributions from the Wind Tre merger in Italy, acquisitions made by the Infrastructure division in late 2015, strong performances in the UK and Indonesian telecommunication operations and gains from the strategic disposal of Husky Energy's pipeline assets.

Recurring profit attributable to ordinary shareholders in 2016 before profits on disposal of investments and others was HK$33,313 million, a 4% increase in reported currency and 11% increase in local currencies. Recurring earnings per share were HK$8.63 for the full year 2016.

Profits on disposal of investments and others after tax in 2016 was a charge of HK$305 million comprising a non-cash mark-to-market gain of HK$598 million on the acquisition of an additional interest in an existing port operation offset by a non-cash impairment charge of HK$577 million on certain non-core investments held by the ports division and the Group's 50% share of operating losses[1] of Vodafone Hutchison Australia ("VHA") of HK$326 million. The Group's share of VHA's losses in 2016 represented a substantial improvement over the HK$960 million loss recorded in 2015.

Profit attributable to ordinary shareholders for the year ended 31 December 2016 increased 6% to HK$33,008 million from HK$31,168 million for 2015.

Dividend

The Board recommends the payment of a final dividend of HK$1.945 per share (2015 final dividend – HK$1.850 per share), payable on Wednesday, 31 May 2017 to those persons registered as shareholders of the Company on Wednesday, 17 May 2017, being the record date for determining shareholders' entitlement to the proposed final dividend. Combined with the interim dividend of HK$0.735 per share, the full year dividend amounts to HK$2.680 per share (2015 full year dividend – HK$2.550 per share).

[1] The Group's 50% share of 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

The ports and related services division throughput was 81.4 million twenty-foot equivalent units ("TEU") in 2016, 3% lower compared to 2015 mainly due to weaker intra-Asia and transhipment cargoes in Hong Kong and mounting competition in Rotterdam. Total revenue of HK$32,184 million was 5% lower than last year principally due to adverse foreign currency translation. In local currencies, revenue was flat against last year. EBITDA decreased 3% in reported currency to HK$11,639 million, but increased 2% in local currencies, reflecting cost savings initiatives implemented during the year and a gain on disposal of the Huizhou ports operation. In reported currency, EBIT decreased 5% to HK$7,567 million, while remaining flat against last year in local currencies mainly due to the higher amortisation charge on the renewed concession of the Jakarta operations.

The division had 275 operating berths at the end of the year. This division will continue to focus on enhancing service capabilities and efficiencies in order to maintain a stable contribution in 2017. A cautious approach will be maintained along with rigorous cost discipline in light of the uncertain global trade outlook and potential impact on the Group's businesses of structural changes in shipping line alliances.

Retail

The retail division has over 13,300 stores across 25 markets as at 31 December 2016. Net additions for the year were 931 stores, an 8% increase compared to 2015. Total reported revenue of HK$151,502 million was flat compared to last year. EBITDA and EBIT of HK$14,567 million and HK$12,059 million respectively, were both 2% lower than last year due to adverse foreign currency translation impacts. In local currencies, revenue, EBITDA and EBIT all increased by 3%, reflecting strong growth in most businesses of the division, partly offset by the poor performances of the retail operations in Hong Kong. The Hong Kong retail operations, whilst maintaining stable market share, were affected by cost inflation and lower tourist arrivals in Hong Kong. Fortress, the consumer electronics and electrical appliance retail operation in Hong Kong, was also adversely impacted by the significantly lower sales of mobile handsets. EBITDA and EBIT of the Hong Kong retail operations declined 48% and 68% respectively, whilst EBITDA and EBIT of the rest of the division in local currencies both increased by 8%. Given the Hong Kong operations now only represent approximately 4% and 2% of the retail division's EBITDA and EBIT, its impact on the division's performance will be less significant going forward.

The Health and Beauty segment, which represents 95% of the division's EBITDA, grew its EBITDA and EBIT both by 6% in local currencies. In Europe, EBITDA and EBIT increased 9% and 11% in local currencies respectively resulting from a 4% organic growth in store numbers and 3.8% comparable stores sales growth. Health and Beauty UK, in particular, has made significant progress in its performances and was a major growth contributor to the division.

In Asia, despite negative comparable store sales growth of 4.0% for the year, organic expansion of stores continued with a 14% increase in store numbers against last year, resulting in EBITDA and EBIT growth of 3% and 2% in local currencies respectively. The majority of the Health and Beauty operations in Asia have reported encouraging growth rates. Health and Beauty China subdivision, the largest profit contributor to this division, was negatively impacted by a 5% RMB depreciation in reported currency. In local currency, EBITDA grew 1%, while EBIT remained stable against last year with the expansion of its store portfolio offsetting comparable store sales declines in mature stores. The management team has implemented strategic programs focusing on revitalising these mature stores through renovation, store segmentation and cost control measures, with initial positive results seen. The management team is confident that the operation in the Mainland will continue to grow as the GDP growth in the Mainland, one of the world's largest economies, is projected to remain at a high level.

Strategically, the retail division plans net openings of over 1,000 stores in 2017, with 65% under the Health and Beauty format in the Mainland and Asia. Operationally, the division will continue to focus on promoting its own brand products, enhancing its customer relationship management activities and developing Big Data and e-commerce capabilities.

Infrastructure

The Infrastructure division comprises a 75.67%[2] interest in Cheung Kong Infrastructure Holdings Limited ("CKI"), a company listed on the Stock Exchange of Hong Kong ("SEHK") and the Group's interests in six co-owned infrastructure investments with CKI. The aircraft leasing business, previously reported under this division, was disposed of in December 2016.

Total revenue, EBITDA and EBIT of this division of HK$53,211 million, HK$31,128 million and HK$22,162 million respectively were 5%, 4% and 6% lower than last year in reported currency as a result of adverse foreign currency translation impacts. In local currencies, the division reported stable growth in total revenue, EBITDA and EBIT of 3%, 5% and 3% respectively, mainly reflecting this division's defensive investment strategy which provided a sustainable and predictable growth contribution to the Group.

CKI

CKI announced profit attributable to shareholders of HK$9,636 million, 14% lower than HK$11,162 million reported last year. During the year, CKI faced many challenges, including volatile exchange rates, in particular British Pound, and the rising interest rates. Despite these influences, CKI's operations around the world performed well and total profit contribution in Hong Kong Dollars was at a similar level to 2015. The reduction in attributable profit was mainly due to a smaller UK deferred tax credit in 2016 than 2015, and the 2015 reversal of provisions and expenses made earlier relating to non-operational matters.

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[2] 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%. In 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 net profit of C$922 million in 2016, a turnaround from a net loss of C$3,850 million for 2015. The improvement in net earnings was mainly due to the inclusion in 2015 of an after-tax impairment charge of C$3,824 million against an after-tax gain in 2016 of C$1,316 million on disposal of 65% ownership interest of the midstream assets in the Lloydminster region of Alberta and Saskatchewan to CKI and Power Assets and the gains on sale of royalty interests and legacy crude oil and natural gas assets in Western Canada during the year. These gains were partly offset by the impact of continued low oil and natural gas prices.

As the Group rebased Husky Energy's assets to their fair values in the 2015 Reorganisation, the impairment charge and asset write downs recognised by Husky Energy in 2015 had no impact on the Group's reported results, whilst the Group's share of after-tax gains on disposals in 2016 were approximately HK$3,646 million.

Average production in 2016 was 321,200 barrels of oil equivalent per day, a 7% decrease when compared to last year, mainly due to lower natural gas and natural gas liquids sales from the Liwan Gas Project and from the Western Canada dispositions, partly offset by strong performance from the heavy oil thermal projects and ramp up of the Sunrise Energy Project.

Looking ahead to 2017 Husky Energy will continue to maintain a solid balance sheet, managing capital and investment spending within available free cash flow and focusing on low investment and sustaining capital projects that will provide good returns in a weak commodity price environment.

3 Group Europe

Following the successful formation of the joint venture, Wind Tre, to jointly own and operate the telecommunication businesses of **3** Italy and WIND Acquisition Holdings Finance S.p.A., in November 2016, **3** Group Europe's active customers surpassed 45.9 million as at 31 December 2016, an increase of 76% compared to last year. Although the European currencies depreciation have led to a 1% lower revenue in reported currency against last year to HK$62,415 million, in local currencies, revenue increased by 5%. EBITDA and EBIT in reported currency grew by 9% and 10% to HK$18,944 million and HK$12,838 million respectively. In local currencies, EBITDA and EBIT in 2016 increased by 15% and 17% respectively. The strong uplift in earnings for **3** Group Europe was primarily attributable to the accretive two months contribution from the Wind Tre joint venture, which is now the largest mobile operator in Italy. All other **3** Group Europe operations also delivered promising results and underlying operational growth.

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$701 million and earnings per share of 14.55 HK cents, a decrease of 23% compared to last year from lower hardware sales due to lower demand, as well as the reduction in mobile roaming revenue. As of 31 December 2016, HTHKH had approximately 3.2 million active mobile customers in Hong Kong and Macau.

Hutchison Asia Telecommunications

As of 31 December 2016, Hutchison Asia Telecommunications ("HAT") had an active customer base of approximately 77.4 million, with Indonesia representing 88% of the base. HAT reported total revenue, EBITDA and EBIT of HK$8,200 million, HK$2,298 million and HK$2,130 million respectively, representing growth of 19%, 95% and 81% over last year respectively, primarily driven by the strong data segment growth of the Indonesia operation, as well as good cost control management across all operations.

After the conversion of the Vietnam operation into a joint stock company in October 2016, the company will accelerate its network rollout and increase its penetration into the data market segment, while Indonesia and Sri Lanka will also continue to expand its network coverage through cost effective and efficient rollout strategies in order to meet accelerating data demands in their local markets.

Finance & Investments and Others

The contribution from this segment 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 2016 was mainly due to the impact of foreign exchange movements on monetary assets and disposals of non-core investments in both years.

As at 31 December 2016, the Group's consolidated cash and liquid investments totalled HK$162,224 million and consolidated gross debt amounted to HK$304,030 million, resulting in consolidated net debt of HK$141,806 million and net debt to a net total capital ratio of 20.5%, a 3.2%-point improvement from 2015.

Outlook

Market volatility, political and regulatory uncertainty and rapid accelerating technological changes affecting many of the Group's businesses will continue in 2017. The impact of Brexit negotiation, new US presidential policies and upcoming elections across Europe remain unknown and could affect the economic environment of countries in which the Group operates. As the Group's investments in the UK and Europe are businesses which focus on utilities and essential consumer goods and services, I believe these impacts will be manageable and the key fundamentals of the Group will remain solid. Strict financial discipline in managing its core businesses and prudent capital management on all investment activities will allow the Group to pursue a prudent growth strategy and maintain profitability, as well as a healthy liquidity and debt profile.

Barring any further unforeseen material adverse external developments, the Group will continue to adhere to these principles in 2017. I am cautiously optimistic about 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, 22 March 2017

Financial Performance Summary

	2016 HK$ millions	%	Pro forma [(1)] 2015 HK$ millions	%	Change %
Revenue [(2)]					
Ports and Related Services [(2)]	**32,184**	**9%**	34,009	9%	-5%
Retail	**151,502**	**41%**	151,903	38%	–
Infrastructure	**53,211**	**14%**	55,762	14%	-5%
Husky Energy	**30,467**	**8%**	40,029	10%	-24%
3 Group Europe	**62,415**	**17%**	62,799	16%	-1%
Hutchison Telecommunications Hong Kong Holdings	**12,133**	**3%**	22,122	5%	-45%
Hutchison Asia Telecommunications	**8,200**	**2%**	6,900	2%	19%
Finance & Investments and Others	**22,574**	**6%**	22,563	6%	–
Total Revenue	**372,686**	**100%**	396,087	100%	-6%
EBITDA [(2)]					
Ports and Related Services [(2)]	**11,639**	**13%**	11,964	13%	-3%
Retail	**14,567**	**16%**	14,838	16%	-2%
Infrastructure	**31,128**	**34%**	32,291	35%	-4%
Husky Energy	**9,284**	**10%**	9,375	10%	-1%
3 Group Europe	**18,944**	**20%**	17,396	19%	9%
Hutchison Telecommunications Hong Kong Holdings	**2,607**	**3%**	2,911	3%	-10%
Hutchison Asia Telecommunications	**2,298**	**2%**	1,176	2%	95%
Finance & Investments and Others	**1,513**	**2%**	2,142	2%	-29%
Total EBITDA before profits on disposal of investments & others	**91,980**	**100%**	92,093	100%	–
EBIT [(2)]					
Ports and Related Services [(2)]	**7,567**	**12%**	7,957	13%	-5%
Retail	**12,059**	**19%**	12,328	20%	-2%
Infrastructure	**22,162**	**36%**	23,477	38%	-6%
Husky Energy	**3,429**	**5%**	2,229	3%	54%
3 Group Europe	**12,838**	**21%**	11,664	19%	10%
Hutchison Telecommunications Hong Kong Holdings	**1,055**	**2%**	1,426	2%	-26%
Hutchison Asia Telecommunications	**2,130**	**3%**	1,176	2%	81%
Finance & Investments and Others	**1,174**	**2%**	1,822	3%	-36%
Total EBIT before profits on disposal of investments & others	**62,414**	**100%**	62,079	100%	1%
Interest expenses and other finance costs [(2)]	**(12,229)**		(12,581)		3%
Profit Before Tax	**50,185**		49,498		1%
Tax [(2)]					
Current tax	**(6,247)**		(6,734)		7%
Deferred tax	**(1,769)**		(463)		-282%
	(8,016)		(7,197)		-11%
Profit after tax	**42,169**		42,301		–
Non-controlling interests and perpetual capital securities holders' interests	**(8,856)**		(10,173)		13%
Profit attributable to ordinary shareholders before profits on disposal of investments & others ("Recurring NPAT")	**33,313**		32,128		4%
Profits on disposal of investments & others, after tax [(3)]	**(305)**		(960)		68%
Profit attributable to ordinary shareholders ("NPAT")	**33,008**		31,168		6%

Note 1: CKHH Pro forma results for the year ended 31 December 2015 assume that the Reorganisation was effective as at 1 January 2015. Pro forma 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") by operating segments for the year ended 31 December 2015 have been reclassified to include the respective additional contributions as a result of the Reorganisation as shown in the table below, to enable a like-for-like comparison with CKHH actual results for the year ended 31 December 2016. The CKHH statutory results for the year ended 31 December 2015 reflect the impact of Reorganisation that occurred on 3 June 2015 and the total revenue and profit attributable to ordinary shareholders for the year ended 31 December 2015 reported on that basis was HK$316,318 million and HK$118,570 million respectively. See the Consolidated Income Statement included in this Announcement and CKHH 2015 Annual Report for Reconciliation from CKHH Statutory Results to CKHH Pro forma Results for the year ended 31 December 2015.

	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 for the year ended 31 December 2015	21,340	10,097	6,051	2,764

Note 2: Total revenue, EBITDA, EBIT, interest expenses and other finance costs and tax include the Group's proportionate share of associated companies and joint ventures' respective items. Total revenue, EBITDA and EBIT were adjusted to exclude non-controlling interests' share of results of HPH Trust.

Note 3: Profits on disposal of investments and others, after tax in 2016 was a charge of HK$305 million comprising an impairment charge on certain non-core investments held by the ports operation of HK$577 million and the Group's 50% share of operating losses of Vodafone Hutchison Australia ("VHA") which amounted to HK$326 million, partly offset by a non-cash mark-to-market gain upon acquisition of additional interest in an existing port operation of HK$598 million. This is compared to the HK$960 million charge arising from VHA's losses recorded in 2015.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF CK HUTCHISON HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of CK Hutchison Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 14 to 96, which comprise:

- the consolidated and Company statements of financial position as at 31 December 2016;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and of the Group as at 31 December 2016, and of its consolidated profit and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (Continued)

Key audit matters identified in our audit are summarised as follows:

- Goodwill and brand names with an indefinite useful life; and
- Investments in associated companies and joint ventures.

Key Audit Matter	*How our audit addressed the Key Audit Matter*
Goodwill and brand names with an indefinite useful life *Refer to notes 18 and 19 to the consolidated financial statements* The Group has a significant amount of goodwill and brand names arising primarily from the acquisition of Hutchison Whampoa Limited's businesses in 2015. As at 31 December 2016, goodwill amounted to approximately HK\$255 billion and brand names with an indefinite useful life amounted to approximately HK\$60 billion. Goodwill and brand names with an indefinite useful life are subject to impairment assessments annually and when there is an indication of impairment. In carrying out the impairment assessments, significant judgements are required to estimate the future cash flows of the respective business units and to determine the assumptions, including the growth rates used in the cash flow projections and the discount rates applied to bring the future cash flows back to their present values. Based on the results of these impairment assessments conducted by the Group, it is believed that there is no impairment of goodwill and brand names with an indefinite useful life. This conclusion is based on recoverable amounts, being the higher of the fair value less costs of disposal and value in use, exceeding the book amount of the respective business units including goodwill, brand names with an indefinite useful life and operating assets. The significant assumptions are disclosed in notes 18 and 19 to the consolidated financial statements.	The procedures to evaluate the Group's assessments of goodwill and brand names with an indefinite useful life included: • Assessing the appropriateness of the valuation methodologies used; • Assessing the reasonableness of key assumptions based on our knowledge of the relevant business and industry and with the involvement of our valuations specialists; • Performing sensitivity analyses on the key assumptions where we flexed the growth rates and discount rates as these are the key assumptions to which the valuation models are the most sensitive; and • Testing source data to supporting evidence on a sample basis, such as approved budgets and available market data and considering the reasonableness of these budgets. We found the assumptions adopted in relation to these impairment assessments to be supportable and reasonable based on available evidence.

Key Audit Matters (Continued)

Key Audit Matter	*How our audit addressed the Key Audit Matter*
Investments in associated companies and joint ventures *Refer to notes 20 and 21 to the consolidated financial statements* The Group has significant investments in associated companies and joint ventures, which are accounted for under the equity method. As at 31 December 2016, investments in associated companies and joint ventures amounted to approximately HK$257 billion. Investments in associated companies and joint ventures are subject to impairment assessments when there is an indication of impairment. In carrying out the impairment assessments, significant judgements are required to estimate the Group's share of the associated companies' and the joint ventures' future cash flows and to determine the assumptions, such as the growth rates used to prepare the associated companies' and the joint ventures' cash flow projections, and the discount rates applied to bring the future cash flows back to their present values. Based on the results of these impairment assessments conducted by the Group, it is believed that there is no impairment of the Group's investments in associated companies and joint ventures. This conclusion is based on recoverable amounts, being the higher of the fair value less costs of disposal and value in use, exceeding the respective book amounts.	The procedures to evaluate the Group's assessments of investments in associated companies and joint ventures included: • Testing the Group's assessments as to whether any indication of impairment exist by reference to the available information in the relevant markets and industries; • Assessing the appropriateness of the valuation methodologies used; • Checking information used to determine the key assumptions, including growth rates and discount rates, to available market data; • Performing sensitivity analyses on the key assumptions as stated above; and • Testing source data to supporting evidence on a sample basis, such as approved budgets and available market data and considering the reasonableness of these budgets. In the context of the audit of the consolidated financial statements of the Group, we found the assumptions adopted in relation to these impairment assessments to be supportable and reasonable based on available evidence.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Other Information (Continued)

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Choi Chor Ching.

PricewaterhouseCoopers

Certified Public Accountants
Hong Kong, 22 March 2017

CK Hutchison Holdings Limited
Consolidated Income Statement
for the year ended 31 December 2016

2016 US$ millions		Note	**2016 HK$ millions**	2015 HK$ millions
	Continuing operations			
33,313	Revenue	4, 5	**259,842**	166,760
(13,070)	Cost of inventories sold		**(101,943)**	(68,243)
(4,204)	Staff costs		**(32,792)**	(20,178)
(2,458)	Telecommunications customer acquisition costs		**(19,170)**	(12,364)
(2,053)	Depreciation and amortisation	5	**(16,014)**	(9,618)
(6,745)	Other operating expenses		**(52,611)**	(31,675)
(44)	Profits on disposal of investments and others	6	**(344)**	13,613
	Share of profits less losses of:			
816	Associated companies before profits on disposal of investments and others		**6,362**	7,445
1,314	Joint ventures		**10,251**	6,187
-	Associated companies' profits on disposal of investments and others	6	**-**	(196)
6,869			**53,581**	51,731
(913)	Interest expenses and other finance costs	8	**(7,118)**	(4,470)
5,956	**Profit before tax**		**46,463**	47,261
(427)	Current tax	9	**(3,334)**	(2,629)
(156)	Deferred tax	9	**(1,217)**	(266)
5,373	**Profit after tax from continuing operations**		**41,912**	44,366
	Discontinued operations			
-	Profit after tax from discontinued operations	10	**-**	80,514
5,373	**Profit after tax**		**41,912**	124,880
	Profit attributable to non-controlling interests and holders of perpetual capital securities arises from:			
(1,141)	Continuing operations		**(8,904)**	(6,177)
-	Discontinued operations	10	**-**	(133)
(1,141)			**(8,904)**	(6,310)
	Profit attributable to ordinary shareholders arises from:			
4,232	Continuing operations	5	**33,008**	38,189
-	Discontinued operations	10	**-**	80,381
4,232			**33,008**	118,570
	Earnings per share for profit attributable to ordinary shareholders arises from:			
US$ 1.10	Continuing operations	11	**HK$ 8.55**	HK$ 11.89
-	Discontinued operations	11	**-**	HK$ 25.02
US$ 1.10			**HK$ 8.55**	HK$ 36.91

Details of distribution paid to the holders of perpetual capital securities, interim dividend paid and proposed final dividend payable to the ordinary shareholders are set out in note 12(a) and (b) respectively.

CK Hutchison Holdings Limited
Consolidated Statement of Comprehensive Income
for the year ended 31 December 2016

2016 US$ millions		Note	2016 HK$ millions	2015 HK$ millions
5,373	**Profit after tax**		**41,912**	124,880
	Other comprehensive income (losses)			
	Items that will not be reclassified to profit or loss:			
(287)	Remeasurement of defined benefit obligations recognised directly in reserves		**(2,239)**	(133)
(72)	Share of other comprehensive income (losses) of associated companies		**(563)**	323
(183)	Share of other comprehensive income (losses) of joint ventures		**(1,423)**	772
42	Tax relating to items that will not be reclassified to profit or loss	13	**328**	(44)
(500)			**(3,897)**	918
	Items that have been reclassified or may be subsequently reclassified to profit or loss:			
	Available-for-sale investments			
(69)	Valuation losses recognised directly in reserves		**(537)**	(797)
69	Valuation losses (gains) previously in reserves recognised in income statement		**541**	(1,021)
	Cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts			
(181)	Gains (losses) recognised directly in reserves		**(1,411)**	701
(2)	Gains previously in reserves recognised in initial cost of non-financial items		**(13)**	-
784	Gains on net investment hedges arising from forward foreign currency contracts recognised directly in reserves		**6,112**	2,060
(2,362)	Losses on translating overseas subsidiaries' net assets recognised directly in reserves		**(18,423)**	(6,383)
(27)	Losses (gains) previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the year recognised in income statement		**(209)**	12,925
3	Share of other comprehensive income (losses) of associated companies		**22**	(13,721)
(1,312)	Share of other comprehensive income (losses) of joint ventures		**(10,240)**	(3,152)
25	Tax relating to items that have been reclassified or may be subsequently reclassified to profit or loss	13	**190**	(8)
(3,072)			**(23,968)**	(9,396)
(3,572)	Other comprehensive income (losses) after tax		**(27,865)**	(8,478)
1,801	**Total comprehensive income**		**14,047**	116,402
	Total comprehensive income attributable to non-controlling interests and holders of perpetual capital securities arises from:			
(444)	Continuing operations		**(3,467)**	(3,519)
-	Discontinued operations		**-**	(130)
(444)			**(3,467)**	(3,649)
	Total comprehensive income attributable to ordinary shareholders arises from:			
1,357	Continuing operations		**10,580**	39,071
-	Discontinued operations		**-**	73,682
1,357			**10,580**	112,753

CK Hutchison Holdings Limited
Consolidated Statement of Financial Position
at 31 December 2016

2016 US$ millions		Note	**2016 HK$ millions**	2015 HK$ millions
	ASSETS			
	Non-current assets			
18,666	Fixed assets	14	**145,598**	179,855
44	Investment properties	15	**344**	334
1,046	Leasehold land	16	**8,155**	7,215
3,069	Telecommunications licences	17	**23,936**	32,608
9,439	Brand names and other rights	18	**73,625**	82,233
32,660	Goodwill	19	**254,748**	261,449
19,283	Associated companies	20	**150,406**	148,372
13,622	Interests in joint ventures	21	**106,253**	92,425
2,033	Deferred tax assets	22	**15,856**	20,986
653	Other non-current assets	23	**5,096**	4,238
763	Liquid funds and other listed investments	24	**5,954**	10,255
101,278			**789,971**	839,970
	Current assets			
20,035	Cash and cash equivalents	25	**156,270**	121,171
6,201	Trade and other receivables	26	**48,372**	52,042
2,417	Inventories	27	**18,852**	19,761
28,653			**223,494**	192,974
	Current liabilities			
10,654	Trade and other payables	28	**83,098**	94,849
9,215	Bank and other debts	30	**71,880**	33,016
299	Current tax liabilities		**2,334**	2,438
20,168			**157,312**	130,303
8,485	**Net current assets**		**66,182**	62,671
109,763	**Total assets less current liabilities**		**856,153**	902,641
	Non-current liabilities			
29,649	Bank and other debts	30	**231,260**	270,536
549	Interest bearing loans from non-controlling shareholders	31	**4,283**	4,827
3,037	Deferred tax liabilities	22	**23,692**	26,062
688	Pension obligations	32	**5,369**	4,066
6,072	Other non-current liabilities	33	**47,359**	48,039
39,995			**311,963**	353,530
69,768	**Net assets**		**544,190**	549,111
	CAPITAL AND RESERVES			
495	Share capital	34 (a)	**3,858**	3,860
31,347	Share premium	34 (a)	**244,505**	244,691
3,911	Perpetual capital securities	34 (b)	**30,510**	35,153
18,693	Reserves	35	**145,806**	144,884
54,446	**Total ordinary shareholders' funds and perpetual capital securities**		**424,679**	428,588
15,322	Non-controlling interests		**119,511**	120,523
69,768	**Total equity**		**544,190**	549,111

CK Hutchison Holdings Limited
Consolidated Statement of Changes in Equity
for the year ended 31 December 2016

Total equity US$ millions		Share capital and share premium [a] HK$ millions	Reserves [b] HK$ millions	Sub-total HK$ millions	Holders of perpetual capital securities HK$ millions	Total ordinary shareholders' funds and perpetual capital securities HK$ millions	Non-controlling interests HK$ millions	Total equity HK$ millions
		Attributable to						
		Ordinary shareholders						
70,399	At 1 January 2016	248,551	144,884	393,435	35,153	428,588	120,523	549,111
5,373	Profit for the year	-	33,008	33,008	1,421	34,429	7,483	41,912
	Other comprehensive income (losses)							
	Available-for-sale investments							
(69)	Valuation losses recognised directly in reserves	-	(506)	(506)	-	(506)	(31)	(537)
69	Valuation losses previously in reserves recognised in income statement	-	462	462	-	462	79	541
(287)	Remeasurement of defined benefit obligations recognised directly in reserves	-	(1,590)	(1,590)	-	(1,590)	(649)	(2,239)
	Cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts							
(181)	Losses recognised directly in reserves	-	(1,180)	(1,180)	-	(1,180)	(231)	(1,411)
(2)	Gains previously in reserves recognised in initial cost of non-financial items	-	(12)	(12)	-	(12)	(1)	(13)
784	Gains on net investment hedges arising from forward foreign currency contracts recognised directly in reserves	-	5,128	5,128	-	5,128	984	6,112
(2,362)	Losses on translating overseas subsidiaries' net assets recognised directly in reserves	-	(15,590)	(15,590)	-	(15,590)	(2,833)	(18,423)
(27)	Gains previously in exchange and other reserves related to subsidiaries disposed during the year recognised in income statement	-	(153)	(153)	-	(153)	(56)	(209)
(69)	Share of other comprehensive income (losses) of associated companies	-	31	31	-	31	(572)	(541)
(1,495)	Share of other comprehensive income (losses) of joint ventures	-	(9,403)	(9,403)	-	(9,403)	(2,260)	(11,663)
67	Tax relating to components of other comprehensive income (losses)	-	385	385	-	385	133	518
(3,572)	Other comprehensive income (losses)	-	(22,428)	(22,428)	-	(22,428)	(5,437)	(27,865)
1,801	Total comprehensive income	-	10,580	10,580	1,421	12,001	2,046	14,047
(915)	Dividends paid relating to 2015	-	(7,140)	(7,140)	-	(7,140)	-	(7,140)
(364)	Dividends paid relating to 2016	-	(2,837)	(2,837)	-	(2,837)	-	(2,837)
(610)	Dividends paid to non-controlling interests	-	-	-	-	-	(4,756)	(4,756)
(190)	Distribution paid on perpetual capital securities	-	-	-	(1,486)	(1,486)	-	(1,486)
1,340	Equity contribution from non-controlling interests	-	-	-	-	-	10,453	10,453
(1,000)	Redemption of perpetual capital securities by a subsidiary	-	-	-	-	-	(7,800)	(7,800)
(15)	Transaction costs in relation to equity contribution from non-controlling interests	-	(87)	(87)	-	(87)	(28)	(115)
(24)	Buy-back and cancellation of issued shares (see note 34(a)(ii))	(188)	(1)	(189)	-	(189)	-	(189)
(587)	Redemption of perpetual capital securities (see note 34(b))	-	-	-	(4,578)	(4,578)	-	(4,578)
1	Share option schemes and long term incentive plans of subsidiary companies	-	5	5	-	5	2	7
1	Unclaimed dividends write back	-	5	5	-	5	-	5
68	Relating to acquisition of subsidiary companies	-	-	-	-	-	531	531
(182)	Relating to purchase of non-controlling interests	-	(1,065)	(1,065)	-	(1,065)	(351)	(1,416)
45	Relating to partial disposal of subsidiary companies	-	1,462	1,462	-	1,462	(1,109)	353
(2,432)		(188)	(9,658)	(9,846)	(6,064)	(15,910)	(3,058)	(18,968)
69,768	At 31 December 2016	248,363	145,806	394,169	30,510	424,679	119,511	544,190

CK Hutchison Holdings Limited
Consolidated Statement of Changes in Equity
for the year ended 31 December 2016

Total equity US$ millions		Share capital and share premium [(a)] HK$ millions	Reserves [(b)] HK$ millions	Sub-total HK$ millions	Holders of perpetual capital securities HK$ millions	Total ordinary shareholders' funds and perpetual capital securities HK$ millions	Non-controlling interests HK$ millions	Total equity HK$ millions
		Attributable to – Ordinary shareholders						
52,057	At 1 January 2015	10,489	383,656	394,145	9,045	403,190	2,857	406,047
16,010	Profit for the year	-	118,570	118,570	1,363	119,933	4,947	124,880
	Other comprehensive income (losses)							
	Available-for-sale investments							
(102)	Valuation losses recognised directly in reserves	-	(697)	(697)	-	(697)	(100)	(797)
(131)	Valuation gains previously in reserves recognised in income statement	-	(1,039)	(1,039)	-	(1,039)	18	(1,021)
(17)	Remeasurement of defined benefit obligations recognised directly in reserves	-	(66)	(66)	-	(66)	(67)	(133)
90	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
264	Gains on net investment hedges arising from forward foreign currency contracts recognised directly in reserves	-	1,783	1,783	-	1,783	277	2,060
(818)	Losses on translating overseas subsidiaries' net assets recognised directly in reserves	-	(5,044)	(5,044)	-	(5,044)	(1,339)	(6,383)
1,657	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
(1,718)	Share of other comprehensive income (losses) of associated companies	-	(13,236)	(13,236)	-	(13,236)	(162)	(13,398)
(305)	Share of other comprehensive income (losses) of joint ventures	-	(1,893)	(1,893)	-	(1,893)	(487)	(2,380)
(7)	Tax relating to components of other comprehensive income (losses)	-	(46)	(46)	-	(46)	(6)	(52)
(1,087)	Other comprehensive income (losses)	-	(5,817)	(5,817)	-	(5,817)	(2,661)	(8,478)
14,923	Total comprehensive income	-	112,753	112,753	1,363	114,116	2,286	116,402
(45,106)	Cancellation of Cheung Kong shares [(c)]	(10,489)	(341,336)	(351,825)	-	(351,825)	-	(351,825)
	Issue of new CK Hutchison shares pursuant to the							
45,106	Reorganisation Proposal [(c)]	351,825	-	351,825	-	351,825	-	351,825
33,364	Merger Proposal [(d)]	260,237	-	260,237	-	260,237	-	260,237
20,423	Relating to acquisition of subsidiary companies	-	-	-	39,116	39,116	120,187	159,303
(1,705)	Redemption of perpetual capital securities (see note 34(b))	-	-	-	(13,299)	(13,299)	-	(13,299)
(896)	Dividends paid relating to 2014	-	(6,985)	(6,985)	-	(6,985)	-	(6,985)
(346)	Dividends paid relating to 2015	-	(2,702)	(2,702)	-	(2,702)	-	(2,702)
(282)	Dividends paid to non-controlling interests	-	-	-	-	-	(2,203)	(2,203)
(137)	Distribution paid on perpetual capital securities	-	-	-	(1,072)	(1,072)	-	(1,072)
(46,951)	Distribution In Specie (see note 36(e))	(363,511)	-	(363,511)	-	(363,511)	(2,707)	(366,218)
-	Equity contribution from non-controlling interests	-	-	-	-	-	3	3
(19)	Equity redemption to non-controlling interests	-	-	-	-	-	(148)	(148)
(2)	Share option schemes and long term incentive plans of subsidiary companies	-	(11)	(11)	-	(11)	(6)	(17)
1	Unclaimed dividends write back	-	5	5	-	5	-	5
(26)	Relating to purchase of non-controlling interests	-	(14)	(14)	-	(14)	(190)	(204)
(5)	Relating to partial disposal of subsidiary companies	-	(482)	(482)	-	(482)	444	(38)
3,419		238,062	(351,525)	(113,463)	24,745	(88,718)	115,380	26,662
70,399	At 31 December 2015	248,551	144,884	393,435	35,153	428,588	120,523	549,111

CK Hutchison Holdings Limited
Consolidated Statement of Changes in Equity
for the year ended 31 December 2016

(a) As at 31 December 2016, the share capital and share premium accounts comprise share capital of HK$3,858 million and share premium of HK$244,505 million (1 January 2016 and 31 December 2015 - share capital of HK$3,860 million and share premium of HK$244,691 million, 1 January 2015 - share capital of HK$10,489 million).

(b) In prior years, changes in the retained profit and other reserves accounts were presented in the face of the consolidated statement of changes in equity. With effect from 1 January 2016, changes in these reserves accounts are presented in the note to the financial statements. Comparative information for these reserves accounts have been reclassified to conform to the current year presentation. See note 35 for further details on reserves.

(c) Under the Reorganisation Proposal completed during the year ended 31 December 2015, the share capital and the reserves accounts were reduced by HK$10,489 million and HK$341,336 million, respectively, totalling HK$351,825 million, representing the fair value of Cheung Kong (Holdings) Limited ("Cheung Kong") shares cancelled, and at the same time the share capital and the share premium accounts 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 shares issued.

(d) Under the Merger Proposal completed during the year ended 31 December 2015, the share capital and the share premium accounts 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 Holdings Limited shares issued.

CK Hutchison Holdings Limited
Consolidated Statement of Cash Flows
for the year ended 31 December 2016

2016 US$ millions		Note	**2016 HK$ millions**	2015 HK$ millions
	Operating activities			
7,955	Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	36 (a)	**62,051**	49,924
(1,218)	Interest expenses and other finance costs paid		**(9,499)**	(6,038)
(431)	Tax paid		**(3,364)**	(2,169)
6,306	**Funds from operations**		**49,188**	41,717
(1,134)	Changes in working capital	36 (b)	**(8,850)**	2,832
5,172	**Net cash from operating activities**		**40,338**	44,549
	Investing activities			
(2,570)	Purchase of fixed assets		**(20,046)**	(22,494)
(514)	Additions to telecommunications licences		**(4,013)**	(2,448)
(62)	Additions to brand names and other rights		**(487)**	(540)
(43)	Purchase of subsidiary companies	36 (c)	**(333)**	109,803
(11)	Additions to other unlisted investments		**(87)**	(68)
259	Repayments from associated companies and joint ventures		**2,024**	3,078
(265)	Purchase of and advances to associated companies and joint ventures		**(2,066)**	(21,225)
50	Proceeds on disposal of fixed assets		**393**	471
365	Proceeds on disposal of subsidiary companies	36 (d)	**2,847**	(640)
-	Proceeds on disposal of joint ventures		**-**	3,642
14	Proceeds on disposal of other unlisted investments		**107**	403
(2,777)	Cash flows from (used in) investing activities before additions to / disposal of liquid funds and other listed investments		**(21,661)**	69,982
570	Disposal of liquid funds and other listed investments		**4,446**	2,718
(104)	Additions to liquid funds and other listed investments		**(812)**	(132)
(2,311)	**Cash flows from (used in) investing activities**		**(18,027)**	72,568
2,861	**Net cash inflow before financing activities**		**22,311**	117,117
	Financing activities			
9,782	New borrowings		**76,306**	28,065
(5,816)	Repayment of borrowings		**(45,365)**	(66,028)
148	Issue of shares by subsidiary companies to non-controlling shareholders and net loans from (to) non-controlling shareholders		**1,152**	(1,034)
1,185	Proceeds on issue of perpetual capital securities by a subsidiary, net of transaction costs		**9,245**	-
(1,000)	Redemption of perpetual capital securities by a subsidiary		**(7,800)**	-
(43)	Payments to acquire additional interests in subsidiary companies		**(339)**	-
45	Proceeds on partial disposal of subsidiary companies		**353**	20
(540)	Redemption of perpetual capital securities		**(4,210)**	(13,299)
(24)	Payments for buy-back and cancellation of issued shares	34 (a)	**(189)**	-
(1,279)	Dividends paid to ordinary shareholders		**(9,977)**	(9,687)
(628)	Dividends paid to non-controlling interests		**(4,902)**	(2,997)
(191)	Distribution paid on perpetual capital securities		**(1,486)**	(1,072)
-	Distribution In Specie	36 (e)	**-**	40,649
1,639	**Cash flows from (used in) financing activities**		**12,788**	(25,383)
4,500	Increase in cash and cash equivalents		**35,099**	91,734
15,535	Cash and cash equivalents at 1 January		**121,171**	29,437
20,035	**Cash and cash equivalents at 31 December**		**156,270**	121,171

CK Hutchison Holdings Limited
Consolidated Statement of Cash Flows
for the year ended 31 December 2016

2016 US$ millions		Note	2016 HK$ millions	2015 HK$ millions
	Additional information:			
	Analysis of net cash flows			
	Operating net cash inflows arises from:			
5,172	Continuing operations		**40,338**	40,474
-	Discontinued operations		-	4,075
5,172			**40,338**	44,549
	Investing net cash inflows (outflows) arises from:			
(2,311)	Continuing operations		**(18,027)**	77,650
-	Discontinued operations		-	(5,082)
(2,311)			**(18,027)**	72,568
	Financing net cash inflows (outflows) arises from:			
1,639	Continuing operations		**12,788**	(25,183)
-	Discontinued operations		-	(200)
1,639			**12,788**	(25,383)
	Total net cash inflows (outflows) arises from:			
4,500	Continuing operations		**35,099**	92,941
-	Discontinued operations		-	(1,207)
4,500	Increase in cash and cash equivalents		**35,099**	91,734
	Analysis of cash, liquid funds and other listed investments			
20,035	Cash and cash equivalents, as above	25	**156,270**	121,171
763	Liquid funds and other listed investments	24	**5,954**	10,255
20,798	**Total cash, liquid funds and other listed investments**		**162,224**	131,426
38,978	Total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions	30	**304,030**	304,006
549	Interest bearing loans from non-controlling shareholders	31	**4,283**	4,827
18,729	**Net debt**		**146,089**	177,407
(549)	Interest bearing loans from non-controlling shareholders		**(4,283)**	(4,827)
18,180	**Net debt (excluding interest bearing loans from non-controlling shareholders)**		**141,806**	172,580

Notes to the Financial Statements

1 Basis of preparation

The consolidated financial statements of CK Hutchison Holdings Limited (the "Company" or "CK Hutchison") and its subsidiaries (the "Group") have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. These financial statements have been prepared under the historical cost convention except for certain properties and financial instruments which are stated at fair values, as explained in the significant accounting policies set out in note 2.

In the current year, the Group has adopted all of the new and revised standards, amendments and interpretations issued by the HKICPA that are relevant to the Group's operations and mandatory for annual periods beginning 1 January 2016. 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.

2 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 2(c) and 2(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 2016 or up to the dates of disposal as the case may be. The acquisition of subsidiaries is accounted for using the acquisition method.

(b) Subsidiary companies

A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the consolidated financial statements, subsidiary companies are accounted for as described in note 2(a) above.

(c) Associated companies

An associate is an entity, other than a subsidiary or a joint venture, in which the Group has a long-term equity interest and over which the Group is in a position to exercise significant influence over its management, including participation in the financial and operating policy decisions.

The results and net assets of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under HKFRS 5, Non-current assets held for sale and discontinued operations. The total carrying amount of such investments is reduced to recognise any identified impairment loss in the value of individual investments.

(d) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control and over which none of the participating parties has unilateral control.

Investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. 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.

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.

(e) Fixed assets

Fixed assets are stated at cost less depreciation and any impairment loss. Buildings are depreciated on the basis of an expected life of 50 years, or the remainder thereof, or over the remaining period of the lease of the underlying leasehold land, whichever is less. The period of the lease includes the period for which a right to renewal is attached. Aircrafts are depreciated on a straight-line basis, after taking into account a residual value of 10% of their costs, over an expected useful life of 25 years from their respective dates of first use.

2 Significant accounting policies (continued)

(e) Fixed assets (continued)

Depreciation of other fixed assets is provided on the straight-line basis to write off their costs over their estimated useful lives. The principal annual rates used for these purposes are as follows:

Motor vehicles	20 - 25%
Plant, machinery and equipment	3 1/3 - 20%
Container terminal equipment	3 - 20%
Telecommunications equipment	2.5 - 20%
Rolling stock and other railway assets	2.5 - 5%
Water and sewerage infrastructure assets	0.5 - 25%
Leasehold improvements	Over the unexpired period of the lease or 15%, whichever is greater

The gain or loss on disposal or retirement of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

(f) Investment properties

Investment properties are interests in land and buildings that are held to earn rentals or for capital appreciation or both. Such properties are carried in the statement of financial position at their fair value. Changes in fair values of investment properties are recorded in the income statement.

(g) Leasehold land

The acquisition costs and upfront payments made for leasehold land are presented on the face of the statement of financial position as leasehold land and expensed in the income statement on a straight-line basis over the period of the lease.

(h) Telecommunications licences, other licences, brand names, trademarks and other rights

Separately acquired telecommunications licences, other licences, brand names, trademarks and other rights are carried at historical cost. Telecommunications licences, other licences, brand names, trademarks and other rights with a finite useful life are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of these assets over their estimated useful lives:

Telecommunications licences and other licences	2 to 20 years
Brand names, trademarks and other rights	2 to 45 years

Telecommunications licences, other licences, brand names, trademarks and other rights that are considered to have an indefinite useful life to the Group are not amortised and are tested for impairment annually and when there is indication that they may be impaired.

(i) Telecommunications customer acquisition costs

Telecommunications customer acquisition costs ("CACs") comprise the net costs to acquire and retain mobile telecommunications customers, which are primarily 3G and LTE customers. Telecommunications CACs are expensed and recognised in the income statement in the period in which they are incurred.

(j) Goodwill

Goodwill is initially measured at cost, being excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed. Goodwill on acquisition of a foreign operation is treated as an asset of the foreign operation.

Goodwill is subject to impairment test annually and when there is indication that the carrying value may not be recoverable.

If the cost of acquisition is less than the fair value of the Group's share of the net identifiable assets of the acquired company, the difference is recognised directly in the income statement.

The profit or loss on disposal is calculated by reference to the net assets at the date of disposal including the attributable amount of goodwill but does not include any attributable goodwill previously eliminated against reserves.

(k) Contractual customer relationships

Separately acquired contractual customer relationships are carried at historical cost. These contractual customer relationships are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method from five to seven years over the expected useful life of the customer relationship.

2 Significant accounting policies (continued)

(l) Deferred tax

Deferred tax is recognised, using the liabilities method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax losses and tax credits can be utilised.

(m) Liquid funds and other listed investments and other unlisted investments

"Liquid funds and other listed investments" are investments in listed / traded debt securities, listed equity securities, long-term deposits and cash and cash equivalents. "Other unlisted investments", disclosed under other non-current assets, are investments in unlisted debt securities, unlisted equity securities and other receivables. These investments are recognised and de-recognised on the date the Group commits to purchase or sell the investments or when they expire. These investments are classified and accounted for as follows:

Loans and receivables

"Loans and receivables" are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of the reporting period subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method less impairment. Interest calculated using the effective interest method is recognised in the income statement.

Held-to-maturity investments

"Held-to-maturity investments" are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity. At the end of the reporting period subsequent to initial recognition, held-to-maturity investments are carried at amortised cost using the effective interest method less impairment. Interest calculated using the effective interest method is recognised in the income statement.

Financial assets at fair value through profit or loss

"Financial assets at fair value through profit or loss" are financial assets where changes in fair value are recognised in the income statement in the period in which they arise. At the end of the reporting period subsequent to initial recognition, these financial assets are carried at fair value. In addition, any dividends or interests earned on these financial assets are recognised in the income statement.

Available-for-sale investments

"Available-for-sale investments" are non-derivative financial assets that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. At the end of the reporting period subsequent to initial recognition, these financial assets are carried at fair value and changes in fair value are recognised in other comprehensive income and accumulated under the heading of revaluation reserve except for impairment losses which are charged to the income statement. Where these investments are interest bearing, interest calculated using the effective interest method is recognised in the income statement. Dividends from available-for-sale investments are recognised when the right to receive payment is established. When available-for-sale investments are sold, the cumulative fair value gains or losses previously recognised in revaluation reserve is removed from revaluation reserve and recognised in the income statement.

(n) Derivative financial instruments and hedging activities

Derivative financial instruments are utilised by the Group in the management of its foreign currency and interest rate exposures. Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. Changes in fair value are recognised based on whether certain qualifying criteria under HKAS 39 are satisfied in order to apply hedge accounting, and if so, the nature of the items being hedged.

Derivatives designated as hedging instruments to hedge the fair value of recognised assets or liabilities or firm commitments may qualify as fair value hedges. The Group mainly enters into interest rate swap contracts to swap certain fixed interest rate borrowings into floating interest rate borrowings. Changes in the fair value of these derivative contracts, together with the changes in the fair value of the hedged assets or liabilities attributable to the hedged risk are recognised in the income statement. At the same time, the carrying amount of the the hedged asset or liability or firm commitments in the statement of financial position is adjusted for the changes in fair value.

2 Significant accounting policies (continued)

(n) Derivative financial instruments and hedging activities (continued)

Derivatives designated as hedging instruments to hedge against the cash flows attributable to recognised assets or liabilities or forecast payments may qualify as cash flow hedges. The Group mainly enters into interest rate swap contracts to swap certain floating interest rate borrowings to fixed interest rate borrowings and foreign currency contracts to hedge the currency risk associated with certain forecast foreign currency payments and obligations. Changes in the fair value relating to the effective portion of these derivative contracts are recognised in other comprehensive income and accumulated under the heading of hedging reserve. The gain or loss relating to the ineffective portion is recognised in the income statement. Amounts accumulated are removed from hedging reserve and recognised in the income statement in the periods when the hedged derivative contract matures, except, when the forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the amounts accumulated are transferred from hedging reserve and, then they are included in the initial cost of the asset or liability.

Derivatives designated as hedging instruments to hedge the net investment in a foreign operation are accounted for in a way similar to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion is recognised in other comprehensive income and accumulated under the heading of exchange reserve. The gain or loss relating to the ineffective portion is recognised in the income statement. Amounts accumulated are removed from exchange reserve and recognised in the income statement in the periods when the foreign operation is disposed of.

Derivatives that do not qualify for hedge accounting under HKAS 39 will be accounted for with the changes in fair value being recognised in the income statement.

(o) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Appropriate allowance for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired.

(p) Inventories

Inventories consist mainly of retail goods. The carrying value of retail stock is mainly determined using the weighted average cost method. Inventories are stated at the lower of cost and net realisable value. Cost includes all direct expenditure and other appropriate attributable costs incurred in bringing inventories to their present location and condition.

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(r) Borrowings and borrowing costs

Borrowings and debt instruments are initially measured at fair value, net of transaction costs, and are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption amount is recognised over the period of the borrowings using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

(s) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

(t) Customer loyalty credits

Customer loyalty credits are accounted for as a separate component of the sales transaction in which they are granted.

(u) Share capital

Share capital issued by the Company are recorded in equity at the proceeds received, net of direct issue costs.

2 Significant accounting policies (continued)

(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.

(z) Share-based payments

The Company has no share option scheme but certain of the Company's subsidiary companies and associated companies have issued equity-settled and cash-settled share-based compensation plans. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the respective group companies' estimate of their shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at the end of the reporting period.

(aa) Foreign exchange

Transactions in foreign currencies are converted at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities are translated at the rates of exchange ruling at the end of the reporting period.

2 Significant accounting policies (continued)

(aa) Foreign exchange (continued)

The financial statements of foreign operations are translated into Hong Kong dollars using the year end rates of exchange for the statement of financial position items and the average rates of exchange for the year for the income statement items. Exchange differences are recognised in other comprehensive income and accumulated under the heading of exchange reserve. Exchange differences arising from foreign currency borrowings and other currency instruments designated as hedges of such overseas investments, are recognised in other comprehensive income and accumulated under the heading of exchange reserve.

Exchange differences arising from translation of inter-company loan balances between Group entities are recognised in other comprehensive income and accumulated under the heading of exchange reserve when such loans form part of the Group's net investment in a foreign entity. On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange gains or losses accumulated in exchange reserve in respect of that operation attributable to the owners of the Company are transferred out of the exchange reserve and are recognised in the income statement.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the income statement. For all other partial disposals (i.e. partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is transferred out of the exchange reserve and are recognised in the income statement.

All other exchange differences are recognised in the income statement.

(ab) Business combinations

The Group applies the provisions of HKFRS 3, Business combinations, to transactions and other events that meet the definition of a business combination within the scope of HKFRS 3. Where the acquisition method of accounting is used to account for business combinations, the consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity instruments issued or liabilities incurred by the Group to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are generally recognised in profit or loss as incurred. Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

The difference between the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any pre-existing investment in the acquiree over the acquisition date fair value of assets acquired and the liabilities assumed is recognised as goodwill. If the consideration transferred and the fair value of pre-existing investment in the acquiree is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the Group, the difference is recognised as a gain directly in profit or loss by the Group on the acquisition date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the Group's previously held equity interest in the acquiree.

Business combinations are initially accounted for on a provisional basis. The Group retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed as of the acquisition date. The measurement period is the period from the date the Group obtains complete information about the facts and circumstances that existed as of the acquisition date, and ends on 12 months from the date of the acquisition.

(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.

2 Significant accounting policies (continued)

(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.

Retail

Revenue from the sale of retail goods is recognised at point of sales less an estimate for sales return based on past experience where goods are sold with a right to return. Retail sales are usually in cash or by credit card. The recorded revenue is the gross amount of sales, including credit card fees payable for the transaction.

Infrastructure

Income from 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.

2 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 2017, but not yet effective and have not been early adopted by the Group:

Annual Improvements 2014-2016 Cycle (i)(ii)	Improvements to HKFRSs
HKAS 7 (Amendments) (i)	Disclosure Initiative
HKAS 12 (Amendments) (i)	Recognition of Deferred Tax Assets for Unrealised Losses
HKAS 40 (Amendments) (ii)	Transfers of Investment Property
HKFRS 2 (Amendments) (ii)	Classification and Measurement of Share-based Payment Transactions
HKFRS 9 (ii)	Financial Instruments
HKFRS 15 and HKFRS 15 (Amendments) (ii)	Revenue from Contracts with Customers
HKFRS 16 (iii)	Leases
HKFRS 10 and HKAS 28 (Amendments) (iv)	Sale or Contribution of Asset between an Investor and its Associate or Joint Venture
IFRIC 22 (ii)	Foreign Currency Transactions and Advance Consideration

(i) Effective for the Group for annual periods beginning on or after 1 January 2017.
(ii) Effective for the Group for annual periods beginning on or after 1 January 2018.
(iii) Effective for the Group for annual periods beginning on or after 1 January 2019.
(iv) 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 statements 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 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. It is currently anticipated that the application of HKFRS 16 in the future may impact the Group's financial statements. However, 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.

3 Critical accounting estimates and judgements

Note 2 includes a summary of the significant accounting policies used in the preparation of the financial statements. The preparation of financial statements often requires the use of judgements to select specific accounting methods and policies from several acceptable alternatives. Furthermore, significant estimates and assumptions concerning the future may be required in selecting and applying those methods and policies in the financial statements. The Group bases its estimates and judgements on historical experience and various other assumptions that it believes are reasonable under the circumstances. Actual results may differ from these estimates and judgements under different assumptions or conditions.

The following is a review of the more significant assumptions and estimates, as well as the accounting policies and methods used in the preparation of the financial statements.

(a) Basis of consolidation

The determination of the Group's level of control over another entity will require exercise of judgement under certain circumstances. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. As such, the classification of the entity as a subsidiary, a joint venture, a joint operation, an associate or a cost investment might require the application of judgement through the analysis of various indicators, such as the percentage of ownership interest held in the entity, the representation on the entity's board of directors and various other factors including, if relevant, the existence of agreement with other shareholders, applicable statutes and regulations and their requirements. 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.

(c) Depreciation and amortisation

(i) Fixed assets

Depreciation of operating assets constitutes a substantial operating cost for the Group. The cost of fixed assets is charged as depreciation expense over the estimated useful lives of the respective assets using the straight-line method. The Group periodically reviews changes in technology and industry conditions, asset retirement activity and residual values to determine adjustments to estimated remaining useful lives and depreciation rates.

Actual economic lives may differ from estimated useful lives. Periodic reviews could result in a change in depreciable lives and therefore depreciation expense in future periods.

(ii) Telecommunications licences, other licences, brand names, trademarks and other rights

Telecommunications licences, other licences, brand names, trademarks and other rights with a finite useful life are carried at cost less accumulated amortisation and are reviewed for impairment annually. Telecommunications licences, other licences, brand names, trademarks and other rights that are considered to have an indefinite useful life are not amortised and are tested for impairment annually and when there is indication that they may be impaired.

On the basis of confirmation from the Ministry of the Italian Government that the term of the 3G licences in Italy held by H3G S.p.A. 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 the UK are considered to have an indefinite useful life.

3 Critical accounting estimates and judgements (continued)

(c) Depreciation and amortisation (continued)

(ii) Telecommunications licences, other licences, brand names, trademarks and other rights (continued)

Certain brand names related to Retail and Telecommunications are considered to have an indefinite useful life as there is no foreseeable limit to the period over which they are expected to generate net cash inflows.

Judgement is required to determine the useful lives of the telecommunications licences, other licences, brand names, trademarks and other rights. The actual economic lives of these assets may differ from the current contracted or expected usage periods, which could impact the amount of amortisation expense charged to the income statement. In addition, governments from time to time revise the terms of licences to change, amongst other terms, the contracted or expected licence period, which could also impact the amount of amortisation expense charged to the income statement.

(iii) Telecommunications customer acquisition costs

Telecommunications customer acquisition costs ("CACs") comprise the net costs to acquire and retain mobile telecommunications customers, which are primarily 3G and LTE customers. Telecommunications CACs are expensed and recognised in the income statement in the period in which they are incurred.

Judgement is required to determine the most appropriate accounting policy for telecommunications CACs. Any change in the accounting policy to capitalise these costs will impact the charge to the income statement as these costs will be capitalised and amortised over the contract periods.

(d) Goodwill

Goodwill is initially measured at cost, being excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed. Goodwill is recorded as a separate asset or, as applicable, included within investments in associated companies and joint ventures. Goodwill is also subject to the impairment test annually and when there are indications that the carrying value may not be recoverable.

(e) Tax

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were previously recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax losses and tax credits can be utilised, based on all available evidence. Recognition primarily involves judgement regarding the future financial performance of the particular legal entity or tax group. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, group relief, tax planning strategies and the periods in which estimated tax losses can be utilised.

The ultimate realisation of deferred tax assets recognised for certain of the Group's businesses depends principally on these businesses maintaining profitability and generating sufficient taxable profits to utilise the underlying unused tax losses. It may be necessary for some or all of the deferred tax assets recognised to be reduced and charged to the income statement if there is a significant adverse change in the projected performance and resulting projected taxable profits of these businesses. Judgement is required to determine key assumptions adopted in the taxable profit and loss projections and changes to key assumptions used can significantly affect these taxable profit and loss projections.

(f) Business combinations and goodwill

As disclosed in note 2(ab), the Group applies the provisions of HKFRS 3 to transactions and other events that meet the definition of a business combination within the scope of HKFRS 3. When the Group completes a business combination, the identifiable assets acquired and the liabilities assumed, including intangible assets, contingent liabilities and commitments, are recognised at their fair value. Judgement is required to determine the fair values of the assets acquired, the liabilities assumed, and the purchase consideration, and on the allocation of the purchase consideration to the identifiable assets and liabilities. If the purchase consideration exceeds the fair value of the net assets acquired then the incremental amount paid is recognised as goodwill. If the purchase price consideration is lower than the fair value of the net assets acquired then the difference is recorded as a gain in the income statement. Allocation of the purchase consideration between finite lived assets and indefinite lived assets such as goodwill affects the subsequent results of the Group as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised.

3 Critical accounting estimates and judgements (continued)

(g) Provisions for commitments, onerous contracts and other guarantees

The Group has entered into a number of procurement and supply contracts related to specific assets in the ordinary course of its business and provided guarantees in respect of bank and other borrowing facilities to associated companies and joint ventures. Where the unavoidable costs of meeting the obligations under these procurement and supply contracts exceed the associated, expected future net benefits, an onerous contract provision is recognised, or where the borrowing associated companies and joint ventures are assessed to be unable to repay the indebtedness that the Group has guaranteed, a provision is recognised. The calculation of these provisions will involve the use of estimates. These onerous provisions are calculated by taking the unavoidable costs that will be incurred under the contract and deducting any estimate revenues or predicted income to be derived from the assets, or by taking the unavoidable costs that will be incurred under the guarantee and deducting any estimated recoverable value from the investment in such associated companies and joint ventures.

(h) Pension costs

The Group operates several defined benefit plans. Pension costs for defined benefit plans are assessed using the projected unit credit method in accordance with HKAS 19, "Employee Benefits". Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the future service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the plans. The 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 appoints actuaries to carry out full valuations of these pension plans to determine the pension obligations that are required to be disclosed and accounted for in the financial statements in accordance with the HKFRS requirements.

The actuaries use assumptions and estimates in determining the fair value of the defined benefit plans and evaluate and update these assumptions on an annual basis. Judgement is required to determine the principal actuarial assumptions to determine the present value of defined benefit obligations and service costs. Changes to the principal actuarial assumptions can significantly affect the present value of plan obligations and service costs in future periods.

(i) Sale and leaseback transactions

The Group classifies leases into finance leases or operating leases in accordance with the accounting policies stated in note 2(w). Determining whether a lease transaction is a finance lease or an operating lease is a complex issue and requires substantial judgement as to whether the lease agreement transfers substantially all the risks and rewards of ownership to or from the Group. Careful and considered judgement is required on various complex aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether renewal options are included in the lease term and determining an appropriate discount rate to calculate the present value of the minimum lease payments.

Classification as a finance lease or operating lease determines whether the leased asset is capitalised and recognised on the statement of financial position as set out in note 2(w). In sale and leaseback transactions, the classification of the leaseback arrangements as described above determines how the gain or loss on the sale transaction is recognised. It is either deferred and amortised (finance lease) or recognised in the income statement immediately (operating lease).

(j) Allocation of revenue for bundled telecommunications transactions with customers

The Group has bundled transactions under contract with customers including sales of both services and hardware (for example handsets). The amount of revenue recognised upon the sale of hardware is determined by considering the estimated fair values of each of the service element and hardware element of the contract. Significant judgement is required in assessing fair values of both of these elements by considering inter alia, standalone selling price and other observable market data. Changes in the estimated fair values may cause the revenue recognised for sales of services and hardware to change individually but not the total bundled revenue from a specific customer throughout its contract term. The Group periodically re-assesses the fair value of the elements as a result of changes in market conditions.

4 Revenue

An analysis of revenue of the Company and subsidiary companies is as follows:

	2016	2015
	HK$ millions	HK$ millions
Sales of goods	**152,606**	99,736
Revenue from services	**104,124**	64,872
Interest	**2,979**	2,018
Dividends	**133**	134
	259,842	166,760

5 Operating segment information

Saved as disclosed in the notes below, the column headed as Company and Subsidiaries refers to the holding company of the Group and subsidiary companies' respective items and the column headed as Associates and JV refers to the Group's share of associated companies (including Hutchison Whampoa Limited ("HWL")'s respective items before the completion of the Hutchison Proposal in the comparative year ended 31 December 2015) and joint ventures' respective items. Segments are reported in a manner consistent with internal reporting currently provided to the board of directors of the Company who is responsible for allocating resources and assessing performance of the operating segments. Information about the discontinued operations is not presented in the following operating segment analysis.

Ports and Related Services:
This division had 275 operational berths as at 31 December 2016.

Retail:
The Retail division had 13,331 stores across 25 markets as at 31 December 2016.

Infrastructure:
The Infrastructure division comprises a 75.67% interest in Cheung Kong Infrastructure Holdings Limited ("CKI"), a company listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"); interests in certain co-owned infrastructure investments as well as aircraft leasing business, which was disposed during the year, are reported under this division.

Husky Energy:
This comprises the Group's 40.18% interest in Husky Energy, an integrated energy company listed on the Toronto Stock Exchange in Canada.

Telecommunications:
The Group's telecommunications division consists of **3** Group Europe with businesses in 6 countries in Europe, a 66.09% interest in Hutchison Telecommunications Hong Kong Holdings, which is listed on the Stock Exchange, Hutchison Asia Telecommunications and a 87.87% interest in the Australian Securities Exchange listed Hutchison Telecommunications (Australia) ("HTAL"), which has a 50% interest in a joint venture company, Vodafone Hutchison Australia Pty Limited ("VHA").

Following the completion in November 2016 of the formation of a 50 / 50 joint venture, VIP-CKH Luxembourg S.à r.l. (the "Italian Joint Venture"), to jointly own and operate the telecommunications businesses in Italy of 3 Italia S.p.A., a then indirect subsidiary of the Company, and WIND Acquisition Holdings Finance S.p.A., a then wholly-owned subsidiary of VimpelCom Ltd, the Group's share of the results of the Italian Joint Venture is presented in the column headed as Associates and JV. Prior to the completion of the formation of the Italian Joint Venture, the results of the Group's telecommunications businesses in Italy was presented in the column headed as Company and Subsidiaries.

HTAL's share of VHA's results are presented as separate items within the income statement line item titled profits on disposal of investments and others (see notes 6(c) and 6(d)).

Finance & Investments and Others is presented to reconcile to the totals included in the Group's income statement and statement of financial position, which covers the activities of other areas of the Group which are not presented separately and include Hutchison Water, Hutchison Whampoa (China), Hutchison E-Commerce and corporate head office operations, the Marionnaud business, listed subsidiary Hutchison China MediTech, listed associates TOM Group and CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences"), and the returns earned on the Group's holdings of cash and liquid investments.

Revenue from external customers is after elimination of inter-segment revenue. The amounts eliminated mainly attributable to Retail of HK$52 million (2015 - HK$49 million), Hutchison Telecommunications Hong Kong Holdings of HK$297 million (2015 - HK$110 million) and Hutchison Asia Telecommunications of HK$11 million (2015 - HK$9 million).

5 Operating segment information (continued)

(a) The following is an analysis of the Group's revenue by operating segments:

	Revenue							
	Company and Subsidiaries HK$ millions	**Associates and JV HK$ millions**	**2016 Total HK$ millions**	**%**	Company and Subsidiaries HK$ millions	Associates and JV HK$ millions	2015 Total HK$ millions	%
Ports and Related Services #	**24,027**	**8,157**	**32,184**	**9%**	14,732	12,242	26,974	8%
Retail	**121,969**	**29,533**	**151,502**	**41%**	74,587	47,127	121,714	38%
Infrastructure	**19,569**	**33,642**	**53,211**	**14%**	13,085	33,102	46,187	15%
Husky Energy	**-**	**30,467**	**30,467**	**8%**	-	29,620	29,620	9%
3 Group Europe	**58,417**	**3,998**	**62,415**	**17%**	37,517	12,635	50,152	16%
Hutchison Telecommunications Hong Kong Holdings	**12,133**	**-**	**12,133**	**3%**	12,957	4,563	17,520	6%
Hutchison Asia Telecommunications	**8,200**	**-**	**8,200**	**2%**	4,261	1,231	5,492	2%
Finance & Investments and Others	**15,527**	**7,047**	**22,574**	**6%**	9,621	9,038	18,659	6%
	259,842	**112,844**	**372,686**	**100%**	166,760	149,558	316,318	100%
Non-controlling interests' share of HPH Trust's revenue	**-**	**1,017**	**1,017**		-	668	668	
	259,842	**113,861**	**373,703**		166,760	150,226	316,986	

\# includes the Group's attributable share of HPH Trust's revenue based on the effective shareholdings in HPH Trust during 2016. Revenue reduced by HK$1,017 million for 2016 (2015 - HK$668 million for the 7 months from June to December), being adjustments to exclude non-controlling interests' share of revenue of HPH Trust.

(b) The Group uses two measures of segment results, EBITDA (see note 5(m)) and EBIT (see note 5(n)). The following is an analysis of the Group's results by operating segments by EBITDA:

	EBITDA (LBITDA) (m)							
	Company and Subsidiaries HK$ millions	**Associates and JV HK$ millions**	**2016 Total HK$ millions**	**%**	Company and Subsidiaries HK$ millions	Associates and JV HK$ millions	2015 Total HK$ millions	%
Ports and Related Services #	**7,705**	**3,934**	**11,639**	**13%**	4,527	4,949	9,476	13%
Retail	**11,949**	**2,618**	**14,567**	**16%**	8,007	4,251	12,258	17%
Infrastructure	**11,358**	**19,770**	**31,128**	**34%**	8,324	18,358	26,682	36%
Husky Energy	**-**	**9,284**	**9,284**	**10%**	-	6,899	6,899	9%
3 Group Europe	**17,242**	**1,702**	**18,944**	**20%**	11,174	3,078	14,252	19%
Hutchison Telecommunications Hong Kong Holdings	**2,543**	**64**	**2,607**	**3%**	1,597	671	2,268	3%
Hutchison Asia Telecommunications	**2,298**	**-**	**2,298**	**2%**	869	-	869	1%
Finance & Investments and Others	**231**	**1,282**	**1,513**	**2%**	(198)	1,525	1,327	2%
EBITDA before profits on disposal of investments and others	**53,326**	**38,654**	**91,980**	**100%**	34,300	39,731	74,031	100%
Non-controlling interests' share of HPH Trust's EBITDA	**-**	**711**	**711**		-	477	477	
EBITDA (see note 36(a))	**53,326**	**39,365**	**92,691**		34,300	40,208	74,508	
Depreciation and amortisation	**(16,014)**	**(13,806)**	**(29,820)**		(9,618)	(15,195)	(24,813)	
Profits on disposal of investments and others (see note 6)	**27**	**(371)**	**(344)**		14,260	(870)	13,390	
Interest expenses and other finance costs	**(7,118)**	**(5,111)**	**(12,229)**		(4,470)	(6,308)	(10,778)	
Current tax	**(3,334)**	**(2,913)**	**(6,247)**		(2,629)	(2,960)	(5,589)	
Deferred tax	**(1,217)**	**(552)**	**(1,769)**		(266)	65	(201)	
Non-controlling interests	**(8,904)**	**(370)**	**(9,274)**		(6,177)	(2,151)	(8,328)	
	16,766	**16,242**	**33,008**		25,400	12,789	38,189	

\# includes the Group's attributable share of HPH Trust's EBITDA based on the effective shareholdings in HPH Trust during 2016. EBITDA reduced by HK$711 million for 2016 (2015 - HK$477 million for the 7 months from June to December), being adjustments to exclude non-controlling interests' share of EBITDA of HPH Trust.

5 Operating segment information (continued)

(c) The following is an analysis of the Group's results by operating segments by EBIT:

	EBIT (LBIT) [n]							
	Company and Subsidiaries HK$ millions	**Associates and JV HK$ millions**	**2016 Total HK$ millions**	**%**	Company and Subsidiaries HK$ millions	Associates and JV HK$ millions	2015 Total HK$ millions	%
Ports and Related Services #	**5,019**	**2,548**	**7,567**	**12%**	2,986	3,256	6,242	12%
Retail	**10,028**	**2,031**	**12,059**	**19%**	6,826	3,420	10,246	21%
Infrastructure	**7,547**	**14,615**	**22,162**	**36%**	5,750	13,420	19,170	39%
Husky Energy	**-**	**3,429**	**3,429**	**5%**	-	1,796	1,796	4%
3 Group Europe								
EBITDA before the following non-cash items:	**17,242**	**1,702**	**18,944**		11,174	3,078	14,252	
Depreciation	**(4,208)**	**(161)**	**(4,369)**		(2,784)	(1,436)	(4,220)	
Amortisation of licence fees and other rights	**(1,567)**	**(170)**	**(1,737)**		(604)	(240)	(844)	
EBIT - **3** Group Europe	**11,467**	**1,371**	**12,838**	**21%**	7,786	1,402	9,188	19%
Hutchison Telecommunications Hong Kong Holdings	**1,036**	**19**	**1,055**	**2%**	745	351	1,096	2%
Hutchison Asia Telecommunications	**2,130**	**-**	**2,130**	**3%**	869	(248)	621	1%
Finance & Investments and Others	**85**	**1,089**	**1,174**	**2%**	(280)	1,282	1,002	2%
EBIT before profits on disposal of investments and others	**37,312**	**25,102**	**62,414**	**100%**	24,682	24,679	49,361	100%
Profits on disposal of investments and others (see note 6)	**27**	**(371)**	**(344)**		14,260	(870)	13,390	
Non-controlling interests' share of HPH Trust's EBIT	**-**	**457**	**457**		-	334	334	
Interest expenses and other finance costs	**(7,118)**	**(5,111)**	**(12,229)**		(4,470)	(6,308)	(10,778)	
Current tax	**(3,334)**	**(2,913)**	**(6,247)**		(2,629)	(2,960)	(5,589)	
Deferred tax	**(1,217)**	**(552)**	**(1,769)**		(266)	65	(201)	
Non-controlling interests	**(8,904)**	**(370)**	**(9,274)**		(6,177)	(2,151)	(8,328)	
	16,766	**16,242**	**33,008**		25,400	12,789	38,189	

\# includes the Group's attributable share of HPH Trust's EBIT based on the effective shareholdings in HPH Trust during 2016. EBIT reduced by HK$457 million for 2016 (2015 - HK$334 million for the 7 months from June to December), being adjustments to exclude non-controlling interests' share of EBIT of HPH Trust.

5 Operating segment information (continued)

(d) The following is an analysis of the Group's depreciation and amortisation by operating segments:

	Depreciation and amortisation					
	Company and Subsidiaries HK$ millions	**Associates and JV HK$ millions**	**2016 Total HK$ millions**	Company and Subsidiaries HK$ millions	Associates and JV HK$ millions	2015 Total HK$ millions
Ports and Related Services #	**2,686**	**1,386**	**4,072**	1,541	1,693	3,234
Retail	**1,921**	**587**	**2,508**	1,181	831	2,012
Infrastructure	**3,811**	**5,155**	**8,966**	2,574	4,938	7,512
Husky Energy	**-**	**5,855**	**5,855**	-	5,103	5,103
3 Group Europe	**5,775**	**331**	**6,106**	3,388	1,676	5,064
Hutchison Telecommunications Hong Kong Holdings	**1,507**	**45**	**1,552**	852	320	1,172
Hutchison Asia Telecommunications	**168**	**-**	**168**	-	248	248
Finance & Investments and Others	**146**	**193**	**339**	82	243	325
	16,014	**13,552**	**29,566**	9,618	15,052	24,670
Non-controlling interests' share of HPH Trust's depreciation and amortisation	**-**	**254**	**254**	-	143	143
	16,014	**13,806**	**29,820**	9,618	15,195	24,813

\# includes the Group's attributable share of HPH Trust's depreciation and amortisation based on the effective shareholdings in HPH Trust during 2016. Depreciation and amortisation reduced by HK$254 million for 2016 (2015 - HK$143 million for the 7 months from June to December), being adjustments to exclude non-controlling interests' share of depreciation and amortisation of HPH Trust.

(e) The following is an analysis of the Group's capital expenditure by operating segments:

	Capital expenditure							
	Fixed assets, investment properties and leasehold land HK$ millions	**Telecom-munications licences HK$ millions**	**Brand names and other rights HK$ millions**	**2016 Total HK$ millions**	Fixed assets, investment properties and leasehold land HK$ millions	Telecom-munications licences HK$ millions	Brand names and other rights HK$ millions	2015 Total HK$ millions
Ports and Related Services	**2,858**	**-**	**26**	**2,884**	2,918	-	434	3,352
Retail	**2,403**	**-**	**-**	**2,403**	1,420	-	-	1,420
Infrastructure	**5,532**	**-**	**18**	**5,550**	9,881	-	21	9,902
Husky Energy	**-**	**-**	**-**	**-**	-	-	-	-
3 Group Europe	**7,449**	**427**	**376**	**8,252**	7,130	2,447	11	9,588
Hutchison Telecommunications Hong Kong Holdings	**1,131**	**1,779**	**40**	**2,950**	760	1	6	767
Hutchison Asia Telecommunications	**439**	**1,807**	**-**	**2,246**	20	-	27	47
Finance & Investments and Others	**234**	**-**	**27**	**261**	229	-	41	270
	20,046	**4,013**	**487**	**24,546**	22,358	2,448	540	25,346
Reconciliation item @	**-**	**-**	**-**	**-**	136	-	-	136
	20,046	**4,013**	**487**	**24,546**	22,494	2,448	540	25,482

@ the reconciliation item represents the capital expenditure of the discontinued operation, Property and hotels in the comparative year ended 31 December 2015.

5 Operating segment information (continued)

(f) The following is an analysis of the Group's total assets by operating segments:

	Total assets							
	Company and Subsidiaries		**Investments in associated companies and interests in joint ventures**	**2016 Total assets**	Company and Subsidiaries		Investments in associated companies and interests in joint ventures	2015 Total assets
	Segment assets (o)	**Deferred tax assets**			Segment assets (o)	Deferred tax assets		
	HK$ millions	**HK$ millions**	**HK$ millions**	**HK$ millions**	HK$ millions	HK$ millions	HK$ millions	HK$ millions
Ports and Related Services	**72,286**	**151**	**25,982**	**98,419**	74,765	440	27,309	102,514
Retail	**191,458**	**871**	**11,181**	**203,510**	193,879	902	12,409	207,190
Infrastructure	**161,567**	**482**	**122,900**	**284,949**	188,413	490	131,495	320,398
Husky Energy	**-**	**-**	**58,709**	**58,709**	-	-	54,434	54,434
3 Group Europe	**93,493**	**14,270**	**24,365**	**132,128**	127,309	19,001	3	146,313
Hutchison Telecommunications Hong Kong Holdings	**26,628**	**53**	**459**	**27,140**	26,406	128	433	26,967
Hutchison Asia Telecommunications	**5,111**	**-**	**-**	**5,111**	2,615	-	-	2,615
Finance & Investments and Others	**190,407**	**29**	**7,946**	**198,382**	157,770	25	7,885	165,680
	740,950	**15,856**	**251,542**	**1,008,348**	771,157	20,986	233,968	1,026,111
Reconciliation item @	**-**	**-**	**5,117**	**5,117**	4	-	6,829	6,833
	740,950	**15,856**	**256,659**	**1,013,465**	771,161	20,986	240,797	1,032,944

@ the reconciliation item comprises total assets of HTAL.

(g) The following is an analysis of the Group's total liabilities by operating segments:

	Total liabilities							
	Segment liabilities (p)	**Current & non-current borrowings (q) and other non-current liabilities**	**Current & deferred tax liabilities**	**2016 Total liabilities**	Segment liabilities (p)	Current & non-current borrowings (q) and other non-current liabilities	Current & deferred tax liabilities	2015 Total liabilities
	HK$ millions	**HK$ millions**	**HK$ millions**	**HK$ millions**	HK$ millions	HK$ millions	HK$ millions	HK$ millions
Ports and Related Services	**15,888**	**15,212**	**4,485**	**35,585**	17,166	17,085	4,900	39,151
Retail	**23,929**	**12,428**	**10,322**	**46,679**	24,366	12,832	11,008	48,206
Infrastructure	**14,448**	**72,881**	**6,120**	**93,449**	14,883	79,748	7,826	102,457
Husky Energy	**-**	**-**	**-**	**-**	-	-	-	-
3 Group Europe	**17,954**	**12,223**	**32**	**30,209**	26,360	66,791	4	93,155
Hutchison Telecommunications Hong Kong Holdings	**3,615**	**4,926**	**579**	**9,120**	4,038	4,590	508	9,136
Hutchison Asia Telecommunications	**4,616**	**16,990**	**2**	**21,608**	4,248	16,711	1	20,960
Finance & Investments and Others	**8,017**	**220,122**	**4,486**	**232,625**	7,852	158,661	4,253	170,766
	88,467	**354,782**	**26,026**	**469,275**	98,913	356,418	28,500	483,831
Reconciliation item @	**-**	**-**	**-**	**-**	2	-	-	2
	88,467	**354,782**	**26,026**	**469,275**	98,915	356,418	28,500	483,833

@ the reconciliation item comprises total liabilities of HTAL.

5 Operating segment information (continued)

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 HK$ millions	**Associates and JV HK$ millions**	**2016 Total HK$ millions**	**%**	Company and Subsidiaries HK$ millions	Associates and JV HK$ millions	2015 Total HK$ millions	%
Hong Kong	**44,859**	**5,107**	**49,966**	**13%**	33,235	16,190	49,425	15%
Mainland China	**29,178**	**6,585**	**35,763**	**10%**	18,247	13,692	31,939	10%
Europe (s)	**127,743**	**52,906**	**180,649**	**49%**	81,755	65,163	146,918	47%
Canada (r)	**478**	**29,514**	**29,992**	**8%**	292	27,959	28,251	9%
Asia, Australia and Others (s)	**42,057**	**11,685**	**53,742**	**14%**	23,610	17,516	41,126	13%
Finance & Investments and Others	**15,527**	**7,047**	**22,574**	**6%**	9,621	9,038	18,659	6%
	259,842	**112,844**	**372,686** (1)	**100%**	166,760	149,558	316,318 (1)	100%

(1) see note 5(a) for reconciliation to total revenue included in the Group's income statement.

(i) Additional disclosures of the Group's EBITDA by geographical location are shown below:

	EBITDA (LBITDA) (m)							
	Company and Subsidiaries HK$ millions	**Associates and JV HK$ millions**	**2016 Total HK$ millions**	**%**	Company and Subsidiaries HK$ millions	Associates and JV HK$ millions	2015 Total HK$ millions	%
Hong Kong	**2,766**	**2,034**	**4,800**	**5%**	1,874	2,622	4,496	6%
Mainland China	**5,802**	**4,165**	**9,967**	**11%**	3,474	5,593	9,067	12%
Europe (s)	**34,113**	**16,789**	**50,902**	**55%**	22,436	17,894	40,330	55%
Canada (r)	**347**	**8,200**	**8,547**	**9%**	167	5,115	5,282	7%
Asia, Australia and Others (s)	**10,067**	**6,184**	**16,251**	**18%**	6,547	6,982	13,529	18%
Finance & Investments and Others	**231**	**1,282**	**1,513**	**2%**	(198)	1,525	1,327	2%
EBITDA before profits on disposal of investments and others	**53,326**	**38,654**	**91,980** (2)	**100%**	34,300	39,731	74,031 (2)	100%

(2) see note 5(b) for reconciliation to total EBITDA included in the Group's income statement.

(j) Additional disclosures of the Group's EBIT by geographical location are shown below:

	EBIT (LBIT) (n)							
	Company and Subsidiaries HK$ millions	**Associates and JV HK$ millions**	**2016 Total HK$ millions**	**%**	Company and Subsidiaries HK$ millions	Associates and JV HK$ millions	2015 Total HK$ millions	%
Hong Kong	**927**	**991**	**1,918**	**3%**	781	1,440	2,221	4%
Mainland China	**4,831**	**2,662**	**7,493**	**12%**	2,876	3,832	6,708	14%
Europe (s)	**23,669**	**13,094**	**36,763**	**59%**	15,989	12,450	28,439	58%
Canada (r)	**249**	**3,120**	**3,369**	**5%**	92	924	1,016	2%
Asia, Australia and Others (s)	**7,551**	**4,146**	**11,697**	**19%**	5,224	4,751	9,975	20%
Finance & Investments and Others	**85**	**1,089**	**1,174**	**2%**	(280)	1,282	1,002	2%
EBIT before profits on disposal of investments and others	**37,312**	**25,102**	**62,414** (3)	**100%**	24,682	24,679	49,361 (3)	100%

(3) see note 5(c) for reconciliation to total EBIT included in the Group's income statement.

5 Operating segment information (continued)

(k) Additional disclosures of the Group's capital expenditure by geographical location are shown below:

	Capital expenditure							
	Fixed assets, investment properties and leasehold land HK$ millions	**Telecom-munications licences HK$ millions**	**Brand names and other rights HK$ millions**	**2016 Total HK$ millions**	Fixed assets, investment properties and leasehold land HK$ millions	Telecom-munications licences HK$ millions	Brand names and other rights HK$ millions	2015 Total HK$ millions
Hong Kong	**1,575**	**1,779**	**40**	**3,394**	1,027	1	27	1,055
Mainland China	**952**	**-**	**-**	**952**	875	-	-	875
Europe (s)	**13,876**	**427**	**376**	**14,679**	13,097	2,447	11	15,555
Canada	**27**	**-**	**-**	**27**	893	-	-	893
Asia, Australia and Others (s)	**3,382**	**1,807**	**44**	**5,233**	6,373	-	461	6,834
Finance & Investments and Others	**234**	**-**	**27**	**261**	229	-	41	270
	20,046	**4,013**	**487**	**24,546**	22,494 #	2,448	540	25,482

included in the balance for the comparative year ended 31 December 2015 is an amount relating to the discontinued operation, Property and hotels of HK$136 million.

(l) Additional disclosures of the Group's total assets by geographical location are shown below:

	Total assets							
	Company and Subsidiaries				Company and Subsidiaries			
	Segment assets (o) HK$ millions	**Deferred tax assets HK$ millions**	**Investments in associated companies and interests in joint ventures HK$ millions**	**2016 Total assets HK$ millions**	Segment assets (o) HK$ millions	Deferred tax assets HK$ millions	Investments in associated companies and interests in joint ventures HK$ millions	2015 Total assets HK$ millions
Hong Kong	**66,608**	**94**	**38,123**	**104,825**	74,107	169	42,209	116,485
Mainland China	**48,818**	**479**	**29,014**	**78,311**	54,277	566	27,132	81,975
Europe (s)	**335,587**	**15,022**	**87,365**	**437,974**	391,827	19,984	72,039	483,850
Canada (r)	**4,732**	**8**	**53,543**	**58,283**	4,371	5	47,485	51,861
Asia, Australia and Others (s)	**94,798**	**224**	**40,668**	**135,690**	88,809	237	44,047	133,093
Finance & Investments and Others	**190,407**	**29**	**7,946**	**198,382**	157,770	25	7,885	165,680
	740,950	**15,856**	**256,659**	**1,013,465**	771,161	20,986	240,797	1,032,944

(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 HKFRS.

(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 HKFRS.

5 Operating segment information (continued)

(o) 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$116,283 million (2015 - HK$129,905 million), HK$85,976 million (2015 - HK$88,208 million), HK$383,148 million (2015 - HK$419,416 million), HK$58,432 million (2015 - HK$51,711 million) and HK$119,226 million (2015 - HK$115,251 million) respectively. To conform to current year presentation, comparative information for Watsons Turkey has been reclassified to Asia, Australia and Others from Europe.

(p) Segment liabilities comprise trade and other payables and pension obligations.

(q) Current and non-current borrowings comprise bank and other debts and interest bearing loans from non-controlling shareholders. Included in the balance presented under Finance & Investments and Others as at 31 December 2016 are borrowings of HK$66,952 million which are denominated in Euro (2015 - HK$20,412 million and HK$39,870 million borrowings that are denominated in Euro are included in Finance & Investments and Others and **3** Group Europe respectively).

(r) Include contribution from the United States of America for Husky Energy.

(s) To conform to current year presentation, comparative information for Watsons Turkey has been reclassified to Asia, Australia and Others from Europe.

6 Profits on disposal of investments and others

	Attributable to			
	Ordinary shareholders HK$ millions	**Holders of perpetual capital securities HK$ millions**	**Non-controlling interests HK$ millions**	**Total HK$ millions**
Year ended 31 December 2016				
Profits on disposal of investments	-	-	-	-
Others				
Impairment of certain ports assets [(a)]	**(577)**	-	**(144)**	**(721)**
Remeasurement gain on interest in a port operation [(b)]	**598**	-	**150**	**748**
HTAL - share of operating losses of joint venture VHA [(c)]	**(326)**	-	**(45)**	**(371)**
	(305)	-	**(39)**	**(344)**
Year ended 31 December 2015				
Profits on disposal of investments				
Net gain on remeasurement of the Group's previously held equity interest in HWL and certain interests in co-owned assets	14,260	-	-	14,260
Others				
HTAL - share of operating losses of joint venture VHA [(c)]	(568)	-	(79)	(647)
	13,692	-	(79)	13,613
Share of former associated company, HWL's profits on disposal of investments and others [(d)]	(196)	-	-	(196)

(a) In 2016, the Group recognised impairment charge on certain non-core investments held by the ports operation.

(b) It represents a mark-to-market gain realised on the acquisition of an additional interest in an existing port operation.

(c) It represents the Group's indirect subsidiary, HTAL's share of operating losses of a joint venture VHA.

(d) It represents the Group's share of former associated company, HWL's share of operating losses of HK$223 million net of non-controlling interests of HK$27 million of a joint venture VHA.

7 Directors' emoluments

	2016 **HK$ millions**	2015 HK$ millions
Directors' emoluments	**488**	554

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 2016 and 2015 and do not include the amounts paid to directors as directors' emoluments by HWL and its subsidiaries (the "HWL Group") before the completion of the Merger Proposal during the comparative year ended 31 December 2015, as under the accounting standards such amounts paid by the HWL Group during the period HWL 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$487.61 million (2015 - HK$554.24 million) are set out in note 7(a).

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 comparative amount disclosed above and in note 7(a) below 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 in note 7(b).

The Company does not have a share option scheme for the purchase of ordinary shares in the Company. None of the directors have received any share-based payments from the Company or any of its subsidiaries during the year (2015 - nil).

In 2016 and 2015, the five individuals whose emoluments were the highest for the year were five directors of the Company.

7 Directors' emoluments (continued)

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

	2016					
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						
Paid by the Company	**0.22**	**4.89**	**53.87**	-	-	**58.98**
Paid by CKI	**0.08**	-	**30.44**	-	-	**30.52**
	0.30	**4.89**	**84.31**	-	-	**89.50**
FOK Kin Ning, Canning (3)	**0.22**	**11.60**	**186.99**	**1.95**	-	**200.76**
CHOW WOO Mo Fong, Susan (3) (11)	**0.13**	**5.08**	**34.83**	**1.00**	-	**41.04**
Frank John SIXT (3)	**0.22**	**8.55**	**42.58**	**0.75**	-	**52.10**
IP Tak Chuen, Edmond						
Paid by the Company	**0.22**	**1.62**	**9.59**	-	-	**11.43**
Paid by CKI	**0.08**	**1.80**	**11.02**	-	-	**12.90**
	0.30	**3.42**	**20.61**	-	-	**24.33**
KAM Hing Lam						
Paid by the Company	**0.22**	**2.42**	**9.59**	-	-	**12.23**
Paid by CKI	**0.08**	**4.20**	**11.02**	-	-	**15.30**
	0.30	**6.62**	**20.61**	-	-	**27.53**
LAI Kai Ming, Dominic (3)	**0.22**	**5.82**	**42.00**	**1.10**	-	**49.14**
CHOW Kun Chee, Roland (6)	**0.22**	-	-	-	-	**0.22**
LEE Yeh Kwong, Charles (6)	**0.22**	-	-	-	-	**0.22**
LEUNG Siu Hon (6)	**0.22**	-	-	-	-	**0.22**
George Colin MAGNUS (6)						
Paid by the Company	**0.22**	-	-	-	-	**0.22**
Paid by CKI	**0.08**	-	-	-	-	**0.08**
	0.30	-	-	-	-	**0.30**
KWOK Tun-li, Stanley (8) (9) (10)	**0.35**	-	-	-	-	**0.35**
CHENG Hoi Chuen, Vincent (8) (9) (10)	**0.41**	-	-	-	-	**0.41**
Michael David KADOORIE (8)	**0.22**	-	-	-	-	**0.22**
LEE Wai Mun, Rose (8)	**0.22**	-	-	-	-	**0.22**
William SHURNIAK (8) (9)	**0.35**	-	-	-	-	**0.35**
WONG Chung Hin (8) (9) (10)	**0.41**	-	-	-	-	**0.41**
WONG Yick-ming, Rosanna (8) (10)	**0.28**	-	-	-	-	**0.28**
Total	**4.90**	**45.98**	**431.93**	**4.80**	-	**487.61**

7 Directors' emoluments (continued)

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

	2015					
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)						
Paid by the Company	0.22	21.30	55.39	1.85	-	78.76
Paid by CKI	0.08	-	28.15	-	-	28.23
	0.30	21.30	83.54	1.85	-	106.99
FOK Kin Ning, Canning (3)	0.22	6.41	202.51	1.33	-	210.47
CHOW WOO Mo Fong, Susan (3) (7)	0.13	4.69	45.22	0.96	-	51.00
Frank John SIXT (3)	0.22	4.69	43.77	0.42	-	49.10
IP Tak Chuen, Edmond (4)						
Paid by the Company	0.22	7.43	9.86	0.74	-	18.25
Paid by CKI	0.08	1.05	10.60	-	-	11.73
	0.30	8.48	20.46	0.74	-	29.98
KAM Hing Lam (5)						
Paid by the Company	0.22	10.42	9.59	0.91	-	21.14
Paid by CKI	0.08	2.45	10.60	-	-	13.13
	0.30	12.87	20.19	0.91	-	34.27
LAI Kai Ming, Dominic (3) (7)	0.13	3.12	43.19	0.61	-	47.05
CHOW Kun Chee, Roland (6)	0.22	-	-	-	-	0.22
LEE Yeh Kwong, Charles (6)	0.22	-	-	-	-	0.22
LEUNG Siu Hon (6)	0.22	-	-	-	-	0.22
George Colin MAGNUS (6)						
Paid by the Company	0.22	-	-	-	-	0.22
Paid by CKI	0.08	-	-	-	-	0.08
	0.30	-	-	-	-	0.30
KWOK Tun-li, Stanley (8) (9) (10) (14)	0.38	-	-	-	-	0.38
CHENG Hoi Chuen, Vincent (7) (8) (9) (10)	0.24	-	-	-	-	0.24
Michael David KADOORIE (7) (8)	0.13	-	-	-	-	0.13
LEE Wai Mun, Rose (7) (8)	0.13	-	-	-	-	0.13
William SHURNIAK (7) (8) (9)	0.20	-	-	-	-	0.20
WONG Chung Hin (7) (8) (9) (10)	0.23	-	-	-	-	0.23
WONG Yick-ming, Rosanna (8) (10)	0.28	-	-	-	-	0.28
CHUNG Sun Keung, Davy (12)	0.09	4.61	-	0.46	-	5.16
PAU Yee Wan, Ezra (12)	0.09	5.23	-	0.52	-	5.84
WOO Chia Ching, Grace (12)	0.09	5.23	-	0.52	-	5.84
CHIU Kwok Hung, Justin (12)	0.09	4.69	-	0.47	-	5.25
YEH Yuan Chang, Anthony (8) (12)	0.09	-	-	-	-	0.09
Simon MURRAY (8) (12)	0.09	-	-	-	-	0.09
CHOW Nin Mow, Albert (8) (12)	0.09	-	-	-	-	0.09
HUNG Siu-lin, Katherine (8) (9) (12) (13)	0.14	-	-	-	-	0.14
CHEONG Ying Chew, Henry (8) (9) (12) (13)						
Paid by the Company	0.14	-	-	-	-	0.14
Paid by CKI	0.18	-	-	-	-	0.18
	0.32	-	-	-	-	0.32
Total	5.25	81.32	458.88	8.79	-	554.24

7 Directors' emoluments (continued)

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

(1) No remuneration was paid to Mr Li Ka-shing during the year other than a director's fee of HK$5,000 (2015 - HK$5,000). The amount of director's fee shown above is a result of rounding. In 2015, the director's fee of HK$20,958 received by Mr Li Ka-shing 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.
(2) In 2015, 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) In 2015, 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) In 2015, 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) 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$2.24 million (2015 - HK$2.32 million).
(9) Member of the Audit Committee.
(10) Member of the Remuneration Committee.
(11) Retired on 1 August 2016.
(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.

7 Directors' emoluments (continued)

(b) Additional information - directors' emolument payments made by the HWL Group in 2015:

	2015					
Name of directors of HWL	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]						
Paid by HWL	0.09	4.70	55.39	-	-	60.18
Paid by CKI	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]						
Paid by HWL	0.09	2.35	9.59	-	-	12.03
Paid by CKI	0.08	4.20	10.60	-	-	14.88
Paid to HWL	-	(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]						
Paid by HWL	0.09	-	-	-	-	0.09
Paid by CKI	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

(15) In 2015, 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) In 2015, 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) In 2015, 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) In 2015, 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.
(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.

8 Interest expenses and other finance costs

	2016 HK$ millions	2015 HK$ millions
Bank loans and overdrafts	**1,588**	974
Other loans	**200**	118
Notes and bonds	**7,759**	4,914
	9,547	6,006
Interest bearing loans from non-controlling shareholders	**274**	198
	9,821	6,204
Amortisation of loan facilities fees and premiums or discounts relating to borrowings	**99**	15
Notional non-cash interest adjustments [(a)]	**(2,480)**	(1,708)
Other finance costs	**4**	55
	7,444	4,566
Less: interest capitalised [(b)]	**(326)**	(96)
	7,118	4,470

(a) Notional non-cash interest adjustments represent notional adjustments to the carrying amount of certain obligations recognised in the consolidated statement of financial position to the present value of the estimated future cash flows expected to be required for their settlement in the future.

(b) Borrowing costs have been capitalised at various applicable rates ranging from 0.4% to 6.2% per annum (2015 - 0.5% to 5.6% per annum).

9 Tax

	2016 HK$ millions	2015 HK$ millions
Current tax charge		
Hong Kong	**382**	150
Outside Hong Kong	**2,952**	2,479
	3,334	2,629
Deferred tax charge		
Hong Kong	**72**	79
Outside Hong Kong	**1,145**	187
	1,217	266
	4,551	2,895

Hong Kong profits tax has been provided for at the rate of 16.5% (2015 - 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:

	2016 HK$ millions	2015 HK$ millions
Tax calculated at the domestic rates applicable in the country concerned	**6,950**	7,403
Tax effect of:		
Tax losses not recognised	**585**	1,278
Tax incentives	**-**	(108)
Income not subject to tax	**(1,077)**	(2,730)
Expenses not deductible for tax purposes	**1,413**	1,874
Recognition of previously unrecognised tax losses	**(1,812)**	(1,863)
Utilisation of previously unrecognised tax losses	**(988)**	(693)
Under (over) provision in prior years	**72**	(512)
Deferred tax assets written off	**-**	(14)
Other temporary differences	**(454)**	(951)
Effect of change in tax rate	**(138)**	(789)
Total tax for the year	**4,551**	2,895

10 Discontinued operations

As disclosed in the Company's 2015 Annual Report, all of the Group's former interests in the Cheung Kong Property Holdings Limited ("Cheung Kong Property") had been distributed to shareholders pursuant to the Distribution In Specie under the Spin-off Proposal completed in the year ended 31 December 2015. Accordingly the results of the Property and hotels operations are presented as discontinued operations separately from continuing operations in the Company's consolidated income statement and consolidated statement of comprehensive income for year ended 31 December 2015. Set out below is the financial information relating to the results of these discontinued operations for the year ended 31 December 2015, including the results recognised on the remeasurement of assets of these disposal groups.

	2015 HK$ millions
Revenue	9,334
Increase in fair value of investment properties	526
Expenses	(4,468)
Share of profits less losses of associated company	3,166
Share of profits less losses of joint ventures	(158)
Pre-tax profit before remeasurement of assets	8,400
Tax	(745)
After tax profit before remeasurement of assets	7,655
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
Profit from discontinued operations attributable to:	
Non-controlling interests and holders of perpetual capital securities	(133)
Ordinary shareholders	80,381

(a) Analysis of gain on remeasurement of assets

	Remeasurement of assets [b] HK$ millions	Arising from Distribution In Specie [c] HK$ millions	Total HK$ millions
One-off non-cash gains before reclassification adjustments (see note 36(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 HWL 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.

(c) See note 12(c).

11 Earnings per share for profit attributable to ordinary shareholders

	2016	2015
Earnings per share for profit attributable to ordinary shareholders arises from:		
Continuing operations	**HK$ 8.55**	HK$ 11.89
Discontinued operations	**-**	HK$ 25.02
	HK$ 8.55	HK$ 36.91

The calculation of earnings per share is based on profit attributable to ordinary shareholders and on weighted average number of shares outstanding during 2016 and 2015 as follows:

	2016	2015
	HK$ millions	HK$ millions
Profit attributable to ordinary shareholders arises from:		
Continuing operations	**33,008**	38,189
Discontinued operations	**-**	80,381
	33,008	118,570
Weighted average number of shares outstanding during 2016 and 2015	**3,859,441,388**	3,212,671,194

The Company does not have a share option scheme. Certain of the Company's subsidiary and associated companies have employee share options outstanding as at 31 December 2016 and 2015. The employee share options of these subsidiary and associated companies outstanding as at 31 December 2016 and 2015 did not have a dilutive effect on earnings per share.

12 Distributions and dividends

(a) Distribution paid on perpetual capital securities

	2016	2015
	HK$ millions	HK$ millions
Distribution paid on perpetual capital securities	**1,486**	1,072

(b) Dividends

	2016	2015
	HK$ millions	HK$ millions
Interim dividend, paid of HK$0.735 per share (2015 - HK$0.70 per share)	**2,837**	2,702
Final dividend, proposed of HK$1.945 per share (2015 - HK$1.85 per share)	**7,503**	7,140
	10,340	9,842

In 2016, the calculation of the interim dividend and final dividend is based on 3,859,678,500 shares (2015 - 3,859,678,500 shares) and 3,857,678,500 shares (2015 - 3,859,678,500 shares) in issue respectively.

(c) Other distributions

	2016	2015
	HK$ millions	HK$ millions
Distribution In Specie	**-**	363,511

During the year ended 31 December 2015, 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 10(a)).

13 Other comprehensive income (losses)

	2016		
	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	**(537)**	**-**	**(537)**
Valuation losses previously in reserves recognised in income statement	**541**	**-**	**541**
Remeasurement of defined benefit obligations recognised directly in reserves	**(2,239)**	**328**	**(1,911)**
Cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts			
Losses recognised directly in reserves	**(1,411)**	**188**	**(1,223)**
Gains previously in reserves recognised in initial cost of non-financial items	**(13)**	**2**	**(11)**
Gains on net investment hedges arising from forward foreign currency contracts recognised directly in reserves	**6,112**	**-**	**6,112**
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	**(18,423)**	**-**	**(18,423)**
Gains previously in exchange and other reserves related to subsidiaries disposed during the year recognised in income statement	**(209)**	**-**	**(209)**
Share of other comprehensive income (losses) of associated companies	**(541)**	**-**	**(541)**
Share of other comprehensive income (losses) of joint ventures	**(11,663)**	**-**	**(11,663)**
	(28,383)	**518**	**(27,865)**

	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)

14 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 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 36(c))	-	27,225	25,265	-	114,550	167,040
Disposals	-	(316)	(4)	-	(663)	(983)
Relating to subsidiaries disposed (see note 36(d))	-	(764)	-	-	(821)	(1,585)
Distribution In Specie (see note 36(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 and 1 January 2016	**-**	**26,294**	**30,091**	**14,274**	**117,203**	**187,862**
Additions	**-**	**1,125**	**1,113**	**1**	**17,807**	**20,046**
Relating to subsidiaries acquired (see note 36(c))	**-**	**26**	**1,690**	**-**	**400**	**2,116**
Disposals	**-**	**(4)**	**(92)**	**(188)**	**(442)**	**(726)**
Relating to subsidiaries disposed (see note 36(d))	**-**	**(1,391)**	**(4,854)**	**(14,087)**	**(4,496)**	**(24,828)**
Transfer from (to) other assets	**-**	**32**	**-**	**-**	**(2,394)**	**(2,362)**
Transfer between categories	**-**	**219**	**6,088**	**-**	**(6,097)**	**210**
Exchange translation differences	**-**	**(1,934)**	**(1,975)**	**-**	**(15,074)**	**(18,983)**
At 31 December 2016	**-**	**24,367**	**32,061**	**-**	**106,907**	**163,335**
Accumulated depreciation and impairment						
At 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 36(d))	-	(3)	-	-	(50)	(53)
Distribution In Specie (see note 36(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 and 1 January 2016	**-**	**442**	**1,997**	**623**	**4,945**	**8,007**
Charge for the year	**-**	**1,114**	**4,041**	**642**	**7,465**	**13,262**
Disposals	**-**	**(2)**	**(42)**	**(7)**	**(172)**	**(223)**
Relating to subsidiaries disposed (see note 36(d))	**-**	**(22)**	**(760)**	**(1,258)**	**(56)**	**(2,096)**
Transfer from (to) other assets	**-**	**3**	**-**	**-**	**(410)**	**(407)**
Transfer between categories	**-**	**18**	**334**	**-**	**(142)**	**210**
Exchange translation differences	**-**	**(106)**	**(258)**	**-**	**(652)**	**(1,016)**
At 31 December 2016	**-**	**1,447**	**5,312**	**-**	**10,978**	**17,737**
Net book value						
At 31 December 2016	**-**	**22,920**	**26,749**	**-**	**95,929**	**145,598**
At 31 December 2015	-	25,852	28,094	13,651	112,258	179,855
At 1 January 2015	9,785	-	-	7,506	163	17,454

(i) Cost and net book value of other assets include HK$19,303 million (2015 - HK$18,993 million) and HK$17,306 million (2015 - HK$18,131 million) respectively relate to the business of Ports and Related Services, and HK$68,749 million (2015 - HK$75,624 million) and HK$64,421 million (2015 - HK$74,002 million) respectively relate to the business of Infrastructure.

The analysis of the Group's aggregate future minimum lease payments receivable under non-cancellable operating leases of fixed assets is as follows:

	2016 HK$ millions	2015 HK$ millions
Within 1 year	**3,744**	5,620
After 1 year, but within 5 years	**7,194**	14,360
After 5 years	**1,909**	5,546

15 Investment properties

	2016 HK$ millions	2015 HK$ millions
Valuation		
At 1 January	**334**	33,285
Relating to subsidiaries acquired (see note 36(c))	**-**	305
Increase in fair value of investment properties	**10**	555
Distribution In Specie (see note 36(e))	**-**	(33,811)
At 31 December	**344**	334

Investment properties have been fair valued as at 31 December 2016 and 31 December 2015 by DTZ Debenham Tie Leung Limited, professional valuers.

As at 31 December 2016 and 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.

There were no transfers among Level 1, Level 2 and Level 3 during the year. The Group's policy is to recognise transfers into / out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

As at 31 December 2016 and 2015, the Group's aggregate future minimum lease payments receivable under non-cancellable operating leases is not material.

16 Leasehold land

	2016 HK$ millions	2015 HK$ millions
Net book value		
At 1 January	**7,215**	-
Relating to subsidiaries acquired (see note 36(c))	**1,877**	7,861
Amortisation for the year	**(416)**	(189)
Relating to subsidiaries disposed (see note 36(d))	**(257)**	(327)
Exchange translation differences	**(264)**	(130)
At 31 December	**8,155**	7,215

17 Telecommunications licences

	2016	2015
	HK$ millions	HK$ millions
Net book value		
At 1 January	**32,608**	-
Additions	**4,013**	2,448
Relating to subsidiaries acquired (see note 36(c))	**-**	31,571
Amortisation for the year	**(823)**	(352)
Relating to subsidiaries disposed (see note 36(d))	**(8,899)**	-
Exchange translation differences	**(2,963)**	(1,059)
At 31 December	**23,936**	32,608
Cost	**25,027**	32,960
Accumulated amortisation and impairment	**(1,091)**	(352)
	23,936	32,608

The carrying amount of telecommunications licences primarily arises from the acquisition of HWL's businesses pursuant to the Merger Proposal in 2015.

The Group's telecommunications licences in the UK are considered to have an indefinite useful life and their carrying amount at 31 December 2016 is £1,359 million (2015 - £1,357 million).

18 Brand names and other rights

	Brand names	**Other rights**	**Total**
	HK$ millions	**HK$ millions**	**HK$ millions**
Net book value			
At 1 January 2015	-	-	-
Additions	-	540	540
Relating to subsidiaries acquired (see note 36(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 2015 and 1 January 2016	**66,172**	**16,061**	**82,233**
Additions	**-**	**487**	**487**
Transfer from other assets	**-**	**2,304**	**2,304**
Amortisation for the year	**(12)**	**(1,501)**	**(1,513)**
Relating to subsidiaries disposed (see note 36(d))	**(2,099)**	**(2,234)**	**(4,333)**
Exchange translation differences	**(3,941)**	**(1,612)**	**(5,553)**
At 31 December 2016	**60,120**	**13,505**	**73,625**
Cost	**60,139**	**15,049**	**75,188**
Accumulated amortisation	**(19)**	**(1,544)**	**(1,563)**
	60,120	**13,505**	**73,625**

The carrying amount of brand names and other rights primarily arises from the acquisition of HWL's businesses pursuant to the Merger Proposal in 2015. At 31 December 2016,

- brand names relate to Retail of approximately HK$49 billion (2015 - HK$52 billion) and Telecommunications of approximately HK$11 billion (2015 - HK$14 billion) are considered to have an indefinite useful life; and

- other rights, which include rights of use of telecommunications network infrastructure sites of HK$750 million (2015 - HK$927 million), operating and service content rights of HK$10,000 million (2015 - HK$11,786 million), resource consents and customer lists of HK$2,755 million (2015 - HK$3,180 million) are amortised over their finite useful lives.

19 Goodwill

	2016 HK$ millions	2015 HK$ millions
Cost		
At 1 January	**261,449**	-
Relating to subsidiaries acquired (see note 36(c))	**27**	264,051
Exchange translation differences	**(6,728)**	(2,602)
At 31 December	**254,748**	261,449

Goodwill primarily arises from the acquisition of HWL's businesses pursuant to the Merger Proposal in 2015. As at 31 December 2016, the carrying amount of goodwill has been mainly allocated to Retail of approximately HK$114 billion (2015 - HK$114 billion) and CKI of approximately HK$39 billion (2015 - HK$39 billion).

Goodwill and assets with indefinite useful lives (telecommunication licences and brand names) are allocated to business units and divisions as described in notes 17, 18 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 2016 and 2015 indicated no impairment charge was necessary.

As additional information,

(i) the recoverable amount for the purpose of impairment testing for the businesses of Retail is based on fair value less costs of disposal 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 5% to 9% (2015 - 6% to 9%) and where applicable, in the calculation, the cash flows beyond the 5 year period have been extrapolated using a growth rate of 1% to 4% (2015 - 1% to 3%) per annum;

(ii) the recoverable amount for the purpose of impairment testing for CKI is based on fair value less costs of disposal, and is determined by reference to the prevailing trading prices and with consideration for premium over the Group's controlling block of CKI shares (Level 3 of the HKFRS 13 fair value hierarchy); 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 the estimated terminal value at the end of the budget period. 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, where applicable, for the fair value less cost of disposal calculation, the prevailing trading prices and control premium that can be realised for the estimated fair value. A reasonably possible change in a key assumption would not cause the recoverable amount to fall below the carrying value of the respective business units and divisions.

20 Associated companies

	2016 HK$ millions	2015 HK$ millions
Unlisted shares	**8,553**	8,667
Listed shares, Hong Kong	**65,803**	65,803
Listed shares, outside Hong Kong	**78,095**	77,405
Share of undistributed post acquisition reserves	**(6,636)**	(8,712)
	145,815	143,163
Amounts due from associated companies	**4,591**	5,209
	150,406	148,372

The market value of the above listed investments at 31 December 2016 was HK$114,919 million (2015 - HK$113,173 million), inclusive of HK$38,080 million (2015 - HK$31,467 million) and HK$56,703 million (2015 - HK$59,026 million) for material associated companies, namely Husky Energy and Power Assets Holdings Limited ("Power Assets") respectively.

20 Associated companies (continued)

There are no material contingent liabilities relating to the Group's interests in the associated companies, save as for those disclosed in note 40.

Set out below are additional information in respect of the Group's material associated companies in 2016:

	2016 Material associated companies Husky Energy HK$ millions	2016 Material associated companies Power Assets HK$ millions
Dividends received from associated companies	690 [(a)]	2,257
Gross amount of the following items of the associated companies [(b)]:		
Total revenue	75,827	1,288
EBITDA	23,106	15,290
EBIT	8,534	11,168
Other comprehensive income (losses)	4,395	(5,798)
Total comprehensive income	10,565	619
Current assets	25,001	61,871
Non-current assets	219,245	105,083
Current liabilities	18,487	2,641
Non-current liabilities	75,210	8,725
Net assets (net of preferred shares, perpetual capital securities and non-controlling interests)	146,125	155,588
Reconciliation to the carrying amount of the Group's interests in associated companies:		
Group's interest	40.2%	38.9%
Group's share of net assets, and its carrying amount	58,709	60,479

	Husky Energy HK$ millions	Power Assets HK$ millions	Other associated companies HK$ millions	2016 Total HK$ millions
Group's share of the following items of the associated companies [(b)]:				
Profits less losses after tax	2,479	2,494	1,389	6,362
Other comprehensive income (losses)	1,766	(2,253)	(54)	(541)
Total comprehensive income	4,245	241	1,335	5,821

20 Associated companies (continued)

Set out below are additional information in respect of the Group's material associated companies in 2015:

	2015		
	Material associated companies		
	HWL [c]	Husky Energy	Power Assets
	HK$ millions	HK$ millions	HK$ millions
Dividends received from associated companies	3,739	2,717	2,232
Gross amount of the following items of the associated companies [b] [d]:			
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

	HWL [c]	Husky Energy	Power Assets	Other associated companies	2015 Total
	HK$ millions	HK$ millions	HK$ millions	HK$ millions	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)

(a) Represented stock dividends received from Husky Energy in January 2016.

(b) After translation into Hong Kong dollars and consolidation adjustments.

(c) As HWL became a wholly owned subsidiary of the Group during the year ended 31 December 2015, HWL'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 HWL'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.

(d) As additional information, the gross amount of profits less losses after tax arising from discontinued operations of HWL for the year ended 31 December 2015 amounted to HK$6,334 million.

Particulars regarding the principal associated companies are set forth on pages 94 to 96.

21 Interests in joint ventures

	2016	2015
	HK$ millions	HK$ millions
Unlisted shares	**100,255**	75,984
Share of undistributed post acquisition reserves	**(7,302)**	(474)
	92,953	75,510
Amounts due from joint ventures	**13,300**	16,915
	106,253	92,425

There are no material contingent liabilities relating to the Group's interests in the joint ventures, save as for those disclosed in note 40.

Set out below are the aggregate amount of the Group's share of the following items of joint ventures:

	2016	2015
	HK$ millions	HK$ millions
Profits less losses after tax [(a)]	**10,251**	6,187
Other comprehensive income (losses)	**(11,663)**	(2,349)
Total comprehensive income (losses)	**(1,412)**	3,838
Capital commitments	**1,862**	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 6(c) and 6(d)) to separately identify it from the recurring earnings profile.

Particulars regarding the principal joint ventures are set forth on pages 94 to 96.

22 Deferred tax

	2016 **HK$ millions**	2015 HK$ millions
Deferred tax assets	**15,856**	20,986
Deferred tax liabilities	**23,692**	26,062
Net deferred tax liabilities	**(7,836)**	(5,076)

Movements in net deferred tax assets (liabilities) are summarised as follows:

	2016 **HK$ millions**	2015 HK$ millions
At 1 January	**(5,076)**	(1,022)
Relating to subsidiaries acquired (see note 36(c))	**2**	(4,344)
Distribution In Specie (see note 36(e))	**-**	1,013
Relating to subsidiaries disposed (see note 36(d))	**(2,004)**	(81)
Transfer to current tax	**175**	(7)
Net credit (charge) to other comprehensive income	**518**	(52)
Net credit (charge) to the income statement		
Unused tax losses	**(653)**	(302)
Accelerated depreciation allowances	**161**	1,550
Fair value adjustments arising from acquisitions	**(194)**	(197)
Withholding tax on undistributed profits	**(116)**	(71)
Other temporary differences	**(415)**	(1,257)
Exchange translation differences	**(234)**	(306)
At 31 December	**(7,836)**	(5,076)

Analysis of net deferred tax assets (liabilities):

	2016 **HK$ millions**	2015 HK$ millions
Unused tax losses	**13,846**	18,110
Accelerated depreciation allowances	**(9,181)**	(10,749)
Fair value adjustments arising from acquisitions	**(9,582)**	(9,665)
Revaluation of investment properties and other investments	**126**	86
Withholding tax on undistributed profits	**(587)**	(499)
Other temporary differences	**(2,458)**	(2,359)
	(7,836)	(5,076)

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 2016, the Group has recognised accumulated deferred tax assets amounting to HK$15,856 million (2015 - HK$20,986 million) of which HK$14,270 million (2015 - HK$19,001 million) relates to **3** Group Europe.

Note 3(e) contains information about the estimates, assumptions and judgements relating to the recognition of deferred tax assets for unused tax losses carried forward.

The Group has not recognised deferred tax assets of HK$13,837 million at 31 December 2016 (2015 - HK$22,037 million) in respect of unutilised tax losses, tax credits and deductible temporary differences totalling HK$53,193 million (2015 - HK$99,244 million). These unutilised tax losses, tax credits and deductible temporary differences can be carried forward against future taxable income. Of this amount, HK$32,464 million (2015 - HK$72,464 million) can be carried forward indefinitely and the balances expire in the years:

	2016 **HK$ millions**	2015 HK$ millions
In the first year	**2,404**	5,000
In the second year	**6,525**	2,441
In the third year	**3,947**	6,455
In the fourth year	**4,610**	3,720
After the fourth year	**3,243**	9,164
	20,729	26,780

23 Other non-current assets

	2016 HK$ millions	2015 HK$ millions
Other unlisted investments		
Loans and receivables		
Unlisted debt securities	**165**	436
Available-for-sale investments		
Unlisted equity securities	**1,059**	1,518
Fair value hedges		
Interest rate swaps	**119**	256
Cash flow hedges		
Interest rate swaps	**-**	76
Forward foreign exchange contracts	**196**	-
Other contracts	**2**	-
Net investment hedges	**3,199**	1,902
Other derivative financial instruments	**356**	50
	5,096	4,238

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.

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.

24 Liquid funds and other listed investments

	2016 HK$ millions	2015 HK$ millions
Available-for-sale investments		
Managed funds, outside Hong Kong	**2,932**	4,773
Listed / traded debt securities, outside Hong Kong	**1,184**	1,177
Listed equity securities, Hong Kong	**1,621**	2,029
Listed equity securities, outside Hong Kong	**58**	2,181
	5,795	10,160
Financial assets at fair value through profit or loss	**159**	95
	5,954	10,255

Components of managed funds, outside Hong Kong are as follows:

	2016 HK$ millions	2015 HK$ millions
Listed debt securities	**2,765**	4,606
Listed equity securities	**151**	153
Cash and cash equivalents	**16**	14
	2,932	4,773

24 Liquid funds and other listed investments (continued)

Included in listed / traded debt securities outside Hong Kong as at 31 December 2016 and 2015 are notes issued by listed associated company, Husky Energy at a principal amount of US$25 million mature in 2019.

The fair value of the available-for-sale investments and financial assets designated as "at fair value through profit or loss" are based on quoted market prices.

At 31 December, liquid funds and other listed investments are denominated in the following currencies:

	2016		2015	
	Available-for-sale investments Percentage	**Financial assets at fair value through profit or loss Percentage**	Available-for-sale investments Percentage	Financial assets at fair value through profit or loss Percentage
HK dollars	**28%**	**-**	30%	-
US dollars	**54%**	**69%**	54%	36%
Other currencies	**18%**	**31%**	16%	64%
	100%	**100%**	100%	100%

Listed / traded debt securities as at 31 December presented above are analysed as follows:

	2016 Percentage	2015 Percentage
Credit ratings		
Aaa / AAA	**12%**	14%
Aa1 / AA+	**58%**	66%
Aa3 / AA-	**2%**	2%
Other investment grades	**6%**	4%
Unrated	**22%**	14%
	100%	100%
Sectorial		
US Treasury notes	**58%**	61%
Government and government guaranteed notes	**4%**	18%
Husky Energy notes	**6%**	4%
Financial institutions notes	**3%**	2%
Others	**29%**	15%
	100%	100%
Weighted average maturity	**2 years**	2 years
Weighted average effective yield	**2.35%**	1.88%

25 Cash and cash equivalents

	2016 HK$ millions	2015 HK$ millions
Cash at bank and in hand	**25,461**	28,107
Short term bank deposits	**130,809**	93,064
	156,270	121,171

The carrying amount of cash and cash equivalents approximates their fair value.

26 Trade and other receivables

	2016 HK$ millions	2015 HK$ millions
Trade receivables	**13,202**	19,165
Less: provision for estimated impairment losses for bad debts	**(2,615)**	(3,767)
Trade receivables - net	**10,587**	15,398
Other receivables and prepayments	**34,470**	35,672
Fair value hedges		
Interest rate swaps	**2**	547
Cash flow hedges		
Forward foreign exchange contracts	**8**	2
Net investment hedges	**3,282**	423
Other derivative financial instruments	**23**	-
	48,372	52,042

Trade and other receivables are stated at the expected recoverable amount, net of any provision for estimated impairment losses for bad debts where it is deemed that a receivable may not be fully recoverable. The carrying amount of these assets approximates their fair values.

Trade receivables exposures are managed locally in the operating units where they arise and credit limits are set as deemed appropriate for the customer. The Group has established credit policies for customers in each of its core businesses. The average credit period granted for trade receivables ranges from 30 to 45 days. As stated above trade receivables which are past due at the end of the reporting period are stated at the expected recoverable amount, net of provision for estimated impairment losses for bad debts. Given the profile of our customers and the Group's different types of businesses, the Group generally does not hold collateral over these balances.

The Group's five largest customers contributed less than 4% of the Group's turnover for the year ended 31 December 2016 (2015 - less than 4%).

(a) At 31 December, the ageing analysis of the trade receivables presented based on the invoice date, is as follows:

	2016 HK$ millions	2015 HK$ millions
Less than 31 days	**7,260**	10,262
Within 31 to 60 days	**1,889**	1,843
Within 61 to 90 days	**771**	673
Over 90 days	**3,282**	6,387
	13,202	19,165

(b) As at 31 December 2016, out of the trade receivables of HK$13,202 million (2015 - HK$19,165 million), HK$8,665 million (2015 - HK$11,808 million) are impaired and it is assessed that portion of these receivables is expected to be recoverable. The amount of the provision for estimated impairment losses for bad debts is HK$2,615 million (2015 - HK$3,767 million). The ageing analysis of these trade receivables is as follows:

	2016 HK$ millions	2015 HK$ millions
Not past due	**3,878**	3,920
Past due less than 31 days	**985**	651
Past due within 31 to 60 days	**636**	517
Past due within 61 to 90 days	**504**	407
Past due over 90 days	**2,662**	6,313
	8,665	11,808

Movements on the provision for estimated impairment losses for bad debts are as follows:

	2016 HK$ millions	2015 HK$ millions
At 1 January	**3,767**	-
Additions	**1,845**	4,137
Utilisations	**(782)**	(224)
Write back	**(255)**	(220)
Relating to subsidiaries disposed	**(1,410)**	(8)
Exchange translation differences	**(550)**	82
At 31 December	**2,615**	3,767

26 Trade and other receivables (continued)

The ageing analysis of trade receivables not impaired is as follows:

	2016 HK$ millions	2015 HK$ millions
Not past due	**2,887**	5,024
Past due less than 31 days	**989**	1,451
Past due within 31 to 60 days	**273**	422
Past due within 61 to 90 days	**129**	168
Past due over 90 days	**259**	292
	4,537	7,357

27 Inventories

	2016 HK$ millions	2015 HK$ millions
Retail stock and others	**18,852**	19,761

28 Trade and other payables

	2016 HK$ millions	2015 HK$ millions
Trade payables	**17,380**	20,393
Other payables and accruals	**64,002**	72,366
Provisions (see note 29)	**744**	1,017
Interest free loans from non-controlling shareholders	**927**	951
Cash flow hedges		
Forward foreign exchange contracts	**1**	1
Net investment hedges	**3**	121
Other derivative financial instruments	**41**	-
	83,098	94,849

The Group's five largest suppliers accounted for less than 22% of the Group's cost of purchases for the year ended 31 December 2016 (2015 - less than 29%).

At 31 December, the ageing analysis of the trade payables is as follows:

	2016 HK$ millions	2015 HK$ millions
Less than 31 days	**11,648**	12,948
Within 31 to 60 days	**3,015**	3,234
Within 61 to 90 days	**1,327**	2,067
Over 90 days	**1,390**	2,144
	17,380	20,393

29 Provisions

	Provision for commitments, onerous contracts and other guarantees HK$ millions	Closure obligation HK$ millions	Assets retirement obligation HK$ millions	Others HK$ millions	Total HK$ millions
At 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 and 1 January 2016	**34,233**	**493**	**817**	**524**	**36,067**
Additions	**-**	**15**	**6**	**104**	**125**
Interest accretion	**-**	**6**	**24**	**-**	**30**
Utilisations	**(1,767)**	**(80)**	**(107)**	**(24)**	**(1,978)**
Write back	**-**	**(46)**	**-**	**(69)**	**(115)**
Relating to subsidiaries disposed	**-**	**-**	**(62)**	**(95)**	**(157)**
Exchange translation differences	**26**	**(77)**	**(67)**	**(7)**	**(125)**
At 31 December 2016	**32,492**	**311**	**611**	**433**	**33,847**

Provisions are analysed as:

	2016 HK$ millions	2015 HK$ millions
Current portion (see note 28)	**744**	1,017
Non-current portion (see note 33)	**33,103**	35,050
	33,847	36,067

The provision for closure obligations represents costs to execute integration plans and store closures. The provision for assets retirement obligations represents the present value of the estimated future costs of dismantling and removing fixed assets when they are no longer used and restoring the sites on which they are located. The provision for commitments, onerous contracts and other guarantees represents the unavoidable costs of meeting these commitments and obligations after deducting the associated, expected future benefits and / or estimated recoverable value.

30 Bank and other debts

The carrying amount of bank and other debts comprises items measured at amortised cost and an element of fair value which is due to movements in interest rates. The following is an analysis of the carrying amount of the bank and other debts:

	2016			2015		
	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	**20,612**	**64,371**	**84,983**	9,663	75,410	85,073
Other loans	**669**	**1,569**	**2,238**	214	2,573	2,787
Notes and bonds	**50,312**	**154,514**	**204,826**	22,357	177,386	199,743
Total principal amount of bank and other debts	**71,593**	**220,454**	**292,047**	32,234	255,369	287,603
Unamortised fair value adjustments arising from acquisitions	**336**	**11,647**	**11,983**	1,020	15,383	16,403
Total bank and other debts before the following items [(i)]	**71,929**	**232,101**	**304,030**	33,254	270,752	304,006
Unamortised loan facilities fees and premiums or discounts related to debts	**-**	**(603)**	**(603)**	-	(197)	(197)
Unrealised loss on bank and other debts pursuant to interest rate swap contracts	**(49)**	**(238)**	**(287)**	(238)	(19)	(257)
	71,880	**231,260**	**303,140**	33,016	270,536	303,552

(i) See note 34(c)(i).

30 Bank and other debts (continued)

Analysis of principal amount of bank and other debts:

	2016			2015		
	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	**20,612**	**64,371**	**84,983**	9,663	75,410	85,073
Other loans	**669**	**1,569**	**2,238**	214	2,573	2,787
Notes and bonds						
HK$150 million notes, 5.1% due 2016	**-**	**-**	**-**	150	-	150
HK$330 million notes, 2.45% due 2016	**-**	**-**	**-**	330	-	330
HK$377 million notes, 2.56% due 2016	**-**	**-**	**-**	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**	-	260	260
US$300 million notes, LIBOR* + 0.7% due 2017	**2,340**	**-**	**2,340**	-	2,340	2,340
US$492 million notes-Series B, 7.45% due 2017	**3,837**	**-**	**3,837**	-	3,837	3,837
US$1,000 million notes, 2% due 2017	**7,800**	**-**	**7,800**	-	7,800	7,800
US$1,000 million notes, 3.5% due 2017	**7,800**	**-**	**7,800**	-	7,800	7,800
US$2,000 million notes, 1.625% due 2017	**15,600**	**-**	**15,600**	-	15,600	15,600
US$1,000 million notes, 5.75% due 2019	**-**	**7,800**	**7,800**	-	7,800	7,800
US$1,500 million notes, 7.625% due 2019	**-**	**11,700**	**11,700**	-	11,700	11,700
US$750 million notes, 1.875% due 2021	**-**	**5,850**	**5,850**	-	-	-
US$1,500 million notes, 4.625% due 2022	**-**	**11,700**	**11,700**	-	11,700	11,700
US$500 million notes, 3.25% due 2022	**-**	**3,900**	**3,900**	-	3,900	3,900
US$1,500 million notes, 3.625% due 2024	**-**	**11,700**	**11,700**	-	11,700	11,700
US$500 million notes, 2.75% due 2026	**-**	**3,900**	**3,900**	-	-	-
US$309 million (2015 - US$329 million) notes-Series C, 7.5% due 2027	**-**	**2,410**	**2,410**	-	2,565	2,565
US$1,039 million notes, 7.45% due 2033	**-**	**8,107**	**8,107**	-	8,107	8,107
US$25 million notes-Series D, 6.988% due 2037	**-**	**196**	**196**	-	196	196
SGD180 million notes, 2.585% due 2016	**-**	**-**	**-**	994	-	994
SGD320 million notes, 3.408% due 2018	**-**	**1,718**	**1,718**	-	1,767	1,767
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	**10,100**	**-**	**10,100**	-	10,588	10,588
EUR1,500 million notes, 1.375% due 2021	**-**	**12,120**	**12,120**	-	12,705	12,705
EUR750 million notes, 3.625% due 2022	**-**	**6,060**	**6,060**	-	6,353	6,353
EUR1,350 million notes, 1.25% due 2023	**-**	**10,908**	**10,908**	-	-	-
EUR1,000 million notes, 0.875% due 2024	**-**	**8,080**	**8,080**	-	-	-
EUR650 million notes, 2% due 2028	**-**	**5,252**	**5,252**	-	-	-
GBP113 million bonds, 5.625% due 2017	**1,088**	**-**	**1,088**	-	1,305	1,305
GBP180 million (2015 - GBP300 million) bonds, 6% due 2017	**1,732**	**-**	**1,732**	-	3,462	3,462
GBP300 million bonds, 5.831% due 2020	**-**	**2,886**	**2,886**	-	3,462	3,462
GBP100 million notes, 5.82% due 2021	**-**	**962**	**962**	-	1,154	1,154
GBP350 million bonds, 6.875% due 2023	**-**	**3,367**	**3,367**	-	4,039	4,039
GBP400 million bonds, 6.359% due 2025	**-**	**3,848**	**3,848**	-	4,616	4,616
GBP33 million notes, 2.56% due 2026	**-**	**317**	**317**	-	-	-
GBP300 million bonds, 1.625% due 2026	**-**	**2,886**	**2,886**	-	-	-
GBP303 million bonds, 5.625% due 2026	**-**	**2,914**	**2,914**	-	3,496	3,496
GBP45 million notes, 2.56% due 2028	**-**	**433**	**433**	-	-	-
GBP90 million notes, 3.54% due 2030	**-**	**866**	**866**	-	1,039	1,039
GBP22 million notes, 2.83% due 2031	**-**	**212**	**212**	-	-	-
GBP350 million bonds, 5.625% due 2033	**-**	**3,367**	**3,367**	-	4,039	4,039
GBP247 million (2015 - GBP248 million) bonds, 5.87526% due 2034	**11**	**2,364**	**2,375**	8	2,849	2,857
GBP400 million bonds, 6.697% due 2035	**-**	**3,848**	**3,848**	-	4,616	4,616
GBP50 million notes, 5.01% due 2036	**-**	**481**	**481**	-	577	577
GBP100 million notes, LIBOR* + 2.33% due 2036	**-**	**962**	**962**	-	1,154	1,154
GBP207 million (2015 - GBP204 million) bonds, RPI# + 2.033% due 2036	**-**	**1,997**	**1,997**	-	2,364	2,364
GBP59 million (2015 - GBP60 million) bonds, 6.627% due 2037	**4**	**562**	**566**	9	680	689
GBP82 million (2015 - GBP80 million) bonds, RPI# + 1.6274% due 2041	**-**	**786**	**786**	-	930	930
GBP360 million bonds, 5.125% due 2042	**-**	**3,463**	**3,463**	-	4,154	4,154
GBP135 million (2015 - GBP133 million) bonds, RPI# + 1.7118% due 2049	**-**	**1,301**	**1,301**	-	1,540	1,540
GBP135 million (2015 - GBP133 million) bonds, RPI# + 1.7484% due 2053	**-**	**1,301**	**1,301**	-	1,540	1,540
JPY3,000 million notes, 1.75% due 2019	**-**	**205**	**205**	-	192	192
JPY15,000 million notes, 2.6% due 2027	**-**	**1,025**	**1,025**	-	960	960
	50,312	**154,514**	**204,826**	22,357	177,386	199,743
	71,593	**220,454**	**292,047**	32,234	255,369	287,603

* LIBOR represents the London Interbank Offered Rates

RPI represents UK Retail Price Index

30 Bank and other debts (continued)

Bank and other debts at principal amount are repayable as follows:

	2016			2015		
	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	**20,612**	**-**	**20,612**	9,663	-	9,663
After 1 year, but within 2 years	**-**	**8,097**	**8,097**	-	22,594	22,594
After 2 years, but within 5 years	**-**	**52,669**	**52,669**	-	46,556	46,556
After 5 years	**-**	**3,605**	**3,605**	-	6,260	6,260
	20,612	**64,371**	**84,983**	9,663	75,410	85,073
Other loans						
Current portion	**669**	**-**	**669**	214	-	214
After 1 year, but within 2 years	**-**	**218**	**218**	-	790	790
After 2 years, but within 5 years	**-**	**528**	**528**	-	735	735
After 5 years	**-**	**823**	**823**	-	1,048	1,048
	669	**1,569**	**2,238**	214	2,573	2,787
Notes and bonds						
Current portion	**50,312**	**-**	**50,312**	22,357	-	22,357
After 1 year, but within 2 years	**-**	**2,235**	**2,235**	-	52,750	52,750
After 2 years, but within 5 years	**-**	**43,761**	**43,761**	-	26,807	26,807
After 5 years	**-**	**108,518**	**108,518**	-	97,829	97,829
	50,312	**154,514**	**204,826**	22,357	177,386	199,743
	71,593	**220,454**	**292,047**	32,234	255,369	287,603

The bank and other debts of the Group as at 31 December 2016 are secured to the extent of HK$19,920 million (2015 - HK$22,948 million).

Borrowings with principal amount of HK$91,799 million (2015 - HK$92,384 million) bear interest at floating interest rates and borrowings with principal amount of HK$200,248 million (2015 - HK$195,219 million) bear interest at fixed interest rates.

Borrowings at principal amount are denominated in the following currencies:

	2016 Percentage	2015 Percentage
US dollars	**41%**	36%
Euro	**27%**	25%
HK dollars	**5%**	7%
British Pounds	**21%**	25%
Other currencies	**6%**	7%
	100%	100%

30 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 2016, the notional amount of the outstanding interest rate swap agreements with financial institutions amounted to HK$25,200 million (2015 - HK$47,973 million).

In addition, interest rate swap agreements with notional amount of HK$8,678 million (2015 - HK$6,061 million) were entered to swap floating interest rate borrowings to fixed interest rate borrowings to mainly mitigate interest rate exposures to certain infrastructure project related borrowings.

(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:

	2016			2015		
	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 23 and 26)	**2**	**119**	**121**	547	256	803
	2	**119**	**121**	547	256	803
Cash flow hedges						
Derivative financial assets						
Interest rate swaps (see note 23)	**-**	**-**	**-**	-	76	76
Forward foreign exchange contracts (see notes 23 and 26)	**8**	**196**	**204**	2	-	2
Other contracts (see note 23)	**-**	**2**	**2**	-	-	-
	8	**198**	**206**	2	76	78
Derivative financial liabilities						
Interest rate swaps (see note 33)	**-**	**(550)**	**(550)**	-	(160)	(160)
Forward foreign exchange contracts (see note 28)	**(1)**	**-**	**(1)**	(1)	-	(1)
Other contracts (see note 33)	**-**	**(402)**	**(402)**	-	(433)	(433)
	(1)	**(952)**	**(953)**	(1)	(593)	(594)
	7	**(754)**	**(747)**	1	(517)	(516)
Net investment hedges						
Derivative financial assets (see notes 23 and 26)	**3,282**	**3,199**	**6,481**	423	1,902	2,325
Derivative financial liabilities (see notes 28 and 33)	**(3)**	**-**	**(3)**	(121)	(19)	(140)
	3,279	**3,199**	**6,478**	302	1,883	2,185

31 Interest bearing loans from non-controlling shareholders

	2016 HK$ millions	2015 HK$ millions
Interest bearing loans from non-controlling shareholders	**4,283**	4,827

At 31 December 2016, these loans bear interest at rates ranging from Stockholm Interbank Offered Rate ("STIBOR")+1.73% to 11% per annum (2015 - STIBOR+1.73% to 11%). The carrying amount of the borrowings approximates their fair value.

32 Pension plans

	2016 HK$ millions	2015 HK$ millions
Defined benefit assets	**-**	-
Defined benefit liabilities	**5,369**	4,066
Net defined benefit liabilities	**5,369**	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 contributory career average pay plans or non-contributory guaranteed return defined contribution plans. No other post-retirement benefits are provided.

The principal actuarial assumptions used for the purpose of the actuarial valuation were as follows:

	2016	2015
Discount rates	**0.29%-2.80%**	0.57%-3.95%
Future salary increases	**0.5%-4.0%**	0.5%-3.0%
Interest credited on two principal plans in Hong Kong	**5.0%-6.0%**	5.0%-6.0%

The amount recognised in the consolidated statement of financial position is determined as follows:

	2016 HK$ millions	2015 HK$ millions
Present value of defined benefit obligations	**29,392**	28,823
Fair value of plan assets	**24,026**	24,760
	5,366	4,063
Restrictions on assets recognised	**3**	3
Net defined benefit liabilities	**5,369**	4,066

Movements in net defined benefit liabilities and its components are as follows:

	Present value of defined benefit obligations HK$ millions	**Fair value of plan assets HK$ millions**	**Asset ceiling HK$ millions**	**Net defined benefit liabilities HK$ millions**
At 1 January 2016	**28,823**	**(24,760)**	**3**	**4,066**
Net charge (credit) to the income statement				
Current service cost	**624**	**44**	**-**	**668**
Past service cost and gains and losses on settlements	**(331)**	**-**	**-**	**(331)**
Interest cost (income)	**830**	**(741)**	**-**	**89**
	1,123	**(697)**	**-**	**426**
Net charge (credit) to other comprehensive income				
Remeasurements loss (gain):				
Actuarial gain arising from change in demographic assumptions	**(49)**	**-**	**-**	**(49)**
Actuarial loss arising from change in financial assumptions	**4,721**	**-**	**-**	**4,721**
Actuarial gain arising from experience adjustment	**(425)**	**-**	**-**	**(425)**
Return on plan assets excluding interest income	**-**	**(1,962)**	**-**	**(1,962)**
Exchange translation differences	**(3,473)**	**3,077**	**-**	**(396)**
	774	**1,115**	**-**	**1,889**
Contributions paid by the employer	**-**	**(862)**	**-**	**(862)**
Contributions paid by the employee	**100**	**(100)**	**-**	**-**
Benefits paid	**(1,266)**	**1,266**	**-**	**-**
Relating to subsidiaries disposed (see note 36(d))	**(146)**	**-**	**-**	**(146)**
Transfer from (to) other liabilities	**(16)**	**12**	**-**	**(4)**
At 31 December 2016	**29,392**	**(24,026)**	**3**	**5,369**

32 Pension plans (continued)

(a) Defined benefit plans (continued)

	Present value of defined benefit obligations HK$ millions	Fair value of plan assets HK$ millions	Asset ceiling HK$ millions	Net defined benefit liabilities HK$ millions
At 1 January 2015	-	-	-	-
Relating to subsidiaries acquired (see note 36(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 36(d))	(336)	-	-	(336)
Transfer from (to) other liabilities	(22)	23	-	1
At 31 December 2015	28,823	(24,760)	3	4,066

The net defined benefit liabilities presented above represent the deficit calculated in accordance with Hong Kong Accounting Standard 19 “Employee Benefits” (“HKAS 19”) and is the difference between the present value of the defined benefit obligation and the fair value of plan assets. Management appointed actuaries to carry out a valuation of these pension plans to determine the pension obligation and the fair value of the plan assets that are required to be disclosed and accounted for in the financial statements in accordance with HKAS 19 (the “accounting actuarial valuations”). The realisation of the deficit disclosed above is contingent upon the realisation of the actuarial assumptions made which is dependent upon a number of factors including the market performance of plan assets. The accounting actuarial valuations are not used for the purposes of determining the funding contributions to the defined benefit pension plans. Contributions to fund the obligations are based upon the recommendations of independent qualified actuaries for each of the Group’s pension plans to fully fund the relevant schemes on an ongoing basis. Funding requirements of the Group’s major defined benefit pension plans are detailed below.

The Group operates two principal pension plans in Hong Kong. One plan, which has been closed to new entrants since 1994, provides pension benefits based on the greater of the aggregate of the employee and employer vested contributions plus a minimum interest thereon of 6% per annum, and pension benefits derived by a formula based on the final salary and years of service. An independent actuarial valuation, undertaken for funding purposes under the provision of Hong Kong’s Occupational Retirement Schemes Ordinance (“ORSO”), at 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 5.5% per annum, salary increases of 4% per annum and interest credited to balances of 6% per annum. The valuation was prepared by Tian Keat Aun, a Fellow of The Institute of Actuaries, and William Chow, a Fellow of the Society of Actuaries, of Towers Watson Hong Kong Limited. The second plan provides benefits equal to the employer vested contributions plus a minimum interest thereon of 5% per annum. As at 31 December 2016, vested benefits under this plan are fully funded in accordance with the ORSO funding requirements. During the year, forfeited contributions totalling HK$15 million (2015 - HK$11 million) were used to reduce the current year’s level of contributions and HK$1 million forfeited contribution was available at 31 December 2016 (2015 - nil) to reduce future years’ contributions.

32 Pension plans (continued)

(a) Defined benefit plans (continued)

The Group operates three contributory defined benefit pension plans for its ports operation in the United Kingdom. The plans are all final salary in nature and they are not open to new entrants. Of the three plans, the Port of Felixstowe Pension Plan ("Felixstowe Scheme") is the principal plan. An independent actuarial valuation, undertaken for funding purposes under the provision of the Pensions Act 2004, at 31 December 2015 reported a funding level of 86% of the accrued actuarial liabilities on an ongoing basis. The sponsoring employers have since made additional contributions of GBP7.5 million and 2.7% of active members' pensionable salaries in 2016 and agreed to make additional contributions of GBP7.5 million per annum until 30 June 2023 and 2.7% of active members' pensionable salaries per annum until 30 September 2018 to eliminate the shortfall by 30 June 2023. The valuation used the projected unit credit method and the main assumptions in the valuation are a pre-retirement discount rates of 5% per annum; post-retirement discount rate of 4.45% per annum for non-pensioners and 2.9% per annum for pensioners; pensionable earnings increases of 2.8% per annum; pre-retirement Retail Price Index ("RPI") inflation of 2.8% per annum; post-retirement RPI inflation of 4.05% per annum for non-pensioners and 2.6% per annum for pensioners; pre-retirement Consumer Price Index ("CPI") inflation of 1.8% per annum; post-retirement CPI inflation of 3.05% per annum for non-pensioners and 1.6% per annum for pensioners; and pension increases of 2% to 3.5% per annum for non-pensioners and 1.4% to 2.55% per annum for pensioners. The valuation was prepared by Lloyd Cleaver, a Fellow of the Institute and Faculty of Actuaries, of Towers Watson Limited.

The Group's defined benefit pension plans for its ports and retail operations in the Netherlands are guaranteed contracts undertaken by insurance companies to provide defined benefit payable under the plans in return for actuarially determined contributions based on tariffs and conditions agreed for the term of the contracts. As the risk of providing past pension benefits is underwritten by the insurance companies, the Group does not carry funding risk relating to past service. The annual contribution to provide current year benefits varies in accordance with annual actuarial calculations.

The Group operates a defined benefit pension plan for certain of its retail operation in the United Kingdom. It is not open to new entrants. With effect from 28 February 2010, accrual of future defined benefits for all active members was ceased and the final salary linkage was also severed. An independent actuarial valuation, undertaken for funding purposes under the provision of the Pensions Act 2004, at 31 March 2015 reported a funding level of 75% of the accrued actuarial liabilities on an ongoing basis. The sponsoring employers have since made additional contributions of GBP3.7 million in 2015 and GBP5.4 million in 2016, and agreed to make additional contributions of GBP5.5 million per annum until 31 December 2023, to eliminate the shortfall by 31 December 2023. The valuation used the projected unit credit method and the main assumptions in the valuation are investment returns of 2.85% to 4.7% per annum and pension increases of 2.05% to 3.25% per annum. The valuation was prepared by Paul Jayson, a Fellow of the Institute and Faculty of Actuaries, of Barnett Waddingham LLP.

In addition, the Group operates three defined benefit pension plans for certain of its infrastructure operation in the United Kingdom. Of the three plans, the Northumbrian Water Pension Scheme ("NWPS") is the principal plan. An independent actuarial valuation, undertaken for funding purposes under the provision of the Pensions Act 2004, at 31 December 2013 reported a funding level of 83.1% of the accrued actuarial liabilities on an ongoing basis. The valuation used the projected unit credit method and the main assumptions in the valuation are a pre-retirement discount rates of 1.6% per annum above relevant fixed interest government bonds; post-retirement discount rate of 0.7% per annum above relevant fixed interest government bonds; and salary growth of 0.25% per annum above RPI inflation plus an allowance for promotional pay increases. Subsequent to the valuation date, certain changes to the scheme have been agreed with members to take effect from 1 January 2016. The main changes to the scheme were to base benefits from a final salary basis to a career average revalued earnings basis. The sponsoring employers have agreed, with effect from 1 April 2015 to 31 March 2031, to make additional contributions of GBP11 million per annum to eliminate the shortfall by 31 March 2031. These contributions will increase annually each 1 April with the increase in RPI over the 12 months to the preceding November. The valuation was prepared by Martin Potter, a Fellow of the Institute and Faculty of Actuaries, of Hymans Robertson LLP.

32 Pension plans (continued)

(a) Defined benefit plans (continued)

(i) Plan assets

Fair value of the plan assets are analysed as follows:

	2016 Percentage	2015 Percentage
Equity instruments		
Consumer markets and manufacturing	**8%**	10%
Energy and utilities	**3%**	3%
Financial institutions and insurance	**7%**	9%
Telecommunications and information technology	**3%**	3%
Units trust and equity instrument funds	**4%**	3%
Others	**10%**	12%
	35%	40%
Debt instruments		
US Treasury notes	**1%**	1%
Government and government guaranteed notes	**15%**	11%
Financial institutions notes	**2%**	3%
Others	**8%**	7%
	26%	22%
Qualifying insurance policies	**20%**	18%
Properties	**9%**	2%
Other assets	**10%**	18%
	100%	100%

The debt instruments are analysed by issuers' credit rating as follows:

	2016 Percentage	2015 Percentage
Aaa/AAA	**8%**	29%
Aa1/AA+	**8%**	12%
Aa2/AA	**49%**	16%
Aa3/AA-	**1%**	2%
A1/A+	**1%**	2%
A2/A	**10%**	12%
Other investment grades	**19%**	25%
No investment grades	**4%**	2%
	100%	100%

The fair value of the above equity instruments and debt instruments are determined based on quoted market prices.

Fair value of plan assets of HK$24,026 million (2015 - HK$24,760 million) includes investments in the Company's shares with a fair value of HK$27 million (2015 - HK$93 million).

The long term strategic asset allocations of the plans are set and reviewed from time to time by the plans' trustees taking into account the membership and liability profile, and the liquidity requirements of the plans.

32 Pension plans (continued)

(a) Defined benefit plans (continued)

(ii) Defined benefit obligation

The average duration of the defined benefit obligation as at 31 December 2016 is 18 years (2015 - 17 years).

The Group expects to make contributions of HK$924 million (2015 - HK$863 million) to the defined benefit plans next year.

HKAS 19 "Employee Benefits" requires disclosure of a sensitivity analysis for the significant actuarial assumptions, used to determine the present value of the defined benefit obligations, that shows the effects of a hypothetical change in the relevant actuarial assumption at the end of the reporting period on defined benefit obligations.

The effect that is disclosed in the following assumes that (a) a hypothetical change of the relevant actuarial assumption had occurred at the end of the reporting period and had applied to the relevant actuarial assumption in existence on that date; and (b) the sensitivity analysis for each type of actuarial assumption does not reflect inter-dependencies between different assumptions.

The preparation and presentation of the sensitivity analysis for significant actuarial assumptions is solely for compliance with HKAS 19 disclosure requirements in respect of defined benefit obligations. The sensitivity analysis measures changes in the defined benefit obligations from hypothetical instantaneous changes in one actuarial assumption (e.g. discount rate or future salary increase), the amount so generated from the sensitivity analysis are "what-if" forward-looking estimates. The sensitivity analyses are for illustration purposes only and it should be noted that in practice actuarial assumptions rarely change in isolation. Actual results in the future may differ materially from the sensitivity analyses due to developments in the markets which may cause fluctuations in actuarial assumptions (e.g. discount rate or future salary increase) to vary and therefore it is important to note that the hypothetical amounts so generated do not present a projection of likely future events and profits or losses.

If the discount rate is 0.25% higher or lower, the defined benefit obligation would decrease by 3.9% or increase by 3.8% respectively (2015 - decrease by 4.1% or increase by 4.2% respectively).

If the future salary increase is 0.25% higher or lower, the defined benefit obligation would increase by 0.5% or decrease by 0.4% respectively (2015 - increase by 0.6% or decrease by 0.6% respectively).

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

(b) Defined contribution plans

The Group's cost in respect of defined contribution plans for the year amounted to HK$1,039 million (2015 - HK$732 million) which has been charged to the profit or loss for the year. Forfeited contributions of HK$9 million (2015 - HK$1 million) were used to reduce the current year's level of contributions and no forfeited contribution was available at 31 December 2016 (2015 - nil) to reduce future years' contributions.

33 Other non-current liabilities

	2016 **HK$ millions**	2015 HK$ millions
Cash flow hedges		
Interest rate swaps	**550**	160
Other contracts	**402**	433
Net investment hedges	**-**	19
Other derivative financial instruments	**1,810**	1,172
Obligations for telecommunications licences and other rights	**5,850**	6,588
Other non-current liabilities	**5,644**	4,617
Provisions (see note 29)	**33,103**	35,050
	47,359	48,039

34 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 2015 - Cheung Kong	2,316,164,338	10,489	-	10,489
Cancellation of the shares of Cheung Kong pursuant to the Reorganisaton Proposal	(2,316,164,338)	(10,489)	-	(10,489)
Issue of new CK Hutchison shares [(i)]:				
On incorporation	1	-	-	-
Pursuant to the Reorganisaton 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 and 1 January 2016 – CK Hutchison	**3,859,678,500**	**3,860**	**244,691**	**248,551**
Buy-back and cancellation of issued shares [(ii)]	**(2,000,000)**	**(2)**	**(186)**	**(188)**
At 31 December 2016	**3,857,678,500**	**3,858**	**244,505**	**248,363**

(i) 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 comparative year ended 31 December 2015, 2,316,164,337 and 1,543,514,162 shares were issued and allotted pursuant to the Reorganisation Proposal and the Merger Proposal respectively.

(ii) The Company acquired a total of 2,000,000 of its own shares through purchases on the Stock Exchange on 17 and 18 November 2016. The purchased shares were subsequently cancelled. The total amount paid to acquire the shares was approximately HK$189 million and has been deducted from share capital and share premium of HK$188 million and retained profit of HK$1 million.

(b) Perpetual capital securities

	2016 HK$ millions	2015 HK$ millions
SGD730 million issued in 2011	-	4,643
US$1,000 million issued in 2012	**7,870**	7,870
HK$1,000 million issued in 2012	**1,025**	1,025
US$425.3 million issued in 2013*	**3,373**	3,373
EUR1,750 million issued in 2013	**18,242**	18,242
	30,510	35,153

In September 2011, May 2012, July 2012, January 2013 and May 2013, wholly owned subsidiary companies of the Group issued perpetual capital securities with nominal amount of SGD730 million (approximately HK$4,578 million), US$1,000 million (approximately HK$7,800 million), HK$1,000 million, US$500 million (approximately HK$3,875 million) and EUR1,750 million (approximately HK$17,879 million) respectively for cash.

During the year, the Group had redeemed SGD730 million nominal amount of perpetual capital securities that were originally issued in September 2011. During the year ended 31 December 2015, the Group had redeemed the full amount of the remaining outstanding nominal amount of perpetual capital securities amounting to US$1,705 million that were originally issued in October 2010.

These securities are perpetual, subordinated and the coupon payment is optional in nature. Therefore, perpetual capital securities are classified as equity instruments and recorded in equity in the consolidated statement of financial position.

* US$74.7 million nominal values of perpetual capital securities were repurchased during the year ended 31 December 2013.

34 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 2016, total equity amounted to HK$544,190 million (2015 - HK$549,111 million), and consolidated net debt of the Group, excluding loans from non-controlling shareholders which are viewed as quasi equity, was HK$141,806 million (2015 - HK$172,580 million). The Group's net debt to net total capital ratio decreased to 20.5% from 23.7% at the end of last year.

As additional information, the following table shows the net debt to net total capital ratios calculated on the basis of including loans from non-controlling shareholders and also with the Group's investments in its listed subsidiaries and associated companies marked to market value at the end of the reporting period.

Net debt / Net total capital ratios [(i)] at 31 December:

	2016	2015
A1 - excluding interest-bearing loans from non-controlling shareholders from debt	**20.5%**	23.7%
A2 - as in A1 above and investments in listed subsidiaries and associated companies marked to market value	**21.7%**	24.2%
B1 - including interest-bearing loans from non-controlling shareholders as debt	**21.1%**	24.4%
B2 - as in B1 above and investments in listed subsidiaries and associated companies marked to market value	**22.3%**	24.9%

(i) Net debt is defined on the consolidated statement of cash flows. Total bank and other debts are defined, for the purpose of "Net debt" calculation, as the total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions. Net total capital is defined as total bank and other debts plus total equity and loans from non-controlling shareholders net of total cash, liquid funds and other listed investments.

35 Reserves

	Attributable to ordinary shareholders			
	Retained profit HK$ millions	**Exchange reserve HK$ millions**	**Others [a] HK$ millions**	**Total HK$ millions**
At 1 January 2016	**500,909**	**(13,986)**	**(342,039)**	**144,884**
Profit for the year	**33,008**	**-**	**-**	**33,008**
Other comprehensive income (losses)				
Available-for-sale investments				
Valuation losses recognised directly in reserves	**-**	**-**	**(506)**	**(506)**
Valuation losses previously in reserves recognised in income statement	**-**	**-**	**462**	**462**
Remeasurement of defined benefit obligations recognised directly in reserves	**(1,590)**	**-**	**-**	**(1,590)**
Cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts				
Losses recognised directly in reserves	**-**	**-**	**(1,180)**	**(1,180)**
Gains previously in reserves recognised in initial cost of non-financial items	**-**	**-**	**(12)**	**(12)**
Gains on net investment hedges arising from forward foreign currency contracts recognised directly in reserves	**-**	**5,128**	**-**	**5,128**
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	**-**	**(15,590)**	**-**	**(15,590)**
Gains previously in exchange and other reserves related to subsidiaries disposed during the year recognised in income statement	**(323)**	**(24)**	**194**	**(153)**
Share of other comprehensive income (losses) of associated companies	**(453)**	**659**	**(175)**	**31**
Share of other comprehensive income (losses) of joint ventures	**(1,101)**	**(7,021)**	**(1,281)**	**(9,403)**
Tax relating to components of other comprehensive income (losses)	**232**	**-**	**153**	**385**
Other comprehensive income (losses)	**(3,235)**	**(16,848)**	**(2,345)**	**(22,428)**
Dividends paid relating to 2015	**(7,140)**	-	-	**(7,140)**
Dividends paid relating to 2016	**(2,837)**	-	-	**(2,837)**
Transaction costs in relation to equity contribution from non-controlling interests	**(87)**	-	-	**(87)**
Buy-back and cancellation of issued shares (see note 34(a)(ii))	**(1)**	-	-	**(1)**
Share option schemes and long term incentive plans of subsidiary companies	**-**	**-**	**5**	**5**
Unclaimed dividends write back	**5**	-	-	**5**
Relating to purchase of non-controlling interests	**-**	**-**	**(1,065)**	**(1,065)**
Relating to partial disposal of subsidiary companies	**(6)**	**2**	**1,466**	**1,462**
At 31 December 2016	**520,616**	**(30,832)**	**(343,978)**	**145,806**

35 Reserves (continued)

	Attributable to ordinary shareholders			
	Retained profit HK$ millions	Exchange reserve HK$ millions	Others [a] HK$ millions	Total HK$ millions
At 1 January 2015	371,865	(10,334)	22,125	383,656
Profit for the year	118,570	-	-	118,570
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)
Remeasurement of defined benefit obligations recognised directly in reserves	(66)	-	-	(66)
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	(34)	(13,604)	402	(13,236)
Share of other comprehensive income (losses) of joint ventures	473	(2,880)	514	(1,893)
Tax relating to components of other comprehensive income (losses)	(40)	-	(6)	(46)
Other comprehensive income (losses)	333	(3,648)	(2,502)	(5,817)
Cancellation of Cheung Kong shares [b]	-	-	(341,336)	(341,336)
Dividends paid relating to 2014	(6,985)	-	-	(6,985)
Dividends paid relating to 2015	(2,702)	-	-	(2,702)
Share option schemes and long term incentive plans of subsidiary companies	-	-	(11)	(11)
Unclaimed dividends write back	5	-	-	5
Relating to deemed disposal of associated companies [c]	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	500,909	(13,986)	(342,039)	144,884

(a) Other reserves comprise revaluation reserve, hedging reserve and other capital reserves. As at 31 December 2016, revaluation reserve deficit amounted to HK$792 million (1 January 2016 - HK$763 million and 1 January 2015 - surplus of HK$2,918 million), hedging reserve deficit amounted to HK$1,982 million (1 January 2016 - surplus of HK$673 million and 1 January 2015 - deficit of HK$35 million) and other capital reserves deficit amounted to HK$341,204 million (1 January 2016 - HK$341,949 million and 1 January 2015 - surplus of HK$19,242 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 (c) on the consolidated statement of changes in equity.

(c) Mainly related to deemed disposal of the Group's previously held equity interests in HWL and certain interests in co-owned assets.

36 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

	2016 HK$ millions	2015 HK$ millions
Profit after tax	**41,912**	124,880
Less: share of profits less losses of		
Associated companies before profits on disposal of investments and others	**(6,362)**	(10,611)
Joint ventures	**(10,251)**	(6,029)
Associated companies' profits on disposal of investments and others	**-**	196
	25,299	108,436
Adjustments for:		
Current tax charge	**3,334**	3,363
Deferred tax charge	**1,217**	277
Interest expenses and other finance costs	**7,118**	4,346
Depreciation and amortisation	**16,014**	9,740
Profits on disposal of investments and others (see notes 6 and 10)	**344**	(86,472)
EBITDA of Company and subsidiaries (i)	**53,326**	39,690
Loss on disposal of other unlisted investments	**25**	24
Loss on disposal of fixed assets	**116**	192
Dividends received from associated companies and joint ventures	**8,747**	12,192
Profit on disposal of subsidiaries and joint ventures	**(401)**	(1,377)
Other non-cash items	**238**	(797)
	62,051	49,924

	2016 HK$ millions	2015 HK$ millions
(i) Reconciliation of EBITDA from continuing operations:		
EBITDA of Company and subsidiaries from continuing and discontinued operations	**53,326**	39,690
Less: EBITDA of Company and subsidiaries from discontinued operations	**-**	(5,390)
EBITDA of Company and subsidiaries from continuing operations	**53,326**	34,300
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	**6,362**	7,445
Joint ventures	**10,251**	6,187
Associated companies' profits on disposal of investments and others	**-**	(196)
Adjustments for:		
Depreciation and amortisation	**13,806**	15,195
Interest expenses and other finance costs	**5,111**	6,308
Current tax charge	**2,913**	2,960
Deferred tax charge (credit)	**552**	(65)
Non-controlling interests	**370**	2,151
Profits on disposal of investments and others (see note 6)	**-**	223
	39,365	40,208
EBITDA (see notes 5(b) and 5(m))	**92,691**	74,508

(b) Changes in working capital

	2016 HK$ millions	2015 HK$ millions
Decrease (increase) in inventories	**(581)**	2,158
Decrease (increase) in debtors and prepayments	**(3,046)**	5,455
Decrease in creditors	**(605)**	(3,065)
Other non-cash items	**(4,618)**	(1,716)
	(8,850)	2,832

36 Notes to consolidated statement of cash flows (continued)

(c) Purchase of subsidiary companies

The following table summarises the consideration paid and the amounts of the assets acquired and liabilities assumed recognised for acquisitions completed during the years.

	2016	2015
	HK$ millions	HK$ millions
Purchase consideration transferred:		
Cash and cash equivalents paid	**874**	-
Shares issued, at fair value	**-**	260,236
Fair value of investments held by the Company prior to acquisition	**1,350**	264,639
Cost of investments held by HWL prior to acquisition	**-**	18,990
	2,224	543,865
Fair value		
Fixed assets	**2,116**	167,040
Investment properties	**-**	305
Leasehold land	**1,877**	7,861
Telecommunications licences	**-**	31,571
Brand names and other rights	**-**	83,535
Associated companies	**-**	152,041
Interests in joint ventures	**-**	97,618
Deferred tax assets	**2**	20,589
Other non-current assets	**-**	3,382
Cash and cash equivalents	**541**	109,803
Liquid funds and other listed investments	**-**	11,970
Assets held for distribution	**-**	191,122
Trade and other receivables	**2,473**	55,294
Inventories	**72**	21,036
Creditors and current tax liabilities	**(4,314)**	(102,957)
Bank and other debts	**(39)**	(314,197)
Interest bearing loans from non-controlling shareholders	**-**	(5,689)
Deferred tax liabilities	**-**	(24,933)
Pension obligations	**-**	(4,372)
Other non-current liabilities	**-**	(47,616)
Liabilities held for distribution	**-**	(14,286)
Net identifiable assets acquired	**2,728**	439,117
Non-controlling interests	**(531)**	(120,187)
Perpetual capital securities	**-**	(39,116)
	2,197	279,814
Goodwill	**27**	264,051
Total consideration	**2,224**	543,865
Net cash outflow (inflow) arising from acquisition:		
Cash and cash equivalents paid	**874**	-
Cash and cash equivalents acquired	**(541)**	(109,803)
Total net cash outflow (inflow)	**333**	(109,803)

The assets acquired and liabilities assumed are recognised at the acquisition date fair value and are recorded at the consolidation level.

Amounts disclosed for the year ended 31 December 2015 mainly related to the acquisition of the remaining 50.03% (which the Group did not previously own) of the issued and outstanding ordinary share capital of HWL.

Acquisition related costs of approximately HK$4 million (2015 - HK$640 million) had been charged to income statement during the year and included in the line item titled other operating expenses (2015 - profits on disposal of investments and others of HK$500 million and profit after tax from discontinued operations of HK$140 million).

The contribution to the Group's revenue and profit before tax from these subsidiaries acquired during the year ended 31 December 2016 since the respective date of acquisition is not material.

For the year ended 31 December 2015, the subsidiaries contributed HK$164,309 million to the Group's revenue and HK$25,935 million to the Group's profit before tax since the respective date of acquisition. If the combinations had been effective on 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 for the year ended 31 December 2015.

36 Notes to consolidated statement of cash flows (continued)

(d) Disposal of subsidiary companies

	2016 **HK$ millions**	2015 HK$ millions
Consideration received or receivable		
Cash and cash equivalents	**6,995**	18
Non-cash consideration	**24,224**	1,161
Total disposal consideration	**31,219**	1,179
Carrying amount of net assets disposed	**(30,971)**	(1,188)
Cumulative exchange gain in respect of the net assets of the subsidiaries and related hedging instruments and other reserves reclassified from equity to profit or loss on loss of control of subsidiaries	**153**	-
Gain (loss) on disposal*	**401**	(9)
Net cash inflow (outflow) on disposal of subsidiaries		
Cash and cash equivalents received as consideration	**6,995**	18
Less: Cash and cash equivalents disposed	**(4,148)**	(658)
Total net cash consideration	**2,847**	(640)
Analysis of assets and liabilities over which control was lost		
Fixed assets	**22,732**	1,532
Leasehold land	**257**	327
Telecommunications licences	**8,899**	-
Brand names and other rights	**4,333**	-
Interests in joint ventures	**1,450**	-
Deferred tax assets	**2,033**	81
Trade and other receivables	**7,229**	148
Inventories	**268**	63
Creditors and current tax liabilities	**(9,919)**	(364)
Bank and other debts	**(10,228)**	(117)
Deferred tax liabilities	**(29)**	-
Pension obligations	**(146)**	(336)
Non-controlling interests	**(56)**	(804)
Net assets (excluding cash and cash equivalents) disposed	**26,823**	530
Cash and cash equivalents disposed	**4,148**	658
Net assets disposed	**30,971**	1,188

* The gain or loss on disposal for the years ended 31 December 2016 and 2015 are recognised in the consolidated income statement and are included in the line item titled other operating expenses.

The effect on the Group's results from the subsidiaries disposed are not material for the years ended 31 December 2016 and 2015.

36 Notes to consolidated statement of cash flows (continued)

(e) Distribution In Specie to shareholders

During the year ended 31 December 2015, the Group distributed the Group's entire interests in Cheung Kong Property to the shareholders pursuant to the Spin-off Proposal. Details of the Distribution In Specie in 2015 are set out below.

	2015 HK$ millions
Breakdown of net assets disposed of:	
Assets acquired net of liabilities assumed arising from acquisition of HWL (see note 36(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 10(a))	18,351
One-off non-cash gain recognised on Distribution In Specie (see notes 10(a) and 12(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

37 Share-based payments

The Company does not have a share option scheme but certain of the Company's subsidiary companies and associated companies have issued equity-settled and cash-settled share-based payments to certain employees. The aggregate amount of the share-based payments recognised by these companies are not material to the Group.

38 Financial risk management

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

(a) Cash management and funding

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

The Group continues to maintain a robust financial position. Cash, liquid funds and other listed investments ("liquid assets") amounted to HK$162,224 million at 31 December 2016 (2015 - HK$131,426 million), mainly reflecting the cash arising from positive funds from operations from the Group's businesses and cash from new borrowings, including the issuance of US$750 million (approximately HK$5,850 million), US$500 million (approximately HK$3,900 million) and EUR1,000 million (approximately HK$8,470 million) fixed rate notes in September 2016, EUR1,350 million (approximately HK$11,894 million) and EUR650 million (approximately HK$5,726 million) fixed rate notes in April 2016, the issuance of US$1,200 million (approximately HK$9,360 million) of perpetual capital securities in March 2016 by listed subsidiary CKI, partly offset by the redemption of US$1,000 million (approximately HK$7,800 million) of perpetual capital securities by CKI, dividend payments to ordinary and non-controlling shareholders as well as distributions to perpetual capital securities holders, the repayment and early repayment of certain borrowings and capex and investment spendings. Liquid assets were denominated as to 18% in HK dollars, 54% in US dollars, 6% in Renminbi, 8% in Euro, 6% in British Pounds and 8% in other currencies (2015 - 28% were denominated 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 96% (2015 - 92%) of the liquid assets, US Treasury notes and listed / traded debt securities 3% (2015 - 4%) and listed equity securities 1% (2015 - 4%).

The US Treasury notes and listed / traded debt securities, including those held under managed funds, consisted of US Treasury notes of 58% (2015 - 61%), government and government guaranteed notes of 4% (2015 - 18%), notes issued by the Group's associated company, Husky Energy of 6% (2015 - 4%), notes issued by financial institutions of 3% (2015 - 2%), and others of 29% (2015 - 15%). Of these US Treasury notes and listed / traded debt securities, 70% (2015 - 80%) are rated at Aaa/AAA or Aa1/AA+ with an average maturity of 2.0 years (2015 - 2.0 years) on the overall portfolio. The Group has no exposure in mortgage-backed securities, collateralised debt obligations or similar asset classes.

(b) Interest rate exposure

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

At 31 December 2016, approximately 31% (2015 - approximately 32%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 69% (2015 - approximately 68%) were at fixed rates. The Group has entered into various interest rate agreements with major financial institution counterparties to swap approximately HK$25,200 million (2015 - approximately HK$47,973 million) principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK$8,678 million (2015 - HK$6,061 million) principal amount of floating interest rate borrowings that were used to finance long term infrastructure investments have been swapped to fixed interest rate borrowings. After taking into consideration these interest rate swaps, approximately 37% (2015 - approximately 47%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 63% (2015 - approximately 53%) were at fixed rates at 31 December 2016. All of the aforementioned interest rate derivatives are designated as hedges and these hedges are considered highly effective.

38 Financial risk management (continued)

(c) Foreign currency exposure

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

The Group has operations in over 50 countries and conducts businesses in over 45 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: 41% in US dollars, 27% in Euro, 5% in HK dollars, 21% in British Pounds and 6% in other currencies (2015 - 36% in US dollars, 25% in Euro, 7% in HK dollars, 25% in British Pounds and 7% 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 businesses. Such risks are continuously monitored by the local operational management.

(e) Market price risk

The Group's main market price risk exposures relate to listed / traded debt and equity securities as described in "liquid assets" above and the interest rate swaps as described in "interest rate exposure" above. The Group's holding of listed / traded debt and equity securities represented approximately 4% (2015 - approximately 8%) 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.

38 Financial risk management (continued)

(f) Market risks sensitivity analyses (continued)

(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 values. All interest rate hedges are expected to be highly effective. Changes in the fair value of fair value interest rate hedges and changes in the fair value of the hedged items that are attributable to interest rate movements effectively balance out with each other in income statement in the same period. Accordingly, these hedging instruments and hedged items are excluded from the interest rate sensitivity analysis as they are not exposed to interest rate risk as defined in HKFRS 7. Changes in the fair value of cash flow interest rate hedges resulting from market interest rate movements affect total equity and are therefore taken into consideration in the sensitivity analysis.

In the cases of derivative financial assets and financial liabilities that are not part of an interest rate risk hedging relationship, changes in their fair values (arising from gain or loss from remeasurement of these interest rate derivatives to fair value) resulting from market interest rate movements affect profit for the year and total equity, and are therefore taken into consideration in the sensitivity analysis.

Major financial assets and financial liabilities for the purpose of the interest rate sensitivity analysis include:

- cash and cash equivalents (see note 25)
- some of the listed debt securities and managed funds (see note 24) carried at fair value that bear interest at fixed rate
- some of the listed debt securities and managed funds (see note 24) that bear interest at floating rate
- some of the bank and other debts (see note 30) that bear interest at floating rate
- interest bearing loans from non-controlling shareholders (see note 31)

Under these assumptions, the impact of a hypothetical 100 basis points (2015 - 100 basis points) increase in market interest rate at 31 December 2016, with all other variables held constant:

- profit for the year would increase by HK$366 million due to increase in interest income (2015 - decrease by HK$384 million due to increase in interest expense);
- total equity would increase by HK$366 million due to increase in interest income (2015 - decrease by HK$384 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 (2015 - nil).

(ii) Foreign currency exchange rate sensitivity analysis

Currency risk as defined by HKFRS 7 arises on financial assets and financial liabilities being denominated in a currency that is not the functional currency and being of a monetary nature. Therefore, non-monetary financial assets and financial liabilities, monetary financial assets and financial liabilities denominated in the entity's functional currency and differences resulting from the translation of financial statements of overseas subsidiaries into the Group's presentation currency are not taken into consideration for the purpose of the sensitivity analysis for currency risk.

The foreign currency exchange rate sensitivity analysis is based on the following assumptions:

Major non-derivative monetary financial assets and financial liabilities are either directly denominated in the functional currency or are transferred to the functional currency through the use of foreign currency swaps and forward foreign exchange contracts. Exchange fluctuations of these monetary financial assets and financial liabilities therefore have no material effects on profit for the year and total equity.

38 Financial risk management (continued)

(f) Market risks sensitivity analyses (continued)

(ii) Foreign currency exchange rate sensitivity analysis (continued)

In the cases of derivative financial assets and financial liabilities designated as hedging instruments for hedging currency risks, changes in foreign exchange rates affect their fair values. All currency hedges are expected to be highly effective. Changes in the fair value of foreign currency fair value hedges and changes in the fair value of the hedged items effectively balance out with each other in income statement in the same period. As a consequence, these hedging instruments and hedged items are excluded from the foreign currency exchange rate sensitivity analysis as they are not exposed to currency risk as defined in HKFRS 7. Changes in the fair value of foreign currency cash flow hedges resulting from market exchange rate movements affect total equity and are therefore taken into consideration in the sensitivity analysis.

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 25)
- some of the liquid funds and other listed investments (see note 24)
- some of the bank and other debts (see note 30)

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.

	2016		2015	
	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	**(191)**	**(213)**	(61)	(197)
British Pounds	**(41)**	**(1,647)**	(11)	(1,297)
Australian dollars	**151**	**(39)**	106	(294)
Renminbi	**(44)**	**(44)**	190	202
US dollars	**1,367**	**1,367**	940	940
Japanese Yen	**(103)**	**(103)**	(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 values. Accordingly, all non-derivative financial assets and financial liabilities carried at amortised cost are excluded from the other price sensitivity analysis as they are not subject to other price risk as defined in HKFRS 7.

Major financial assets and financial liabilities for the purpose of the other price sensitivity analysis include:

- available-for-sale investments (see note 24)
- financial assets at fair value through profit or loss (see note 24)

Under these assumptions, the impact of a hypothetical 5% increase in the market price of the Group's available-for-sale investments and financial assets at fair value through profit or loss at the end of the reporting period, with all other variables held constant:

- profit for the year would increase by HK$8 million (2015 - HK$5 million) due to increase in gains on financial assets at fair value through profit or loss;
- total equity would increase by HK$8 million (2015 - HK$5 million) due to increase in gains on financial assets at fair value through profit or loss; and
- total equity would increase by HK$290 million (2015 - HK$508 million) due to increase in gains on available-for-sale investments which are recognised in other comprehensive income.

38 Financial risk management (continued)

(g) Contractual maturities of financial liabilities

The following tables detail the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted principal cash flows and the earliest date the Group can be required to pay:

Non-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	Difference from carrying amounts HK$ millions	Carrying amounts HK$ millions
At 31 December 2016						
Trade payables	**17,380**	**-**	**-**	**17,380**	**-**	**17,380**
Other payables and accruals	**64,002**	**-**	**-**	**64,002**	**-**	**64,002**
Interest free loans from non-controlling shareholders	**927**	**-**	**-**	**927**	**-**	**927**
Bank loans	**20,612**	**60,766**	**3,605**	**84,983**	**(362)**	**84,621**
Other loans	**669**	**746**	**823**	**2,238**	**-**	**2,238**
Notes and bonds	**50,312**	**45,996**	**108,518**	**204,826**	**11,455**	**216,281**
Interest bearing loans from non-controlling shareholders	**-**	**1,593**	**2,690**	**4,283**	**-**	**4,283**
Obligations for telecommunications licences and other rights	**610**	**3,179**	**2,871**	**6,660**	**(810)**	**5,850**
	154,512	**112,280**	**118,507**	**385,299**	**10,283**	**395,582**

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK\$8,665 million in "within 1 year" maturity band, HK\$25,348 million in "after 1 year, but within 5 years" maturity band, and HK\$31,882 million in "after 5 years" maturity band. These estimates are calculated assuming effect of hedging transactions and interest rates with respect to variable rate financial liabilities remain constant and there is no change in aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table.

Derivative financial liabilities:

	Contractual maturities			
	Within 1 year HK$ millions	After 1 year, but within 5 years HK$ millions	After 5 years HK$ millions	Total undiscounted cash flows HK$ millions
At 31 December 2016				
Cash flow hedges:				
Interest rate swaps				
Net outflow	**(118)**	**(277)**	**(264)**	**(659)**
Forward foreign exchange contracts				
Inflow	**127**	**-**	**-**	**127**
Outflow	**(131)**	**-**	**-**	**(131)**
Other contracts				
Net outflow	**(9)**	**(119)**	**(376)**	**(504)**
Net investment hedges				
Inflow	**786**	**-**	**-**	**786**
Outflow	**(792)**	**-**	**-**	**(792)**
Other derivative financial instruments				
Net outflow	**(254)**	**(968)**	**(1,132)**	**(2,354)**

38 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

Non-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	Difference from carrying amounts HK$ millions	Carrying amounts 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.

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)

(h) In accordance with the disclosure requirement of HKFRS 7, other gains and losses recognised in income statement include the following items:

	2016 HK$ millions	2015 HK$ millions
Change in fair value of financial assets at fair value through profit or loss	**64**	(108)
Losses arising on derivatives in a designated fair value hedge	**(690)**	(391)
Gains arising on adjustment for hedged items in a designated fair value hedge	**690**	391
Interest income on available-for-sale financial assets	**85**	99

38 Financial risk management (continued)

(i) Carrying amounts and fair values of financial assets and financial liabilities

The fair value of financial assets and financial liabilities, together with the carrying amounts in the consolidated statement of financial position, are as follows:

	2016		2015	
	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 26)	**10,587**	**10,587**	15,398	15,398
Other receivables and prepayments (see note 26)	**34,470**	**34,470**	35,672	35,672
Unlisted debt securities (see note 23)	**165**	**165**	436	436
	45,222	**45,222**	51,506	51,506
Available-for-sale investments #				
Unlisted equity securities (see note 23)	**1,059**	**1,059**	1,518	1,518
Managed funds, outside Hong Kong (see note 24)	**2,932**	**2,932**	4,773	4,773
Listed / traded debt securities, outside Hong Kong (see note 24)	**1,184**	**1,184**	1,177	1,177
Listed equity securities, Hong Kong (see note 24)	**1,621**	**1,621**	2,029	2,029
Listed equity securities, outside Hong Kong (see note 24)	**58**	**58**	2,181	2,181
Financial assets at fair value through profit or loss # (see note 24)	**159**	**159**	95	95
	7,013	**7,013**	11,773	11,773
Fair value hedges #				
Interest rate swaps (see notes 23 and 26)	**121**	**121**	803	803
Cash flow hedges #				
Interest rate swaps (see note 23)	**-**	**-**	76	76
Forward foreign exchange contracts (see notes 23 and 26)	**204**	**204**	2	2
Other contracts (see note 23)	**2**	**2**	-	-
Net investment hedges # (see notes 23 and 26)	**6,481**	**6,481**	2,325	2,325
Other derivative financial instruments # (see notes 23 and 26)	**379**	**379**	50	50
	7,187	**7,187**	3,256	3,256
	59,422	**59,422**	66,535	66,535
Financial liabilities				
Financial liabilities *				
Trade payables (see note 28)	**17,380**	**17,380**	20,393	20,393
Other payables and accruals (see note 28)	**64,002**	**64,002**	72,366	72,366
Bank and other debts (see note 30)	**303,140**	**311,083**	303,552	307,074
Interest free loans from non-controlling shareholders (see note 28)	**927**	**927**	951	951
Interest bearing loans from non-controlling shareholders (see note 31)	**4,283**	**4,283**	4,827	4,827
Obligations for telecommunications licences and other rights (see note 33)	**5,850**	**5,850**	6,588	6,588
	395,582	**403,525**	408,677	412,199
Cash flow hedges #				
Interest rate swaps (see note 33)	**550**	**550**	160	160
Forward foreign exchange contracts (see note 28)	**1**	**1**	1	1
Other contracts (see note 33)	**402**	**402**	433	433
Net investment hedges # (see notes 28 and 33)	**3**	**3**	140	140
Other derivative financial instruments # (see notes 28 and 33)	**1,851**	**1,851**	1,172	1,172
	2,807	**2,807**	1,906	1,906
	398,389	**406,332**	410,583	414,105

* carried at amortised costs (see note 38(j)(ii) below)
\# carried at fair value (see note 38(j)(i) below)

38 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 2016				
Available-for-sale investments				
Unlisted equity securities (see note 23)	**-**	**-**	**1,059**	**1,059**
Managed funds, outside Hong Kong (see note 24)	**2,932**	**-**	**-**	**2,932**
Listed / traded debt securities, outside Hong Kong (see note 24)	**326**	**858**	**-**	**1,184**
Listed equity securities, Hong Kong (see note 24)	**1,621**	**-**	**-**	**1,621**
Listed equity securities, outside Hong Kong (see note 24)	**58**	**-**	**-**	**58**
Financial assets at fair value through profit or loss (see note 24)	**110**	**49**	**-**	**159**
	5,047	**907**	**1,059**	**7,013**
Fair value hedges				
Interest rate swaps (see notes 23 and 26)	**-**	**121**	**-**	**121**
Cash flow hedges				
Forward foreign exchange contracts (see notes 23 and 26)	**-**	**204**	**-**	**204**
Other contracts (see note 23)	**-**	**2**	**-**	**2**
Net investment hedges (see notes 23 and 26)	**-**	**6,481**	**-**	**6,481**
Other derivative financial instruments (see notes 23 and 26)	**-**	**379**	**-**	**379**
	-	**7,187**	**-**	**7,187**
Cash flow hedges				
Interest rate swaps (see note 33)	**-**	**(550)**	**-**	**(550)**
Forward foreign exchange contracts (see note 28)	**-**	**(1)**	**-**	**(1)**
Other contracts (see note 33)	**-**	**(402)**	**-**	**(402)**
Net investment hedges (see note 28)	**-**	**(3)**	**-**	**(3)**
Other derivative financial instruments (see notes 28 and 33)	**-**	**(1,851)**	**-**	**(1,851)**
	-	**(2,807)**	**-**	**(2,807)**

38 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 2015				
Available-for-sale investments				
Unlisted equity securities (see note 23)	-	-	1,518	1,518
Managed funds, outside Hong Kong (see note 24)	4,773	-	-	4,773
Listed / traded debt securities, outside Hong Kong (see note 24)	323	854	-	1,177
Listed equity securities, Hong Kong (see note 24)	2,029	-	-	2,029
Listed equity securities, outside Hong Kong (see note 24)	2,181	-	-	2,181
Financial assets at fair value through profit or loss (see note 24)	-	95	-	95
	9,306	949	1,518	11,773
Fair value hedges				
Interest rate swaps (see notes 23 and 26)	-	803	-	803
Cash flow hedges				
Interest rate swaps (see note 23)	-	76	-	76
Forward foreign exchange contracts (see note 26)	-	2	-	2
Net investment hedges (see notes 23 and 26)	-	2,325	-	2,325
Other derivative financial instruments (see note 23)	-	50	-	50
	-	3,256	-	3,256
Cash flow hedges				
Interest rate swaps (see note 33)	-	(160)	-	(160)
Forward foreign exchange contracts (see note 28)	-	(1)	-	(1)
Other contracts (see note 33)	-	(433)	-	(433)
Net investment hedges (see notes 28 and 33)	-	(140)	-	(140)
Other derivative financial instruments (see note 33)	-	(1,172)	-	(1,172)
	-	(1,906)	-	(1,906)

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 2016 and 2015, 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.

38 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:

	2016	2015
	HK$ millions	HK$ millions
At 1 January	**1,518**	164
Total losses recognised in		
Income statement	**(26)**	(1)
Other comprehensive income	**(388)**	(442)
Additions	**75**	68
Relating to subsidiaries acquired	**-**	1,771
Disposals	**(43)**	(13)
Exchange translation differences	**(77)**	(29)
At 31 December	**1,059**	1,518
Total losses recognised in income statement relating to those financial assets and financial liabilities held at the end of the reporting period	**(26)**	(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 statement of financial position approximate their fair values.

Fair value hierarchy

The table below analyses the fair value measurements disclosures for bank and other debts. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used.

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$ millions	**HK$ millions**	**HK$ millions**	**HK$ millions**
At 31 December 2016				
Bank and other debts	**214,108**	**96,975**	**-**	**311,083**

	Level 1	Level 2	Level 3	Total
	HK$ millions	HK$ millions	HK$ millions	HK$ millions
At 31 December 2015				
Bank and other debts	210,377	96,697	-	307,074

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.

38 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: Financial assets (liabilities) HK$ millions	Related amounts not offset in the consolidated statement of financial position: Cash collateral pledged (received) HK$ millions	Net amounts HK$ millions
At 31 December 2016						
Financial assets						
Trade receivables	**42**	**(3)**	**39**	**(27)**	**-**	**12**
Other receivables and prepayments	**696**	**(386)**	**310**	**-**	**-**	**310**
Cash flow hedges						
Forward foreign exchange contracts	**196**	**-**	**196**	**(1)**	**-**	**195**
Net investment hedges	**1,144**	**-**	**1,144**	**(3)**	**-**	**1,141**
Other derivative financial instruments	**301**	**-**	**301**	**(299)**	**-**	**2**
	2,379	**(389)**	**1,990**	**(330)**	**-**	**1,660**
Financial liabilities						
Trade payables	**(3,648)**	**389**	**(3,259)**	**-**	**-**	**(3,259)**
Other payables and accruals	**(41)**	**-**	**(41)**	**27**	**-**	**(14)**
Cash flow hedges						
Forward foreign exchange contracts	**(1)**	**-**	**(1)**	**1**	**-**	**-**
Net investment hedges	**(3)**	**-**	**(3)**	**3**	**-**	**-**
Other derivative financial instruments	**(299)**	**-**	**(299)**	**299**	**-**	**-**
	(3,992)	**389**	**(3,603)**	**330**	**-**	**(3,273)**
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)

39 Pledge of assets

At 31 December 2016, assets of the Group totalling HK$24,994 million (2015 - HK$28,828 million) were pledged as security for bank and other debts.

40 Contingent liabilities

At 31 December 2016, 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 (2015 - HK$3,797 million).

The amount utilised by its associated companies and joint ventures are as follows:

	2016	2015
	HK$ millions	HK$ millions
To associated companies		
Other businesses	**2,470**	2,355
To joint ventures		
Other businesses	**593**	533

At 31 December 2016, the Group had provided performance and other guarantees of HK$3,950 million (2015 - HK$3,557 million).

41 Commitments

The Group's outstanding commitments contracted for at 31 December 2016, where material, not provided for in the financial statements at 31 December 2016 are as follows:

Capital commitments

(i) Ports and Related Services - HK$674 million (2015 - HK$164 million)
(ii) **3** Group Europe - HK$3,038 million (2015 - HK$1,770 million)
(iii) Telecommunications, Hong Kong and Asia - HK$699 million (2015 - HK$634 million)
(iv) Other fixed assets - HK$184 million (2015 - HK$148 million)

Operating lease commitments - future aggregate minimum lease payments for land and buildings leases

(a) In the first year - HK$9,888 million (2015 - HK$11,508 million)
(b) In the second to fifth years inclusive - HK$17,614 million (2015 - HK$19,550 million)
(c) After the fifth year - HK$29,938 million (2015 - HK$32,937 million)

Operating lease commitments - future aggregate minimum lease payments for other assets

(a) In the first year - HK$1,290 million (2015 - HK$1,173 million)
(b) In the second to fifth years inclusive - HK$3,351 million (2015 - HK$3,772 million)
(c) After the fifth year - HK$377 million (2015 - HK$676 million)

42 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 20 and 21 are unsecured. Balances totalling HK$15,945 million (2015 - HK$18,216 million) are interest bearing. In addition, during 2015, the acquisition of HWL resulted in the consolidation of traded debt securities outside Hong Kong issued by listed associated company, Husky Energy with a principal amount of US$25 million which will mature in 2019.

No transactions have been entered with the directors of the Company (being the key management personnel) during the year other than the emoluments paid to them (being the key management personnel compensation).

43 Legal proceedings

As at 31 December 2016, 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.

44 Subsequent events

On 14 March 2017, independent shareholders' approval was obtained for the consortium comprising CKI, Power Assets and Cheung Kong Property to acquire 100% interest in the DUET Group, owner and operator of energy utility assets in Australia, the United States, the United Kingdom and Europe, which is listed on the Australian Securities Exchange, for an estimated total consideration of approximately AUD7.4 billion. Subject to completion, the DUET Group will be indirectly held by CKI, Power Assets and Cheung Kong Property as to 40%, 20% and 40% respectively. Completion of the acquisition is subject to, among other conditions, approval from the Foreign Investment Review Board of Australia and shareholders of the DUET Group.

45 US dollar equivalents

Amounts in these financial statements are stated in Hong Kong dollars (HK$), the functional currency of the Company. The translation into US dollars (US$) of these financial statements as of, and for the year ended, 31 December 2016, 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.

46 Profit before tax

Profit before tax is shown after crediting and charging the following items:

	2016	2015
	HK$ millions	HK$ millions
Credits:		
Share of profits less losses of associated companies (2015 - include share of profits on disposal of investments and others of HK$196 million of associated companies)		
Listed	**5,735**	6,984
Unlisted	**627**	265
	6,362	7,249
Dividend and interest income from managed funds and other investments		
Listed	**126**	394
Unlisted	**144**	65
Charges:		
Depreciation and amortisation		
Fixed assets	**13,262**	8,438
Leasehold land	**416**	189
Telecommunications licences	**823**	352
Brand names and other rights	**1,513**	639
	16,014	9,618
Inventories write-off	**1,114**	247
Operating leases		
Properties	**18,129**	10,923
Hire of plant and machinery	**1,939**	1,307
Auditors' remuneration		
Audit and audit related - PricewaterhouseCoopers	**210**	159
- other auditors	**19**	28
Non-audit work - PricewaterhouseCoopers	**26**	56
- other auditors	**46**	16

47 Statement of financial position of the Company, as at 31 December 2016

	2016 HK$ millions	2015 HK$ millions
Assets		
Non-current assets		
Subsidiary companies - Unlisted shares [(a)]	**355,164**	355,164
Current assets		
Amounts due from subsidiary companies [(b)]	**9,397**	9,362
Other receivables	**28**	-
Cash	**7**	-
Current liabilities		
Other payables and accruals	**43**	2
Net current assets	**9,389**	9,360
Net assets	**364,553**	364,524
Capital and reserves		
Share capital (see note 34(a))	**3,858**	3,860
Share premium (see note 34(a))	**244,505**	244,691
Reserves - Retained profit [(c)]	**116,190**	115,973
Shareholders' funds	**364,553**	364,524

Fok Kin Ning, Canning
Director

Frank John Sixt
Director

47 Statement of financial position of the Company, as at 31 December 2016 (continued)

(a) Particulars regarding the principal subsidiary companies are set forth on pages 94 to 96.

(b) Amounts due from subsidiary companies are interest-free, unsecured and repayable on demand.

(c) Reserves - Retained profit

	HK$ millions
At 1 January 2015	-
Profit for the year	118,675
Dividends paid relating to 2015	(2,702)
At 31 December 2015	**115,973**
Profit for the year	**10,195**
Buy-back and cancellation of issued shares (see note 34(a)(ii))	**(1)**
Dividends paid relating to 2015	**(7,140)**
Dividends paid relating to 2016	**(2,837)**
At 31 December 2016	**116,190**

(d) The Company does not have an option scheme for the purchase of ordinary shares in the Company.

(e) The net profit of the Company is HK$10,195 million (2015 - HK118,675 million) and is included in determining the profit attributable to ordinary shareholders of the Company in the consolidated income statement.

(f) At 31 December 2016, the Company's share premium and retained profit amounted to HK$244,505 million (2015 - HK$244,691 million) and HK$116,190 million (2015 - HK$115,973 million) respectively, and subject to a solvency test, they are available for distribution to shareholders.

48 Approval of financial statements

The financial statements set out on pages 14 to 96 were approved and authorised for issue by the Board of Directors on 22 March 2017.

CK Hutchison Holdings Limited

Principal Subsidiary and Associated Companies and Joint Ventures

at 31 December 2016

	Subsidiary and associated companies and joint ventures	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital **/ registered capital		Percentage of equity attributable to the Group	Principal activities
	Ports and related services					
	Alexandria International Container Terminals Company S.A.E.	Egypt	USD	30,000,000	64	Container terminal operating
	Amsterdam Port Holdings B.V.	Netherlands	EUR	170,704	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	99,528,668	80	Container terminal operating
	ECT Delta Terminal B.V.	Netherlands	EUR	18,000	71	Stevedoring activities
	Ensenada Cruiseport Village, S.A. de C.V.	Mexico	MXP	145,695,000	80	Cruise terminal operating
	Ensenada International Terminal, S.A. de C.V.	Mexico	MXP	160,195,000	80	Container terminal operating
	Europe Container Terminals B.V.	Netherlands	EUR	45,000,000	75	Holding company
	Euromax Terminal Rotterdam B.V.	Netherlands	EUR	100,000	49	Stevedoring activities
	Freeport Container Port Limited	Bahamas	BSD	2,000	41	Container terminal operating
	Gdynia Container Terminal S.A.	Poland	PLN	11,379,300	79	Container terminal operating and rental of port real estate
	Harwich International Port Limited	United Kingdom	GBP	16,812,002	80	Container terminal operating
✡	Hongkong United Dockyards Limited	Hong Kong	HKD	76,000,000	50	Ship repairing, general engineering and tug operations
✡	Huizhou Port Industrial Corporation Limited	China	RMB	300,000,000	27	Container terminal operating
✡ ⌘	Huizhou Quanwan Port Development Co., Ltd.	China	RMB	359,300,000	40	Port related land development
	Hutchison 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
✡ ⌘	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	78,560,628	80	Container terminal operating
	Maritime Transport Services Limited	United Kingdom	GBP	13,921,323	64	Container terminal operating
✡ ⌘	Nanhai International Container Terminals Limited	China	USD	42,800,000	40	Container terminal operating
✡ ⌘	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

CK Hutchison Holdings Limited
Principal Subsidiary and Associated Companies and Joint Ventures
at 31 December 2016

	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
	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 Drogeryjne 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
	Infrastructure and energy					
✡	Australian Gas Networks Limited	Australia	AUD	879,082,753	62	Natural gas distribution
✡ +	AVR-Afvalverwerking B.V.	Netherlands	EUR	1	61	Producing energy from waste
* +	Cheung Kong Infrastructure Holdings Limited	Bermuda / Hong Kong	HKD	2,650,676,042	76	Holding Company
+	Enviro Waste Services Limited	New Zealand	NZD	84,768,736	76	Waste management services
* # +	Husky Energy Inc.	Canada	CAD	7,295,709,034	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					
✡	VIP-CKH Luxembourg S.à r.l.	Luxembourg	EUR	50,000	50	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 telecommunications services
*	Hutchison Telecommunications (Australia) Limited	Australia	AUD	4,204,487,847	88	Holding company
*	Hutchison Telecommunications Hong Kong Holdings Limited	Cayman Islands / Hong Kong	HKD	1,204,724,052	66	Holding company of mobile and fixed-line telecommunications services
	Vietnamobile Telecommunications Joint Stock Company	Vietnam	VND	9,348,000,000,000	49	Mobile telecommunications services
	Hutchison Telephone Company Limited	Hong Kong	HKD	2,730,684,340	50	Mobile telecommunications services
	PT. Hutchison 3 Indonesia	Indonesia	IDR	651,156,000,000	65	Mobile telecommunications services
✡ +	Vodafone Hutchison Australia Pty Limited	Australia	AUD	6,046,889,713	44	Telecommunications services

CK Hutchison Holdings Limited
Principal Subsidiary and Associated Companies and Joint Ventures
at 31 December 2016

	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 nutraceuticals, pharmaceuticals and agriculture-related businesses
	CK Hutchison Global Investments Limited	British Virgin Islands	USD	2	100	Holding company
	Hutchison International Limited	Hong Kong	HKD	727,966,526	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	60,705,823	60	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	15,100,000	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 Hutchsion Global Investments Limited which are 100% directly held by the Company, the interests in the remaining subsidiary and associated companies and joint ventures are held indirectly.

* Company listed on the Stock Exchange of Hong Kong except Hutchison Port Holdings Trust which is listed on Singapore Stock Exchange, Westports Holdings Berhad which is listed on the Bursa Malaysia Securities Berhad, Husky Energy Inc. which is listed on the Toronto Stock Exchange, Hutchison Telecommunications (Australia) Limited which is listed on the Australian Securities Exchange and Hutchison China MediTech Limited which is listed on the AIM of the London Stock Exchange and in the form of American Depositary Shares on the Nasdaq Stock Market.

** For Hong Kong incorporated companies, this represents issued ordinary share capital.

\# Associated companies

✡ Joint ventures

⌘ Equity joint venture registered under PRC law

✟ Wholly owned foreign enterprise (WOFE) registered under PRC law

✧ The share capital of Hutchison Port Holdings Trust is in a form of trust units.

\+ The accounts of these subsidiary and associated companies and joint ventures have been audited by firms other than PricewaterhouseCoopers. The aggregate net assets and turnover (excluding share of associated companies and joint ventures) attributable to shareholders of these companies not audited by PricewaterhouseCoopers amounted to approximately 21% and 9% of the Group's respective items.

Treasury Management

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

Cash Management and Funding

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

Interest Rate Exposure

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

At 31 December 2016, approximately 31% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 69% were at fixed rates. The Group has entered into various interest rate agreements with major financial institution counterparties to swap approximately HK$25,200 million principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK$8,678 million principal amount of floating interest rate borrowings that were used to finance long term infrastructure investments have been swapped to fixed interest rate borrowings. After taking into consideration these interest rate swaps, approximately 37% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 63% were at fixed rates at 31 December 2016. 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 over 45 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: 27% in Euro, 41% in US dollars, 5% in HK dollars, 21% in British Pounds and 6% in other currencies.

Credit Exposure

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

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

Credit Profile

The Group aims to maintain a capital structure that is appropriate for long-term investment grade ratings of A3 on the Moody's Investor Service scale, A- on the Standard & Poor's Rating Services scale and A- on the Fitch Ratings scale. Actual credit ratings may depart from these levels from time to time due to economic circumstances. At 31 December 2016, our long-term credit ratings were A3 from Moody's, A- from Standard & Poor's and A- from Fitch, with all three agencies maintaining stable outlooks on the Group's ratings.

Market Price Risk

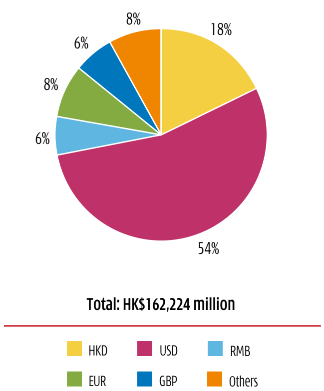
The Group's main market price risk exposures relate to listed/traded debt and equity securities described in "Liquid Assets" below and the interest rate swaps described in "Interest Rate Exposure" above. The Group's holding of listed/traded debt and equity securities represented approximately 4% of the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

Liquid Assets

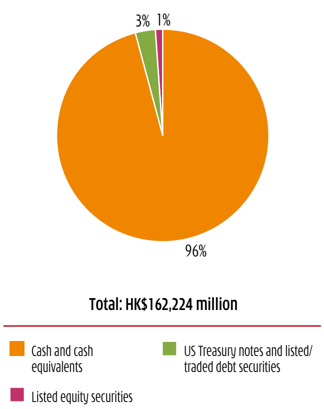
The Group continues to maintain a robust financial position. Liquid assets amounted to HK$162,224 million at 31 December 2016, an increase of 23% from the balance of HK$131,426 million at 31 December 2015, mainly reflecting the cash arising from positive funds from operations from the Group's businesses and cash from new borrowings, including the issuance of US$750 million (approximately HK$5,850 million), US$500 million (approximately HK$3,900 million) and EUR1,000 million (approximately HK$8,470 million) fixed rate notes in September 2016, EUR1,350 million (approximately HK$11,894 million) and EUR650 million (approximately HK$5,726 million) fixed rate notes in April 2016, the issuance of US$1,200 million (approximately HK$9,360 million) of perpetual capital securities in March 2016 by listed subsidiary CKI, partly offset by the redemption of US$1,000 million (approximately HK$7,800 million) of perpetual capital securities by CKI, dividend payments to ordinary and non-controlling shareholders as well as distributions to perpetual capital securities holders, the repayment and early repayment of certain borrowings and capex and investment spendings. Liquid assets were denominated as to 18% in HK dollars, 54% in US dollars, 6% in Renminbi, 8% in Euro, 6% in British Pounds and 8% in other currencies.

Cash and cash equivalents represented 96% of the liquid assets, US Treasury notes and listed/traded debt securities 3% and listed equity securities 1%. The US Treasury notes and listed/traded debt securities, including those held under managed funds, consisted of US Treasury notes of 58%, government and government guaranteed notes of 4%, notes issued by the Group's associated company, Husky Energy of 6%, notes issued by financial institutions of 3%, and others of 29%. Of these US Treasury notes and listed/traded debt securities, 70% 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.

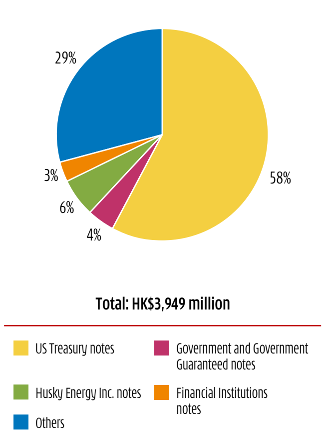
Liquid Assets by Currency Denomination at 31 December 2016



Liquid Assets by Type at 31 December 2016



US Treasury Notes and Listed/ Traded Debt Securities by Type at 31 December 2016



Cash Flow

Reported EBITDA [1] amounted to HK$91,980 million for 2016. Consolidated funds from operations ("FFO") before cash profits from disposals, capital expenditures, investments and changes in working capital amounts to HK$49,188 million for the year.

The Group's capital expenditures and investments in subsidiaries for 2016 amounted to HK$24,546 million and HK$333 million respectively. Capital expenditures on fixed assets for the ports and related services division amounted to HK$2,858 million; for the retail division HK$2,403 million; for the infrastructure division HK$5,532 million; for **3** Group Europe HK$7,449 million; for HTHKH HK$1,131 million; for HAT HK$439 million; and for the finance and investments and others segment HK$234 million. Capital expenditures for licences, brand names and other rights were HK$26 million for the ports and related services division, HK$18 million for the infrastructure division; for **3** Group Europe HK$803 million; for HTHKH HK$1,819 million; for HAT HK$1,807 million; and for the finance and investments and others segment HK$27 million.

Purchases of and advances to associated companies and joint ventures, net of repayments from associated companies and joint ventures, resulted in a net cash outflow of HK$42 million.

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

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

Note 1: Reported EBITDA excludes the non-controlling interests' share of HPH Trust's EBITDA and profits on disposals of investments and others.

Debt Maturity and Currency Profile

The Group's total bank and other debts, including unamortised fair value adjustments from acquisitions, at 31 December 2016 amounted to HK$304,030 million (31 December 2015 – HK$304,006 million) which comprises principal amount of bank and other debts of HK$292,047 million (31 December 2015 – HK$287,603 million), and unamortised fair value adjustments arising from acquisitions of HK$11,983 million (31 December 2015 – HK$16,403 million). The Group's total principal amount of bank and other debts at 31 December 2016 consist of 70% notes and bonds (31 December 2015 – 69%) and 30% bank and other loans (31 December 2015 – 31%). The Group's weighted average cost of debt for the year ended 31 December 2016 is 2.18%. Interest bearing loans from non-controlling shareholders, which are viewed as quasi-equity, totalled HK$4,283 million as at 31 December 2016 (31 December 2015 – HK$4,827 million).

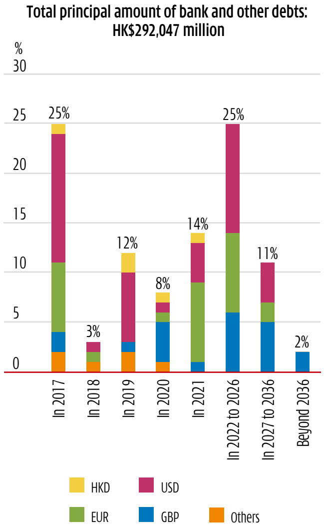
The maturity profile of the Group's total principal amount of bank and other debts at 31 December 2016 is set out below:

	HK$	US$	Euro	GBP	Others	**Total**
In 2017	1%	13%	7%	2%	2%	**25%**
In 2018	–	1%	1%	–	1%	**3%**
In 2019	2%	7%	–	1%	2%	**12%**
In 2020	1%	1%	1%	4%	1%	**8%**
In 2021	1%	4%	8%	1%	–	**14%**
In 2022 – 2026	–	11%	8%	6%	–	**25%**
In 2027 – 2036	–	4%	2%	5%	–	**11%**
Beyond 2036	–	–	–	2%	–	**2%**
Total	5%	41%	27%	21%	6%	**100%**

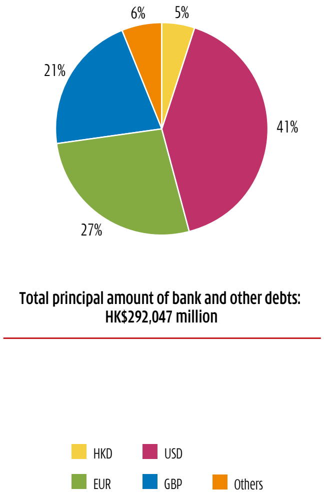
The non-HK dollar and non-US dollar denominated loans are either directly related to the Group's businesses in the countries of the currencies concerned, or the loans are balanced by assets in the same currencies. None of the Group's consolidated borrowings have credit rating triggers that would accelerate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

Debt Maturity and Currency Profile (continued)

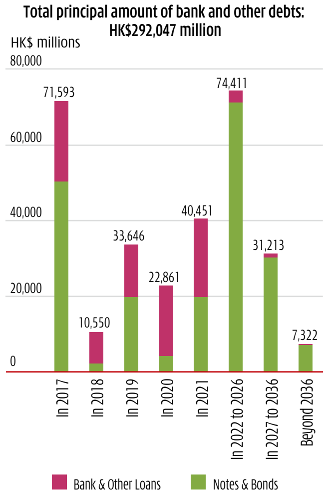
Debt Maturity Profile by Year and Currency Denomination at 31 December 2016



Debt Profile by Currency Denomination at 31 December 2016



Debt Maturity Profile by Notes & Bonds and Bank & Other Loans at 31 December 2016



Changes in Debt Financing and Perpetual Capital Securities

The significant financing activities for the Group in 2016 were as follows:

- In January, repaid a floating rate loan facility of HK$1,000 million on maturity;
- In February, obtained a seven-year floating rate loan facility of US$1,200 million (approximately HK$9,360 million);
- In March, listed subsidiary CKI issued US$1,200 million (approximately HK$9,360 million) perpetual capital securities;
- In March, listed subsidiary CKI redeemed US$1,000 million (approximately HK$7,800 million) perpetual capital securities that were originally issued in 2010;
- In March, May and June, prepaid a floating rate loan facility of US$223 million (approximately HK$1,739 million) maturing in June 2016;
- In March, obtained a five-year floating rate loan facility of US$196 million (approximately HK$1,529 million);
- In March, obtained two five-year floating rate term loan facilities of HK$1,000 million each;
- In April, issued seven-year, EUR1,350 million (approximately HK$11,894 million) fixed rate notes;
- In April, issued twelve-year, EUR650 million (approximately HK$5,726 million) fixed rate notes;
- In April, repaid HK$150 million principal amount of fixed rate notes on maturity;
- In May, obtained a five-year floating rate loan facility of EUR1,000 million (approximately HK$8,740 million);
- In May, prepaid a floating rate loan facility of HK$250 million maturing in June 2016;
- In May, prepaid a floating rate loan facility of HK$750 million maturing in June 2016;
- In May, prepaid a floating rate loan facility of HK$500 million maturing in August 2016;
- In May, prepaid two floating rate loan facilities of EUR98 million each (approximately HK$850 million each) maturing in August 2018;
- In July, repaid S$180 million (approximately HK$1,037 million) principal amount of fixed rate notes on maturity;
- In July, repaid two floating rate loan facilities of HK$300 million each on maturity;
- In August, obtained a five-year floating rate loan facility of EUR280 million (approximately HK$2,262 million) and repaid on maturity a floating rate loan facility of the same amount;
- In August, repaid a floating rate loan facility of HK$700 million on maturity;

Changes in Debt Financing and Perpetual Capital Securities (continued)

- In September, redeemed S$730 million (approximately HK$4,210 million) perpetual capital securities that were originally issued in 2011;
- In September, obtained a five-year floating rate loan facility of US$250 million (approximately HK$1,950 million);
- In September, obtained a five-year floating rate loan facility of US$300 million (approximately HK$2,340 million);
- In September, repaid remaining outstanding balance of EUR669 million (approximately HK$5,806 million) of EUR1,000 million (approximately HK$8,677 million) principal amount of fixed rate notes on maturity;
- In September, repaid HK$330 million principal amount of fixed rate notes on maturity;
- In September, issued five-year, US$750 million (approximately HK$5,850 million) fixed rate notes;
- In September, issued ten-year, US$500 million (approximately HK$3,900 million) fixed rate notes;
- In September, issued eight-year, EUR1,000 million (approximately HK$8,470 million) fixed rate notes;
- In September, obtained a three-year floating rate term loan facility of HK$1,010 million;
- In September, October and December, prepaid a floating rate loan facility of HK$1,100 million maturing in June 2018;
- In October, repaid a floating rate loan facility of HK$500 million on maturity;
- In October, repaid HK$377 million principal amount of fixed rate notes on maturity;
- In October, obtained a three-year floating rate term loan and revolving loan facility of HK$1,000 million;
- In October, issued ten-year, GBP300 million (approximately HK$3,153 million) fixed rate bond;
- In November, repaid EUR1,750 million (approximately HK$14,403 million) principal amount of fixed rate notes on maturity;
- In November, prepaid a floating rate loan facility of HK$2,000 million maturing in May 2018;
- In November, prepaid a floating rate loan facility of HK$1,000 million maturing in June 2018;
- In November, obtained a three-year floating rate term loan and revolving loan facility of USD50 million (approximately HK$390 million);
- In December, obtained a five-year floating rate loan facility of AUD250 million (approximately HK$1,408 million);
- In December, prepaid AUD217 million (approximately HK$1,210 million) of a floating rate loan facility of AUD250 million maturing in August 2017;
- In December, obtained a five-year floating rate loan facility of AUD550 million (approximately HK$3,097 million); and
- In December, obtained a 42-month floating rate loan facility of VND4,014 billion (approximately HK$1,365 million).

Furthermore, the significant debt financing activities undertaken by the Group following the year ended 31 December 2016 were as follows:

- In January, repaid USD1,000 million (approximately HK$7,800 million) principal amount of fixed rate notes on maturity;
- In January, obtained a five-year floating rate loan facility of USD86 million (approximately HK$671 million); and
- In March, obtained a three-year floating rate loan facility of HK$9,500 million with an option to drawdown in HK dollars or US dollars.

Capital, Net Debt and Interest Coverage Ratios

The Group's total ordinary shareholders' funds and perpetual capital securities decreased to HK$424,679 million as at 31 December 2016, compared to HK$428,588 million as at 31 December 2015, reflecting the net exchange losses on translation of the Group's overseas operations' net asset to the Group's Hong Kong dollar reporting currency including the Group's share of the translation gains and losses of associated companies and joint ventures, 2015 final and 2016 interim dividend and distributions paid and other items recognised directly in reserves, partly offset by the profits for 2016.

As at 31 December 2016, the consolidated net debt of the Group, excluding interest bearing loans from non-controlling shareholders which are viewed as quasi-equity, was HK$141,806 million (31 December 2015 – HK$172,580 million, a 18% reduction compared to the net debt at the beginning of the year, resulting in the Group's net debt to net total capital ratio being reduced to 20.5% as at 31 December 2016 (31 December 2015 – 23.7%). The Group's consolidated cash and liquid investments as at 31 December 2016 were sufficient to repay all outstanding consolidated Group's principal amount of debt maturing before 2021.

Capital, Net Debt and Interest Coverage Ratios (continued)

The Group's consolidated gross interest expenses and other finance costs of subsidiaries, before capitalisation in 2016 was HK$7,444 million.

Reported EBITDA of HK$91,980 million and FFO of HK$49,188 million for the year covered consolidated net interest expenses and other finance costs 19.9 times and 12.5 times respectively.

Secured Financing

At 31 December 2016, assets of the Group totalling HK$24,994 million (31 December 2015 - 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 2016 amounted to the equivalent of HK$15,335 million (31 December 2015 - HK$12,183 million).

Contingent Liabilities

At 31 December 2016, the Group provided guarantees in respect of bank and other borrowing facilities to its associated companies and joint ventures totalling HK$3,797 million (31 December 2015 - HK$3,797 million), of which HK$3,063 million (31 December 2015 - HK$2,888 million) has been drawn down as at 31 December 2016, and also provided performance and other guarantees of HK$3,950 million (31 December 2015 - HK$3,557 million).

Share Option Schemes

The Company does not have any operating share option schemes during the year ended 31 December 2016 but certain of the Company's subsidiary companies, namely Hutchison China MediTech Limited, Hutchison Telecommunications (Australia) Limited, Hutchison Telecommunications Hong Kong Holdings Limited, Hydrospin Monitoring Solutions Ltd, Aquarius Spectrum Ltd and Mercu Removal Ltd. have adopted share option schemes for their employees.

Purchase, Sale or Redemption of Listed Shares

During the year ended 31 December 2016, the Company repurchased a total of 2,000,000 ordinary shares of HK$1.00 each in the capital of the Company (the "Shares") on The Stock Exchange of Hong Kong Limited, with the aggregate consideration paid (before expenses) amounting to HK$188,158,864.10. All the Shares repurchased were subsequently cancelled. As at 31 December 2016, the total number of Shares in issue was 3,857,678,500.

Particulars of the share repurchase are as follows:-

Date	Number of Shares repurchased	Purchase price per Share		Aggregate consideration (before expenses)
		Highest	Lowest	
		HK$	HK$	HK$
17 November 2016	783,000	93.20	92.50	72,699,275.00
18 November 2016	1,217,000	95.00	94.30	115,459,589.10
	2,000,000			188,158,864.10

Save as disclosed above, during the year ended 31 December 2016, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed shares of the Company.

Compliance with the Corporate Governance Code

The Company strives to attain and maintain high standards of corporate governance best suited to the needs and interests of the Group as it believes that effective corporate governance practices are fundamental to safeguarding interests of shareholders and other stakeholders and enhancing shareholder value.

The Company has complied throughout the year ended 31 December 2016 with all the code provisions of the Corporate Governance 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 and attendance of the Chairman of the Board of Directors (the "Board") at the 2016 annual general meeting of the Company (the "2016 AGM").

Nomination Committee

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

Attendance of Chairpersons and Auditor at Annual General Meeting

The Chairman of the Board was not in a position to attend the 2016 AGM due to sudden indisposition; the Group Co-Managing Director and Deputy Chairman of the Company chaired the 2016 AGM on his behalf. The Chairmen of the Audit Committee and the Remuneration Committee, and the external auditor attended the 2016 AGM.

Compliance with the Model Code for Securities Transactions by Directors

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

Audit Report on the Annual Financial Statements

The consolidated financial statements of the Company and its subsidiary companies for the year ended 31 December 2016 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 pages 9 to 13 in this Announcement. The consolidated financial statements of the Company and its subsidiary companies for the year ended 31 December 2016 have also been reviewed by the Audit Committee.

Assurance Report on Pro Forma Results for the Comparative Year Ended 31 December 2015

The unaudited pro forma financial results of the Group for the comparative year ended 31 December 2015 set out in the section headed "Financial Performance Summary" as comparative figures, 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 of the Company's 2015 Annual Report. The unaudited pro forma financial results of the Group for the comparative 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 for the comparative year ended 31 December 2015 included in this annual results announcement 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.

Closure of Register of Members

The register of members of the Company will be closed from Monday, 8 May 2017 to Thursday, 11 May 2017 (both days inclusive) for the purpose of determining shareholders' entitlement to attend and vote at the 2017 Annual General Meeting.

In order to be eligible to attend and vote at the 2017 Annual General Meeting, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Share Registrar (Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) for registration no later than 4:30 pm on Friday, 5 May 2017.

Record Date for Proposed Final Dividend

The record date for the purpose of determining shareholders' entitlement to the proposed final dividend is Wednesday, 17 May 2017.

In order to qualify for the proposed final dividend payable on Wednesday, 31 May 2017, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Share Registrar (Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) for registration no later than 4:30 pm on Wednesday, 17 May 2017.

Annual General Meeting

The Annual General Meeting of the Company will be held on Thursday, 11 May 2017. Notice of the 2017 Annual General Meeting will be published and issued to shareholders in due course.

Corporate Strategy

The primary objective of the Company is to enhance long-term total return for our 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 objective.

Pro Forma Results for the Comparative Year Ended 31 December 2015

The unaudited pro forma financial results of the Group for the comparative year ended 31 December 2015 included as comparative figures in this annual results announcement 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 for the comparative year ended 31 December 2015 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 for the comparative year ended 31 December 2015 should be read in conjunction with other financial information included elsewhere in this annual results announcement.

Past Performance and Forward Looking Statements

The performance and the results of the operations of the Group contained in the 2016 annual results announcement 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 the 2016 annual results announcement 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 the 2016 annual results announcement; 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.

As at the date of this announcement, the Directors of the Company are:

Executive Directors:
Mr LI Ka-shing *(Chairman)*
Mr LI Tzar Kuoi, Victor *(Group Co-Managing Director and Deputy Chairman)*
Mr FOK Kin Ning, Canning *(Group Co-Managing Director)*
Mr Frank John SIXT *(Group Finance Director and Deputy Managing Director)*
Mr IP Tak Chuen, Edmond *(Deputy Managing Director)*
Mr KAM Hing Lam *(Deputy Managing Director)*
Mr LAI Kai Ming, Dominic *(Deputy Managing Director)*
Ms Edith SHIH

Non-executive Directors:
Mr CHOW Kun Chee, Roland
Mrs CHOW WOO Mo Fong, Susan
Mr LEE Yeh Kwong, Charles
Mr LEUNG Siu Hon
Mr George Colin MAGNUS

Independent Non-executive Directors:
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 to The Hon Sir Michael David Kadoorie)
Mr William SHURNIAK
Mr WONG Chung Hin
Dr WONG Yick-ming, Rosanna

長江和記實業有限公司
CK HUTCHISON HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
Stock code: 1

2016
Annual Results
Operations Analysis

Disclaimer

Potential investors and shareholders of the Company (the "Potential Investors and Shareholders") are reminded that information contained in this Presentation comprises extracts of operational data and financial information of the Group for the year ended 31 December 2016, and of certain comparative pro forma financial information of the Group for the year ended 31 December 2015. The information included is solely for the use in this Presentation and certain information has not been independently verified. No representations or warranties, expressed or implied, are made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions presented or contained in this Presentation. Potential Investors and Shareholders should refer to the 2016 Annual Report for the audited results of the Company which are published in accordance with the Listing Rules of the Stock Exchange of Hong Kong Limited.

The performance and the results of operations of the Group contained within this Presentation 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 Presentation 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 Presentation; 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.

Potential Investors and Shareholders should exercise caution when investing in or dealing in the securities of the Company.

Performance in 2016

	2016	Change vs 2015 Pro forma [1]	Change in local currency
Total Revenue [2]	HK$372.7 billion	-6%	-2%
Reported EBITDA [2]	HK$92.0 billion	-	+6%
Reported EBIT [2]	HK$62.4 billion	+1%	+7%
Recurring Earnings [3]	HK$33.3 billion	+4%	+11%
Reported Earnings [4]	HK$33.0 billion	+6%	
Recurring Earnings per share [3]	HK$8.63	+4%	
Reported Earnings per share [4]	HK$8.55	+6%	
Full Year Dividend per share	HK$2.680	+5%	

Note (1): *CKHH Pro forma results for the year ended 31 December 2015 assumed that the Reorganisation was effective as at 1 January 2015.*

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

Note (3): *Recurring earnings and recurring EPS were calculated based on profit attributable to ordinary shareholders before profits on disposal of investments and others, after tax.*

Note (4): *Profits on disposal of investments and others, after tax in 2016 was a charge of HK$305 million comprising an impairment charge on certain non-core investments held by the ports operation of HK$577 million and the Group's 50% share of operating losses of Vodafone Hutchison Australia ("VHA") which amounted to HK$326 million, partly offset by a non-cash marked-to-market gain upon acquisition of additional interest in an existing port operation of HK$598 million. This is compared to the HK$960 million charge arising from VHA's losses recorded in 2015.*

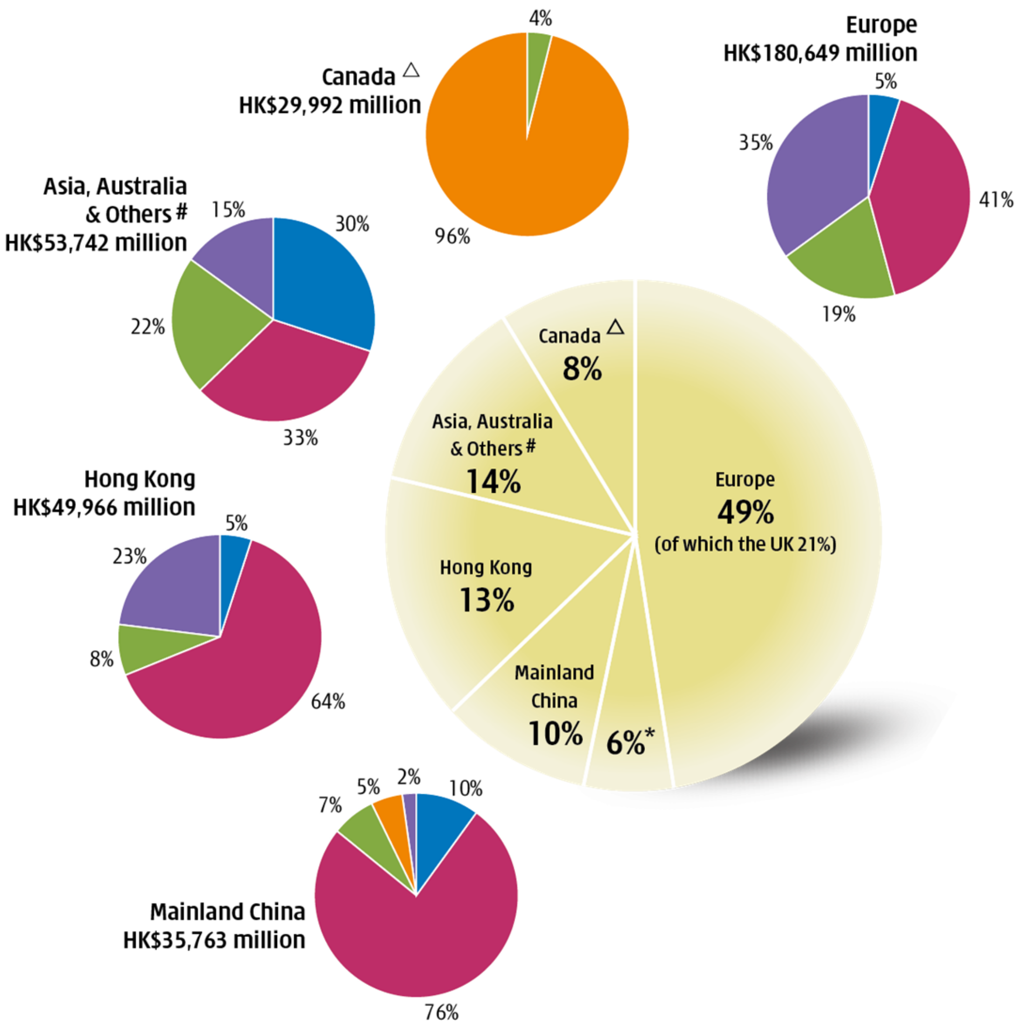
長江和記實業有限公司
CK HUTCHISON HOLDINGS LIMITED

Business & Geographical Diversification

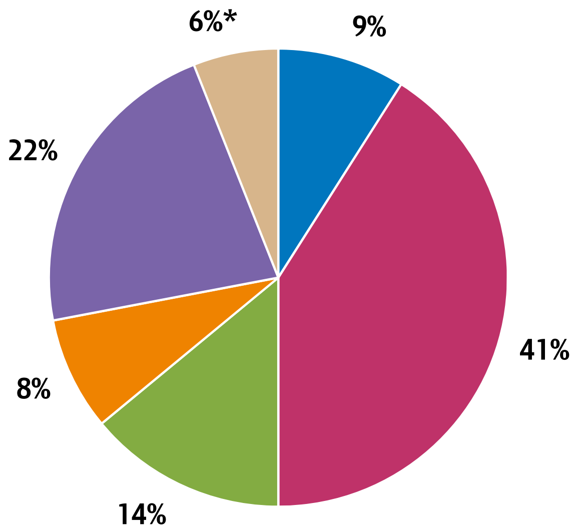
2016 Total Revenue : HK$372,686 million

Decrease 6% in reported currency (Decrease 2% in local currencies)

By Geographical Location



By Division



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

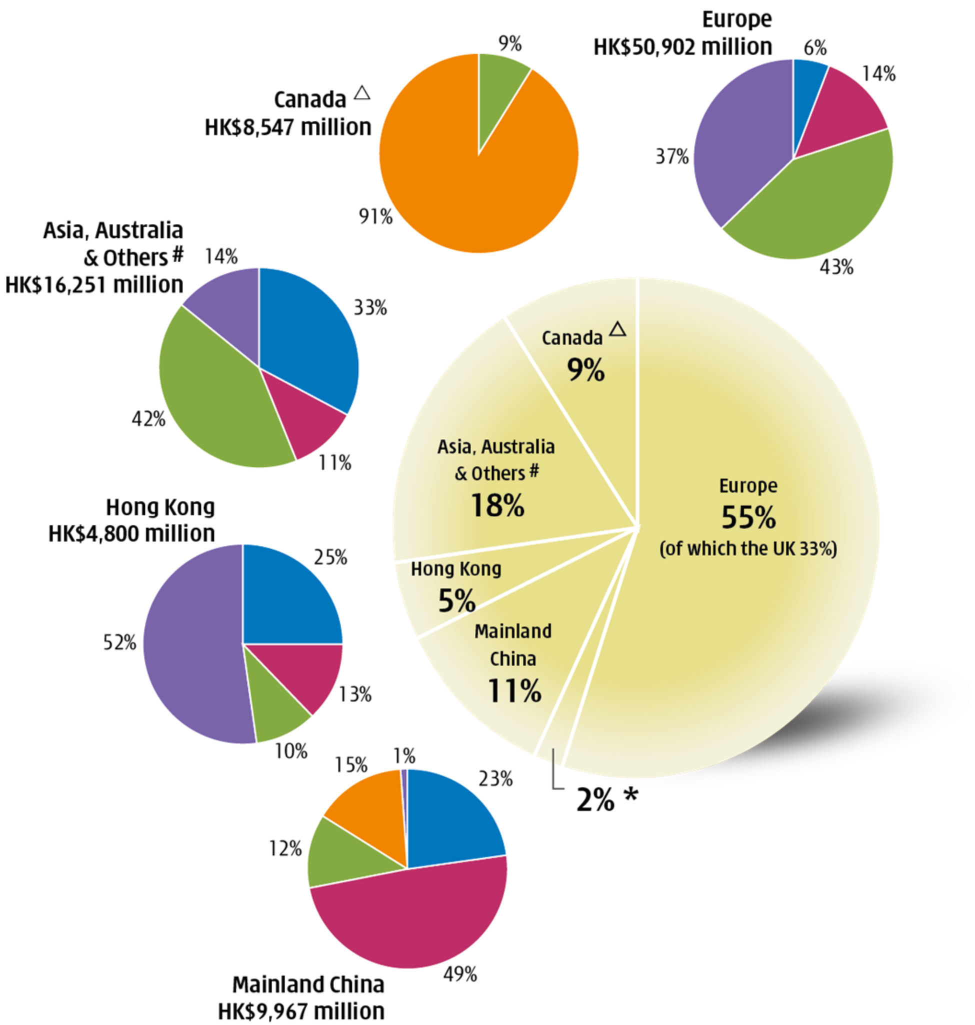
Business & Geographical Diversification

2016 Reported EBITDA: HK$91,980 million

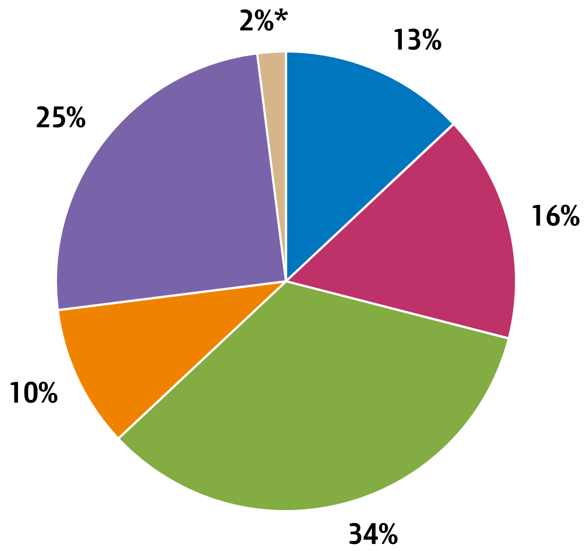
Flat in reported currency (Increase 6% in local currencies)

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

By Geographical Location



By Division

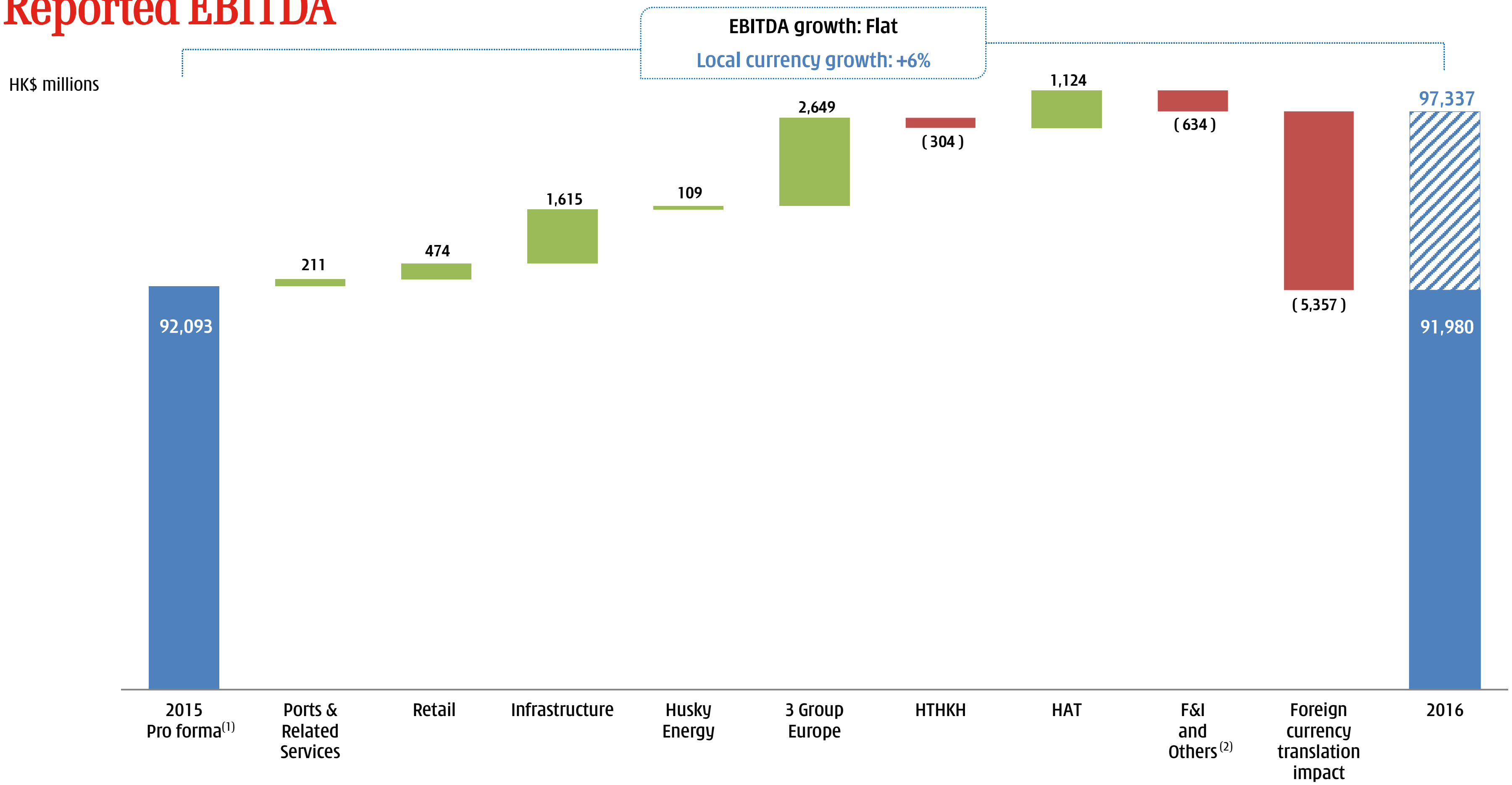


- Ports & Related Services
- Retail
- Infrastructure
- Energy
- Telecommunications

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

Business & Geographical Diversification

Reported EBITDA



	Ports & Related Services	Retail	Infrastructure	Husky Energy	3 Group Europe	HTHKH	HAT	F&I and Others	Foreign currency translation impact	2016
2016	11,639	14,567	31,128	9,284	18,944	2,607	2,298	1,513		91,980
2015	11,964	14,838	32,291	9,375	17,396	2,911	1,176	2,142		92,093
Variance	(325)	(271)	(1,163)	(91)	1,548	(304)	1,122	(629)		(113)
% Change	↓ -3%	↓ -2%	↓ -4%	↓ -1%	↑ 9%	↓ -10%	↑ 95%	↓ -29%		⇨ 0%
FX impact	(536)	(745)	(2,778)	(200)	(1,101)	-	(2)	5		(5,357)
Underlying variance	211	474	1,615	109	2,649	(304)	1,124	(634)		5,244
% Change in local currency	↑ 2%	↑ 3%	↑ 5%	↑ 1%	↑ 15%	↓ -10%	↑ 96%	↓ -30%		↑ 6%

Note (1): 2015 pro forma results assumed the Reorganisation was effective on 1 January 2015.

Note (2): F&I and Others includes Hutchison Whampoa (China), Hutchison E-Commerce, Hutchison China MediTech, TOM Group, Hutchison Water, the Marionnaud business, CK Life Sciences, and corporate overheads & expenses.

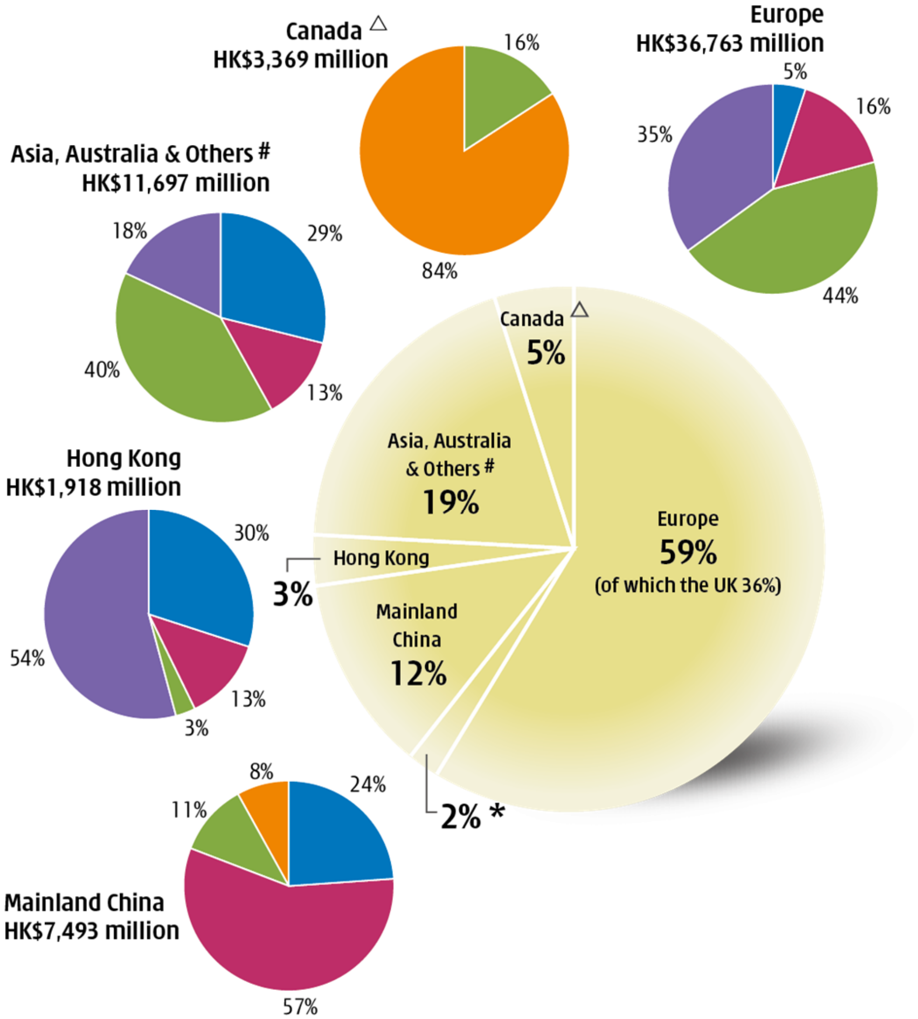
- represents adverse foreign exchange translation impact

Business & Geographical Diversification

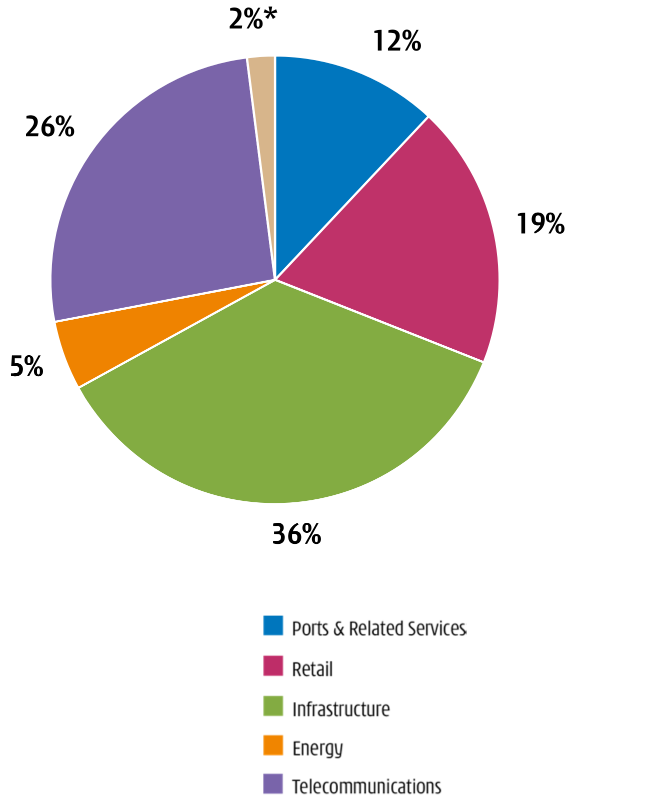
2016 Reported EBIT: HK$62,414 million

Increase 1% in reported currency (Increase 7% in local currencies)

By Geographical Location



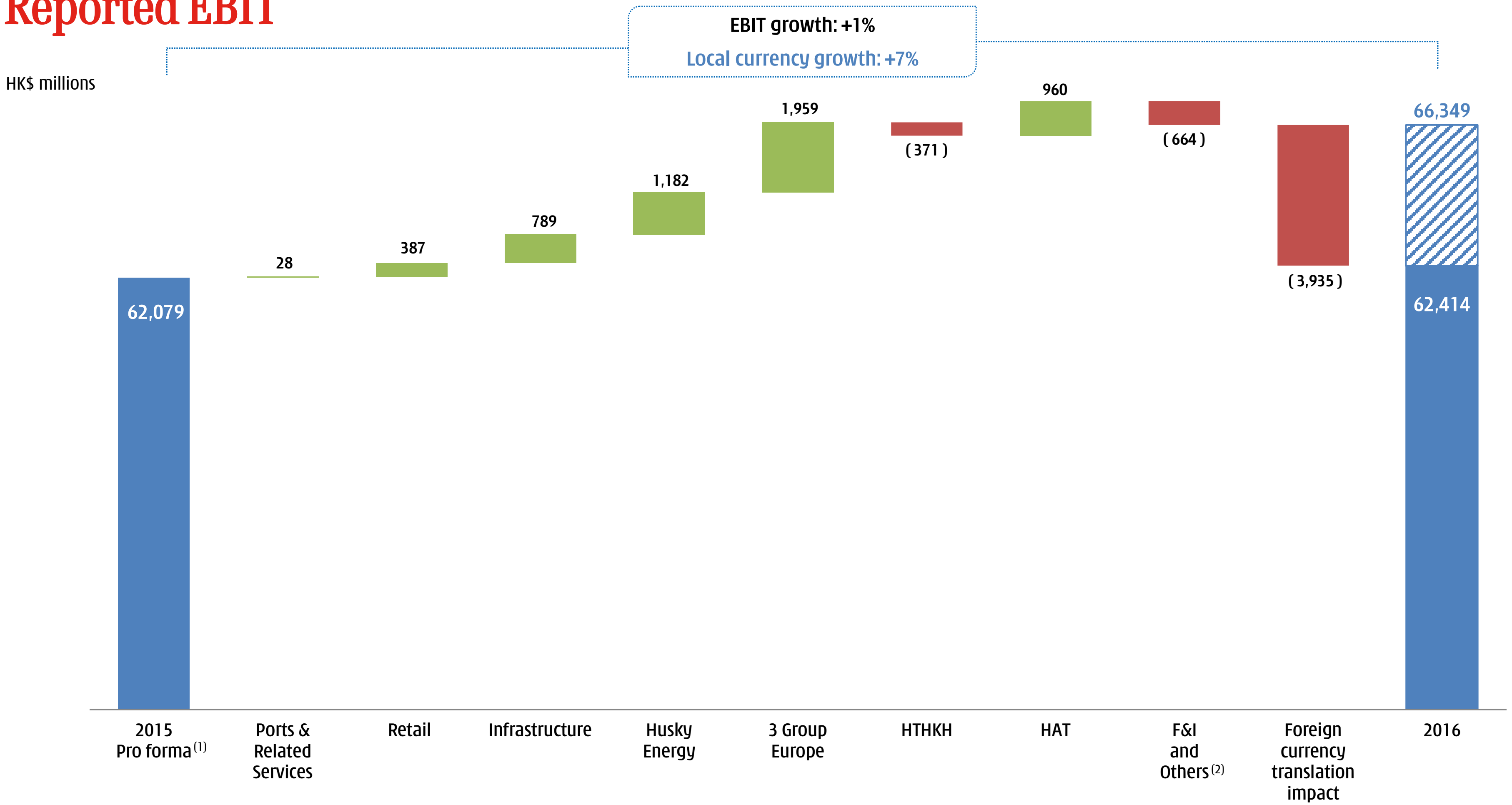
By Division



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

Business & Geographical Diversification

Reported EBIT



	Ports & Related Services	Retail	Infrastructure	Husky Energy	3 Group Europe	HTHKH	HAT	F&I and Others	Foreign currency translation impact	2016
2016	7,567	12,059	22,162	3,429	12,838	1,055	2,130	1,174		62,414
2015	7,957	12,328	23,477	2,229	11,664	1,426	1,176	1,822		62,079
Variance	(390)	(269)	(1,315)	1,200	1,174	(371)	954	(648)		335
% Change	-5%	-2%	-6%	54%	10%	-26%	81%	-36%		1%
FX impact	(418)	(656)	(2,104)	18	(785)	-	(6)	16		(3,935)
Underlying variance	28	387	789	1,182	1,959	(371)	960	(664)		4,270
% Change in local currency	0%	3%	3%	53%	17%	-26%	82%	-36%		7%

Note (1): 2015 pro forma results assumed the Reorganisation was effective on 1 January 2015.

Note (2): F&I and Others includes Hutchison Whampoa (China), Hutchison E-Commerce, Hutchison China MediTech, TOM Group, Hutchison Water, the Marionnaud business, CK Life Sciences, and corporate overheads & expenses.

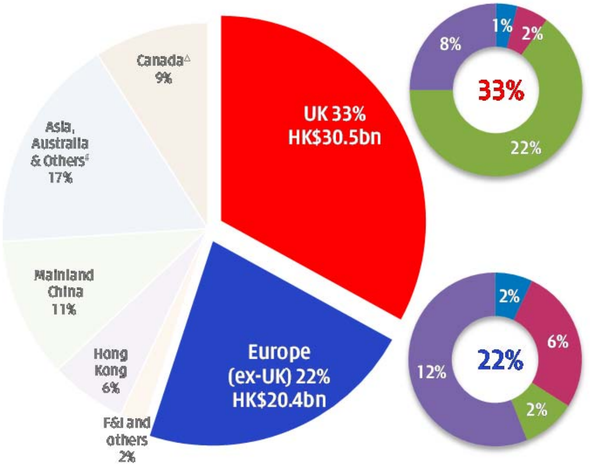
- represents adverse foreign exchange translation impact

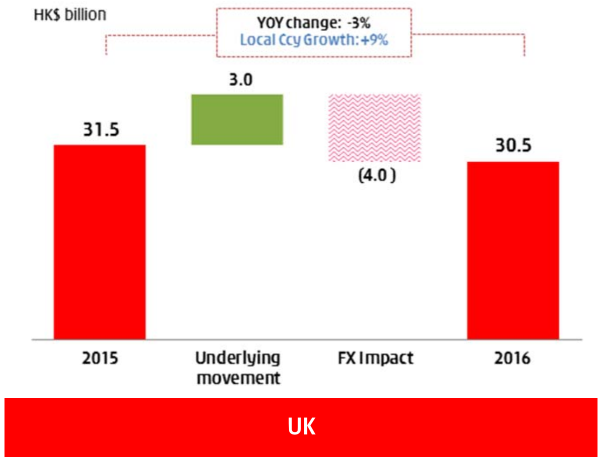
European Contribution

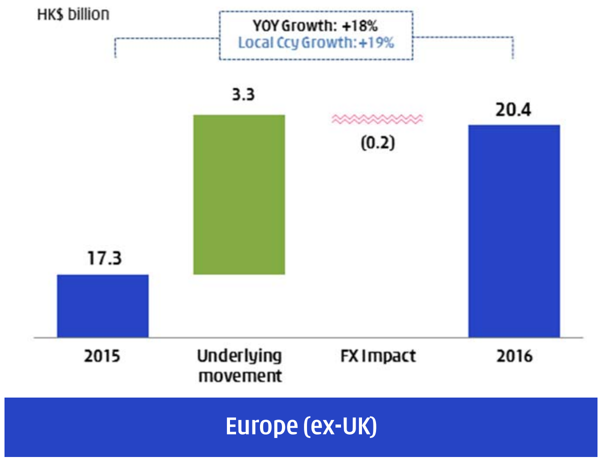
長江和記實業有限公司 CK HUTCHISON HOLDINGS LIMITED

EBITDA and EBIT

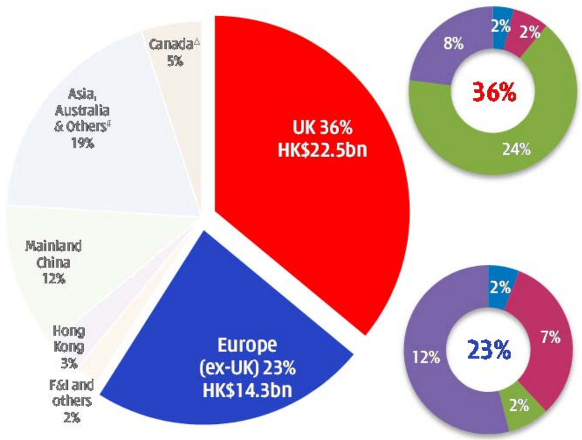
Total EBITDA[1]: HK$92.0 billion

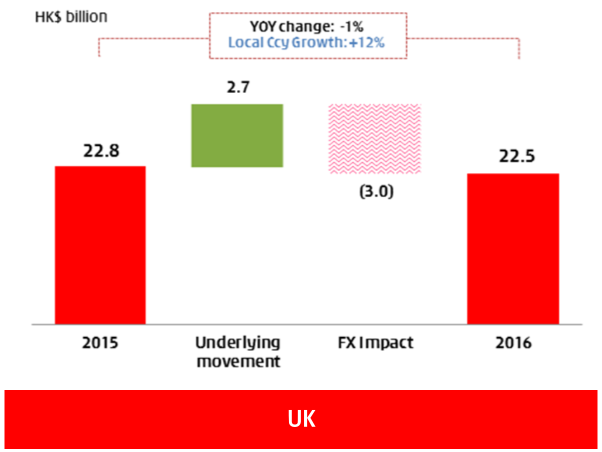


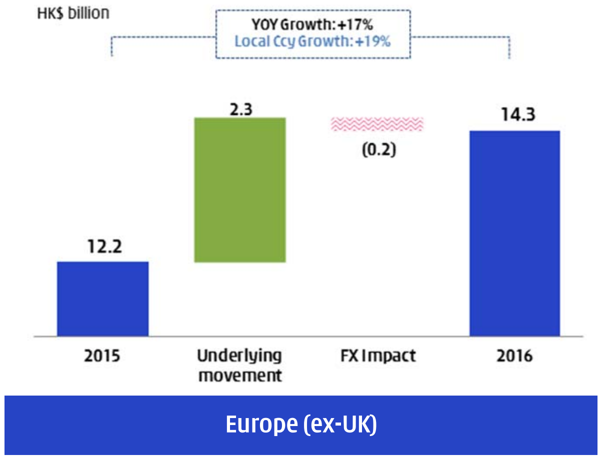




Total EBIT[1]: HK$62.4 billion







- Ports & Related Services
- Retail
- Infrastructure
- Telecommunications

\# Includes Panama, Mexico and the Middle East

△ Includes contribution from the USA for Husky Energy

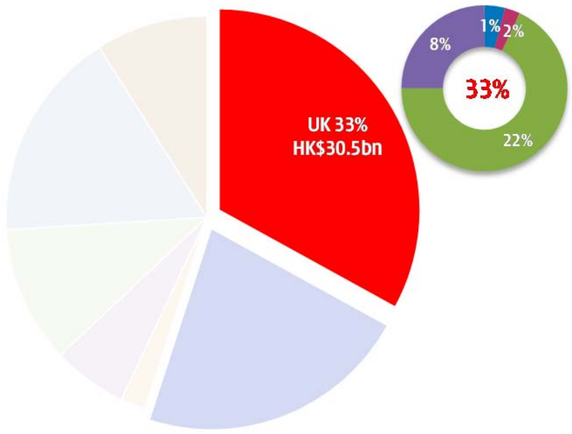
Note (1): EBITDA and EBIT excludes (i) non-controlling interests' share of results of HPH Trust and (ii) profits on disposal of investments & others.

Note (2): All percentages in the pie charts represent % of the Group's total amount.

European Contribution

UK Focus

Total EBITDA[1]: HK$92.0 billion



Ports & Related Services
Retail
Infrastructure
Telecommunications

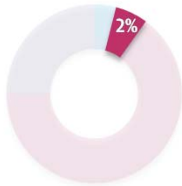
Note (1): *EBITDA excludes (i) non-controlling interests' share of results of HPH Trust and (ii) profits on disposal of investments & others.*

Note (2): *All percentages in the pie charts represent % of the Group's total amount.*

Ports

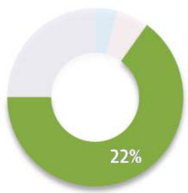
- Over 90% of containerised cargo is gateway traffic
- Approximately 90% of containerised cargo relates to non-European trade
- Currently 14 out of 16 Asia-North Europe loops call at UK port and this trend is expected to continue

Retail



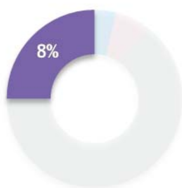
- In 2016, the UK businesses achieved 6.9% comparable store sales growth and 23% EBITDA growth in local currency
- The H&B format proved to be resilient in a challenging market
- Key growth drivers were well-executed store segmentation and strong value propositions to local UK customers

Infrastructure



- Majority of the earnings contribution from regulated utility businesses
- Next tariff resets in 2020
- Defensive business relating to daily utilities consumption in local UK market

Telecommunications

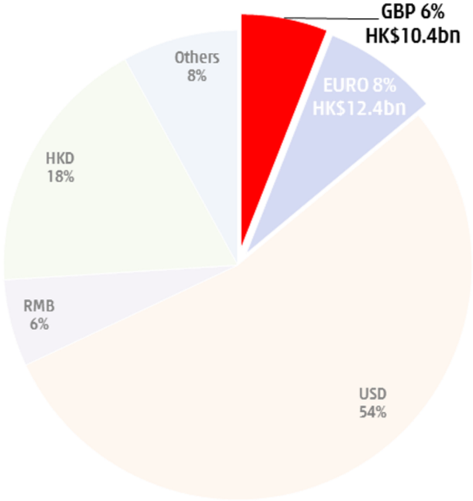


- Competitive propositions in the domestic consumer market
- Consumer segment represents over 99% of 3UK's revenue
- Contract customers represents 69% of total active customers, with an average contract length of 17 months
- Healthy EBITDA margin of 41%

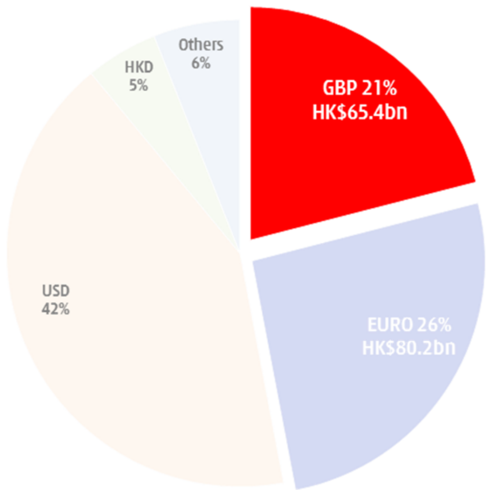
European Contribution

UK Focus

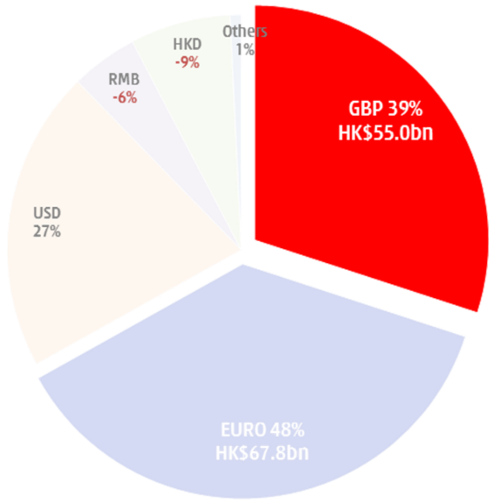
Cash & Cash Equivalent: HK$162.2 billion



Gross Debt: HK$304.0 billion

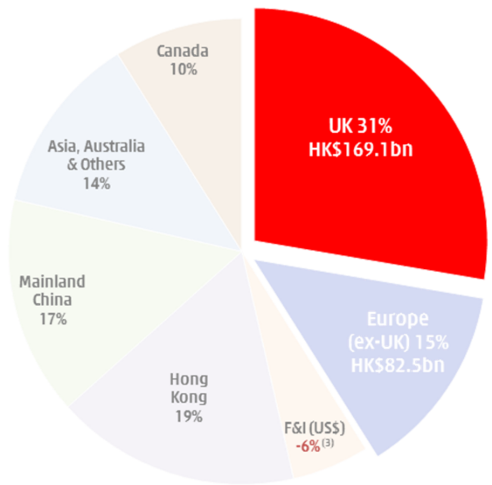


Net Debt: HK$141.8 billion



GBP Currency Sensitivity		10% depreciation against HKD[2]
		HK$ billion
EBITDA	↓	3.1
Cash & Cash Equivalent	↓	1.0
Gross Debt	↓	6.5
Net Debt	↓	5.5
Net Assets	↓	11.8
Gross Debt / Annualised EBITDA (times)		Flat
Net Debt Ratio (%-point)	↓	0.3%

Net Assets: HK$544.2 billion



Note (1): All percentages in the pie charts represent % of the Group's total amount

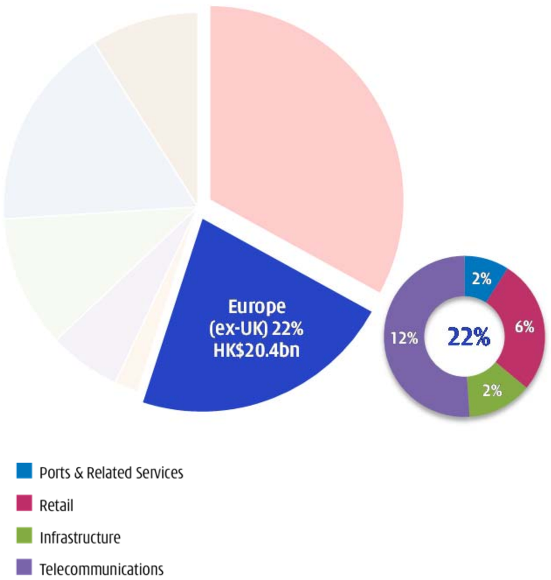
Note (2): Impact on the Group's 2016 results

Note (3): Mainly represents USD debt at corporate level

European Contribution

Europe (ex-UK) Focus

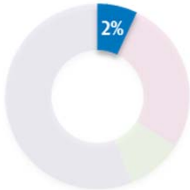
Total EBITDA[(1)]: HK$92.0 billion



Note (1): EBITDA excludes (i) non-controlling interests' share of results of HPH Trust and (ii) profits on disposal of investments & others.

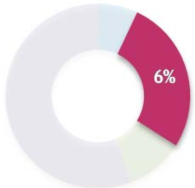
Note (2): All percentages in the pie charts represent % of the Group's total amount.

Ports



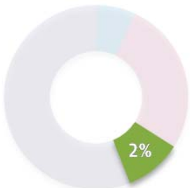
- Rotterdam in Netherlands is the busiest port in Europe and is the 12th busiest port in the world
- Majority of the containerised cargo traffic are gateway traffic with Asia and the Americas
- BEST at Barcelona, a semi-automated port, continues to maintain consistent average quayside crane productivity of 38 moves per hour ("mph"), the highest moves per hour within the division. Together with higher throughput in 2016, the operation achieved an EBITDA growth of 13% in the year
- Despite intensifying competition at Rotterdam, ECT is enhancing productivity and efficiency through reduction in cost per move. The 4 % reduction in cost per move offsets the drop in tariff rates with new competition in 2015

Retail



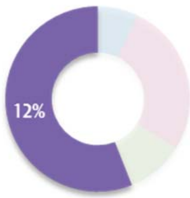
- In 2016, the non-UK European businesses achieved 2.7% comparable store sales growth
- The Kruidvat model, covering the Benelux markets, continued to gain market share and reported local currency EBITDA growth of 4% amid softness in economies
- Rossmann Poland continued to be the market leader in Poland and delivered very healthy double-digit EBITDA growth

Infrastructure



- Non-regulated renewable energy business in Portugal strongly supported by the government
- Largest energy-from-waste company in the Netherlands

Telecommunications

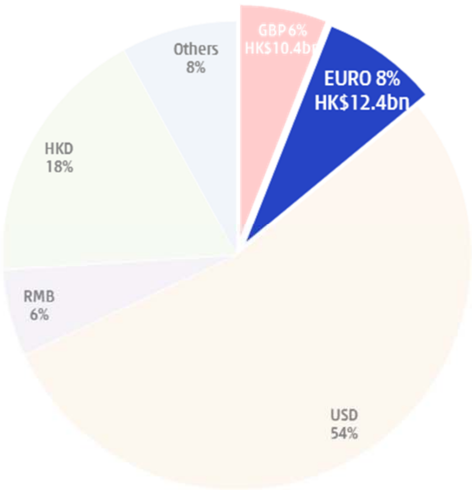


- Wind Tre in Italy will be the major contributor of growth in 2017
- All European operations reported growth in active customers base
- EBITDA margin ranges from 33% to 53%, an impressive profitability indicator

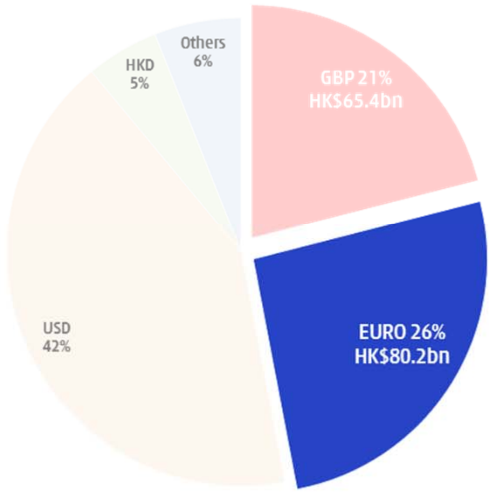
European Contribution

Europe (ex-UK) Focus

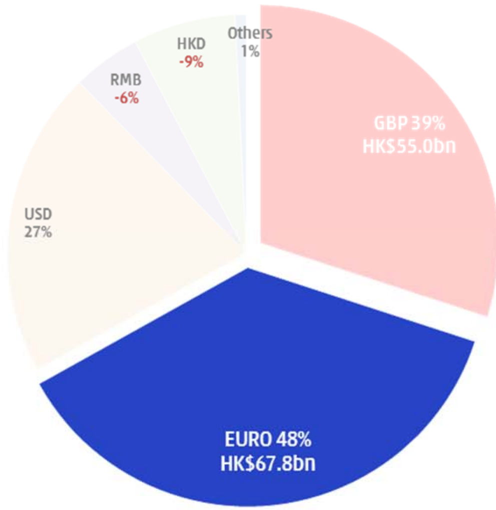
Cash & Cash Equivalent: HK$162.2 billion



Gross Debt: HK$304.0 billion

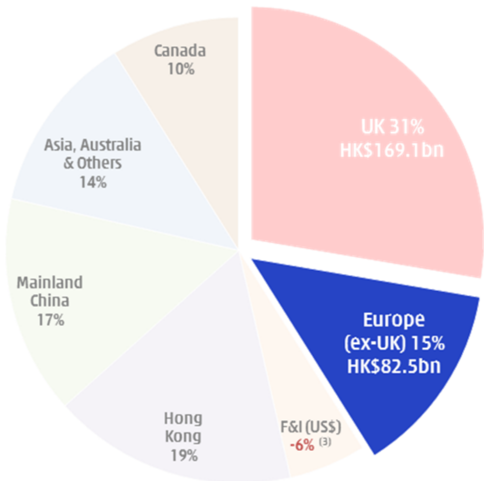


Net Debt: HK$141.8 billion



EURO Currency Sensitivity		10% depreciation against HKD[2]
		HK$ billion
EBITDA	↓	1.5
Cash & Cash Equivalent	↓	1.2
Gross Debt	↓	8.0
Net Debt	↓	6.8
Net Assets	↓	2.2
Gross Debt / Annualised EBITDA (times)		Flat
Net Debt Ratio (%-point)	↓	0.7%

Net Assets: HK$544.2 billion



Note (1): All percentages in the pie charts represent % of the Group's total amount.

Note (2): Impact on the Group's 2016 results

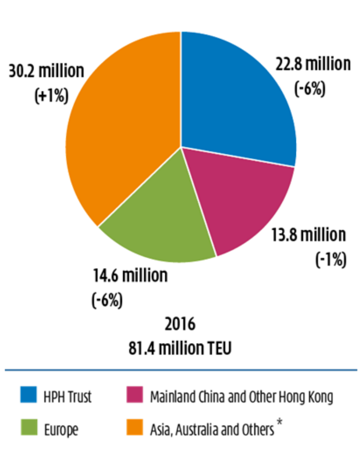
Note (3): Mainly represents USD debt at corporate level

Ports and Related Services

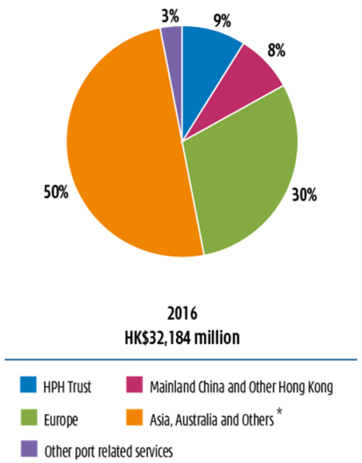
	2016(1) HK$ millions	2015(1) HK$ millions	Change %	Change % in local currency
Total Revenue	32,184	34,009	-5%	-
EBITDA	11,639	11,964	-3%	+2%
EBIT	7,567	7,957	-5%	-
Throughput	81.4 million TEU	83.8 million TEU	-3%	NA

- Throughput declined by 3% to 81.4 million TEU in 2016, mainly due to the weak intra-Asia and transhipment cargoes in Hong Kong and competition in Rotterdam, but revenue in local currencies remained flat compared to last year.
- In local currencies, EBITDA increased by 2%, primarily driven by better performances in Alexandria Port in Egypt and the Mexican Ports, and a gain on disposal of the Huizhou ports, partly offset by the deconsolidation impact of the Jakarta operations, which ceased to be a subsidiary and is accounted for as a joint venture following the dilution of interests in 2015; and lower contribution from ECT in Rotterdam and IPS in Dammam due to fierce competition from new competitors. EBIT in local currencies remained flat mainly due to higher amortisation charge on the renewed concession of the Jakarta operations.
- The division had 275 operating berths(2) as at 31 December 2016, representing an increase of 6 berths during 2016, due to new berths commencing operations in Yantian (4), Malaysia (1) and Pakistan (1).

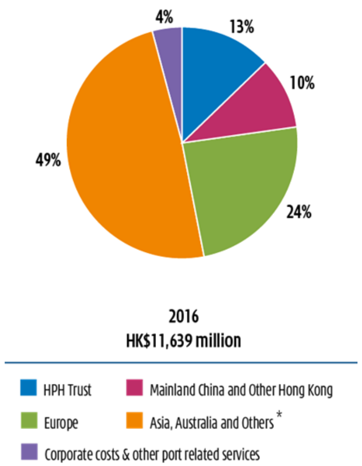
Total Container Throughput (-3%)
by Subdivision



Total Revenue
(-5% in reported currency)
by Subdivision



Total EBITDA
(-3% in reported currency)
by Subdivision



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

Outlook

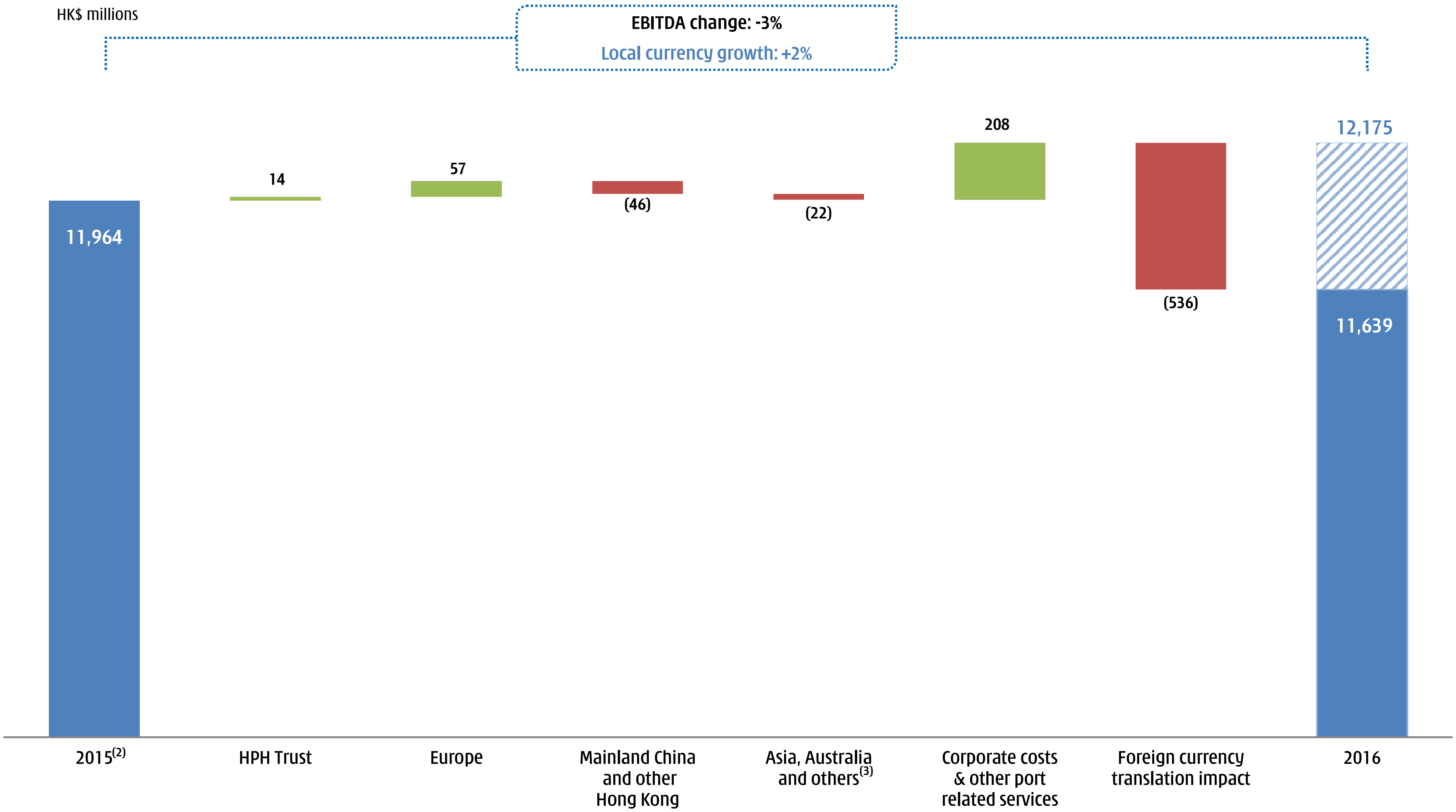
- This division will continue to focus on enhancing service capabilities and efficiencies in order to maintain a stable contribution in 2017. A cautious approach will be maintained along with rigorous cost discipline in light of the uncertain global trade outlook and potential impact on the Group's businesses of structural changes in shipping line alliances.

Note (1): Total Revenue, EBITDA and EBIT were adjusted to exclude non-controlling interests' share of results of HPH Trust. 2015 pro forma results assumed the Reorganisation was effective on 1 January 2015.

Note (2): Based on 300 metres per berth and is computed by dividing the total berth length by 300 metres.

Ports and Related Services

EBITDA[1] Change



Note (1): EBITDA has been adjusted to exclude non-controlling interests' share of EBITDA of HPH Trust.

Note (2): 2015 pro forma results assumed the Reorganisation was effective 1 January 2015.

Note (3): Asia, Australia and others includes Panama, Mexico and the Middle East.

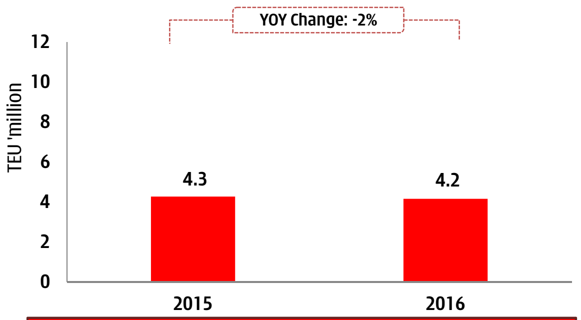
- represents adverse foreign exchange translation impact

Ports and Related Services

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

European Operations

Throughput



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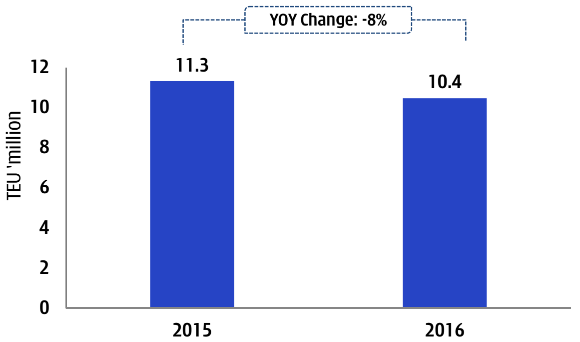
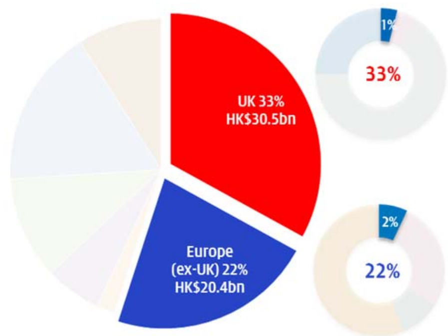
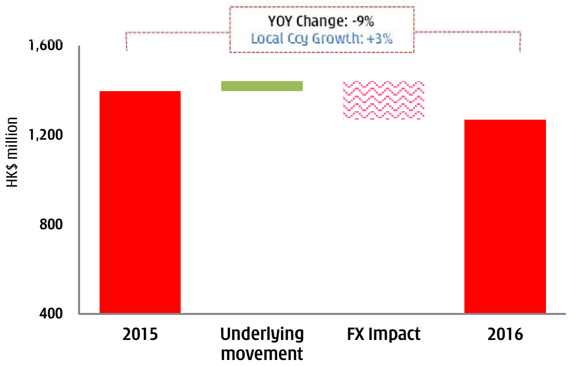


Europe (ex-UK)

EBITDA





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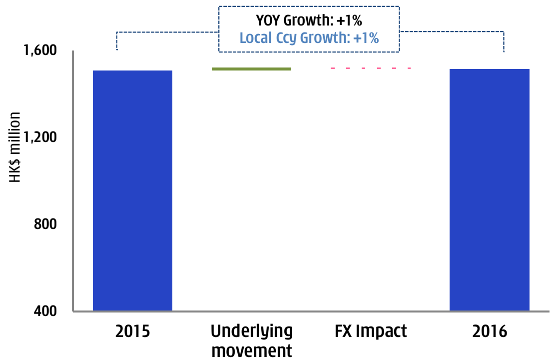
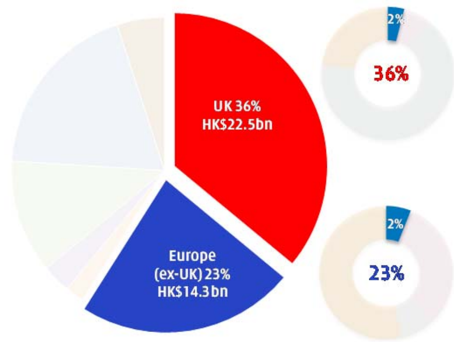
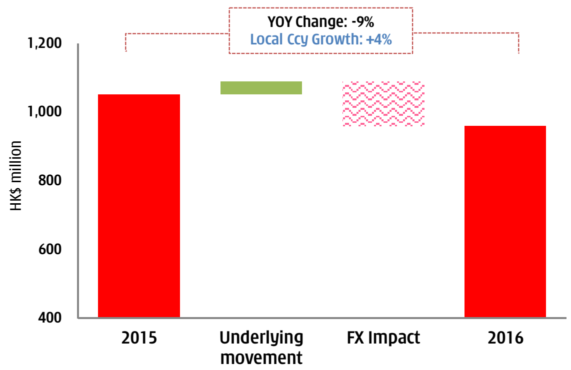


Europe (ex-UK)

EBIT





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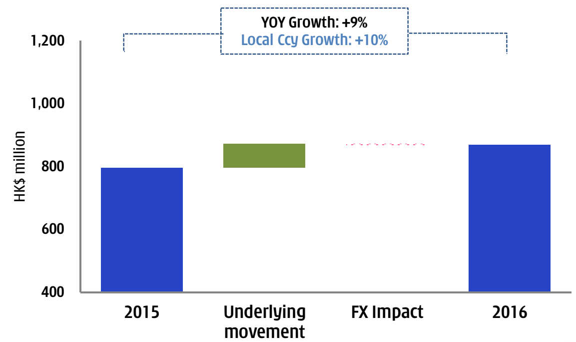
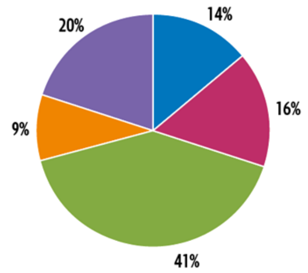


Europe (ex-UK)

Retail

	2016 HK$ millions	2015 HK$ millions	Change %	Change % in local currency
Total Revenue	151,502	151,903	-	+3%
EBITDA	14,567	14,838	-2%	+3%
EBIT	12,059	12,328	-2%	+3%
Store Numbers	13,331	12,400	+8%	NA

Total Revenue (Flat in reported currency) by Subdivision



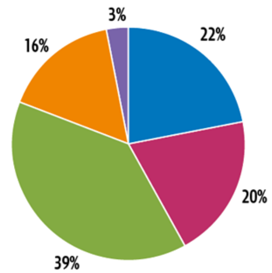
2016
HK$151,502 million

- Health & Beauty China
- Health & Beauty Asia
- Health & Beauty Western Europe
- Health & Beauty Eastern Europe
- Other Retail

Total Revenue	2016 HK$ millions	2015 HK$ millions	Change %	Change % in local currency
H&B China	20,914	21,713	-4%	+2%
H&B Asia[1]	23,814	22,014	+8%	+11%
H&B China & Asia Subtotal	44,728	43,727	+2%	+6%
H&B Western Europe	61,584	60,045	+3%	+7%
H&B Eastern Europe[1]	13,076	12,157	+8%	+13%
H&B Europe Subtotal	74,660	72,202	+3%	+8%
H&B Subtotal	119,388	115,929	+3%	+8%
Other Retail[2]	32,114	35,974	-11%	-10%
Total Retail	151,502	151,903	-	+3%

	Store Numbers			Comparable Stores Sales Growth[3] (%)	
	2016 Stores	2015 Stores	Change %	2016	2015
H&B China	2,929	2,483	+18%	-10.1%	-5.1%
H&B Asia[1]	2,603	2,361	+10%	+1.9%	+1.5%
H&B China & Asia Subtotal	5,532	4,844	+14%	-4.0%	-1.7%
H&B Western Europe	5,190	5,056	+3%	+3.7%	+4.0%
H&B Eastern Europe[1]	2,138	2,006	+7%	+4.6%	+5.3%
H&B Europe Subtotal	7,328	7,062	+4%	+3.8%	+4.2%
H&B Subtotal	12,860	11,906	+8%	+1.0%	+2.2%
Other Retail[2]	471	494	-5%	-8.2%	+0.4%
Total Retail	13,331	12,400	+8%	-0.8%	+1.9%

Total Retail Store Numbers (+8%) by Subdivision



2016
Total Stores: 13,331

- Health & Beauty China
- Health & Beauty Asia
- Health & Beauty Western Europe
- Health & Beauty Eastern Europe
- Other Retail

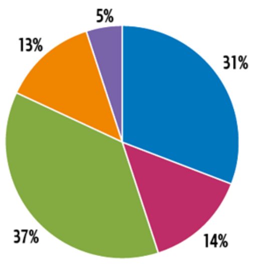
Note (1): Watsons Turkey had been reclassified to H&B Asia from H&B Eastern Europe.

Note (2): Other Retail includes PARKnSHOP, Fortress, Watson's Wine and manufacturing operations for water and beverage businesses.

Note (3): Comparable stores sales growth represents the % 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.

Retail

EBITDA
(-2% in reported currency)
by Subdivision



2016
HK$14,567 million

EBITDA	2016 HK$ millions	2016 EBITDA Margin %	2015 HK$ millions	2015 EBITDA Margin %	Change %	Change % in local currency
H&B China	4,556	22%	4,756	22%	-4%	+1%
H&B Asia[1]	2,009	8%	1,936	9%	+4%	+8%
H&B China & Asia Subtotal	6,565	15%	6,692	15%	-2%	+3%
H&B Western Europe	5,372	9%	5,277	9%	+2%	+8%
H&B Eastern Europe[1]	1,869	14%	1,724	14%	+8%	+14%
H&B Europe Subtotal	7,241	10%	7,001	10%	+3%	+9%
H&B Subtotal	13,806	12%	13,693	12%	+1%	+6%
Other Retail[2]	761	2%	1,145	3%	-34%	-34%
Total Retail	14,567	10%	14,838	10%	-2%	+3%

Note (1): Watsons Turkey had been reclassified to H&B Asia from H&B Eastern Europe.
Note (2): Other Retail includes PARKnSHOP, Fortress, Watson's Wine and manufacturing operations for water and beverage businesses.

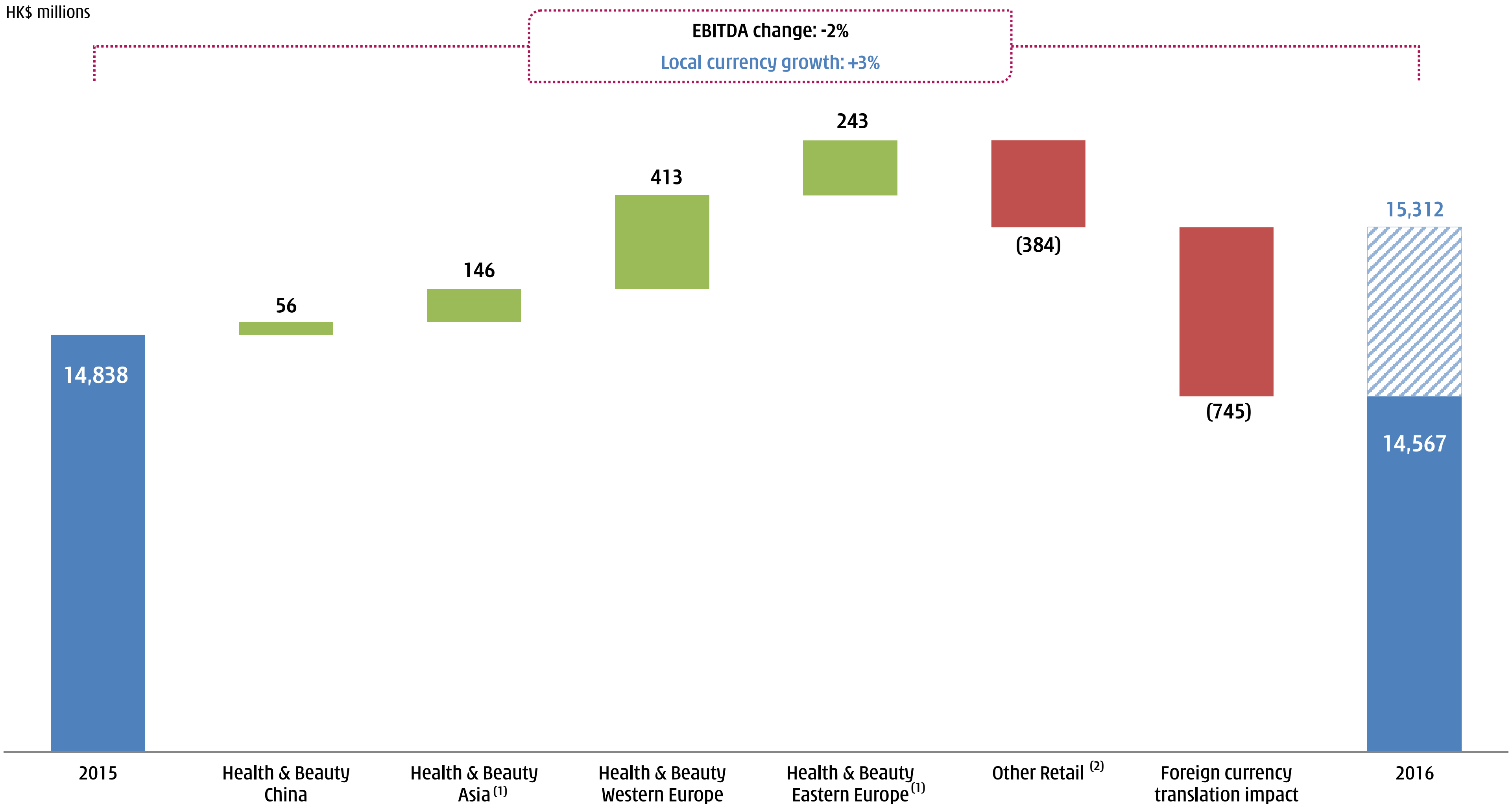
- The Health & Beauty ("H&B") segment, which represents 95% of the division's EBITDA, reported strong growth rates with EBITDA grew 6% in local currencies, driven by an 8% increase in number of stores to 12,860 stores as at 31 December 2016.
- The H&B segment overall had a net opening of 954 new stores in 2016, of which 72% were in the Mainland and certain Asian countries. On average, new store payback was 10 months in 2016.
- In the Mainland & Asia, EBITDA in local currency grew by 3%. Majority of the Health and Beauty operations in Asia have reported encouraging growth rates.
- Watsons China, the largest profit contributor to this division, was negatively impacted by a 5% RMB depreciation in reported currency. In local currency, EBITDA grew 1%, while EBIT remained stable against last year with the expansion of its store portfolio offsetting comparable stores sales declines in mature stores.
- Of the stores with full 12 months' trading at the end of 2016 in Watsons China, the average new store payback was 9 months. Stores in Tiers 2 and 3 cities such as Chengdu, Wuhan, Hangzhou and Zhengzhou have achieved an even shorter payback period. In 2017, Watson China will continue to focus on developing cities in Tiers 2 and 3 as well as implement strategic programs which focus on revitalising the mature stores through renovation, store segmentation and cost control measures. Initial results are positive.
- In Europe, the 9% improvement in EBITDA in local currencies has been an encouraging trading performance against a continuing weak economic environment. In particular the UK reported an impressive comparable store growth rates of 6.9 % for 2016.

Outlook

- Strategically, the retail division plans net openings of over 1,000 stores in 2017, with 65% under the Health and Beauty format in the Mainland and Asia. Operationally, the division will continue to focus on promoting its own brand products, enhancing its customer relationship management activities and developing Big Data and e-commerce capabilities.

Retail

EBITDA Change



Note (1): Watsons Turkey had been reclassified to H&B Asia from H&B Eastern Europe.

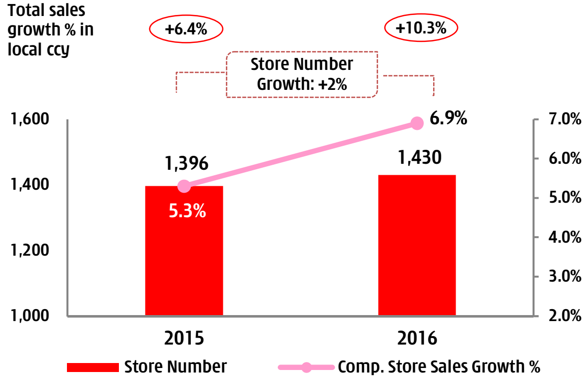
Note (2): Other Retail includes PARKnSHOP, Fortress, Watson's Wine and manufacturing operations for water and beverage businesses.

- represents adverse foreign exchange translation impact

Retail

European Operations

Store Numbers, Total Sales Growth % & Comparable Store Sales Growth %



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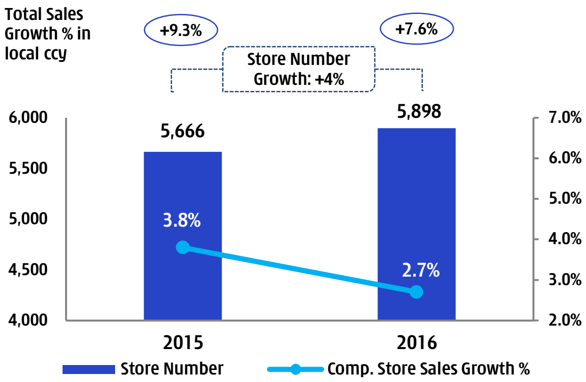
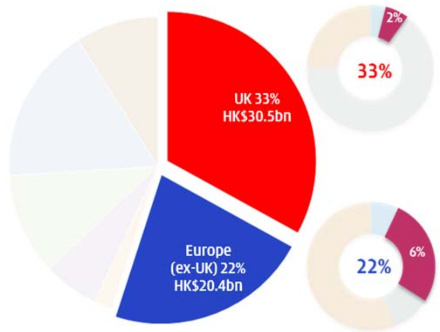
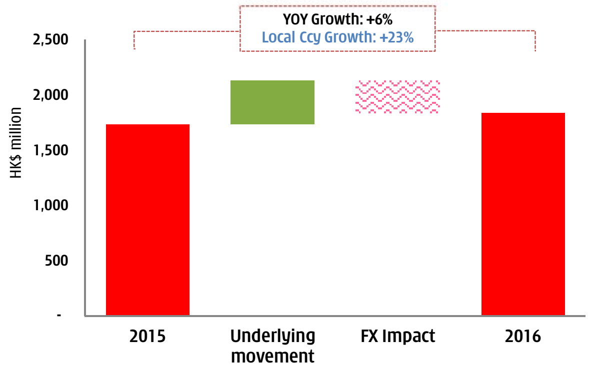


Europe (ex-UK)

EBITDA





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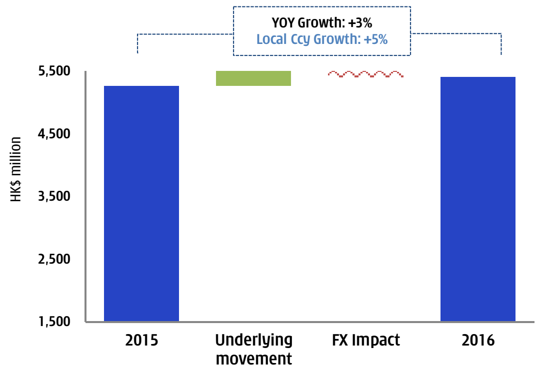
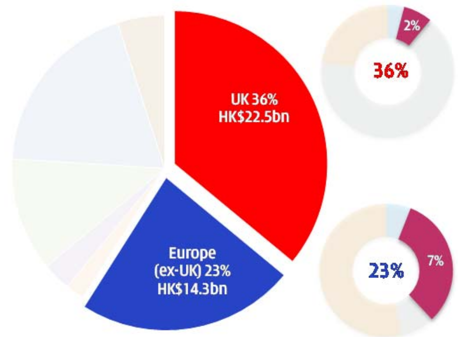
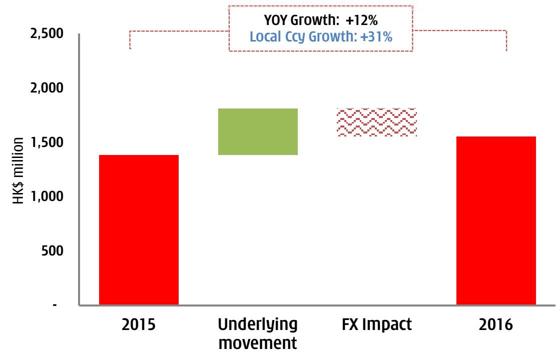


Europe (ex-UK)

EBIT





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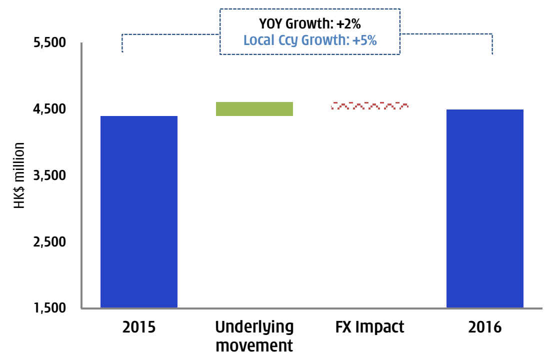


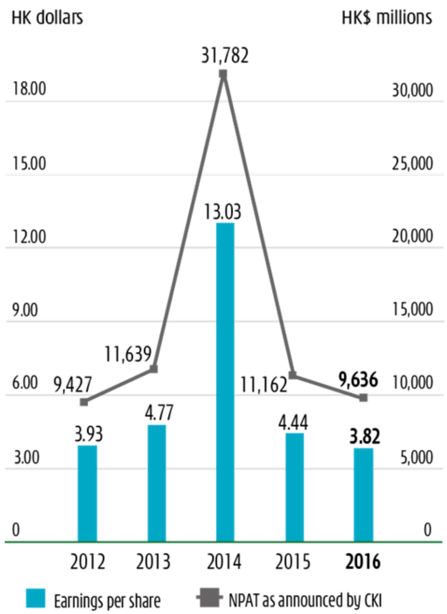
Europe (ex-UK)

Infrastructure

	2016 HK$ millions	2015[1] HK$ millions	Change %	Change % in local currency
Total Revenue	53,211	55,762	-5%	+3%
EBITDA	31,128	32,291	-4%	+5%
EBIT	22,162	23,477	-6%	+3%

Note (1): 2015 pro forma results assumed that the Reorganisation was effective on 1 January 2015.

Earnings per Share and NPAT announced by CKI



- CKI announced profit attributable to shareholders of HK$9,636 million, 14% lower than HK$11,162 million reported last year. During the year, CKI faced many challenges, including volatile exchange rates, in particular British Pound, and the rising interest rates. Despite these influences, CKI's operations around the world performed well and total profit contribution in Hong Kong Dollars was at a similar level to 2015. The reduction in attributable profit was mainly due to a smaller UK deferred tax credit in 2016 than 2015, and the 2015 reversal of provisions and expenses made earlier relating to non-operational matters.
- On 14 March 2017, independent shareholders' approval was obtained for the consortium comprising CKI, Power Assets and Cheung Kong Property Holdings Limited to acquire 100% interest in the DUET Group, owner and operator of energy utility assets in Australia, the United States, the United Kingdom and Europe, which is listed on the Australian Securities Exchange, for an estimated total consideration of approximately A$7.4 billion. Completion of the acquisition is subject to, among other conditions, approval from the Foreign Investment Review Board of Australia and shareholders of the DUET Group.
- The aircraft leasing business was disposed of in December 2016.

Outlook

- CKI will continue to maintain its strong financial position and to grow its global infrastructure portfolio and expanding into new industries with similar investment return attributes.

Infrastructure

European Operations

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

Major Investments

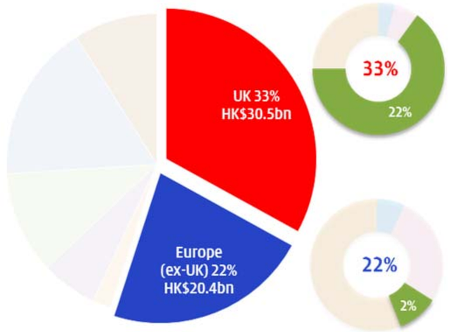
UK

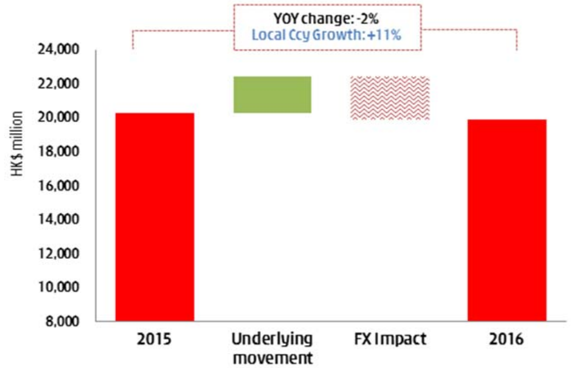
- UK Power Network Holdings *(Regulated)*
- Northumbrian Water Group *(Regulated)*
- Northern Gas Networks *(Regulated)*
- Wales & West Utilities *(Regulated)*
- UK Rails

Europe (ex-UK)

- Dutch Enviro Energy
- Portugal Renewable Energy

EBITDA





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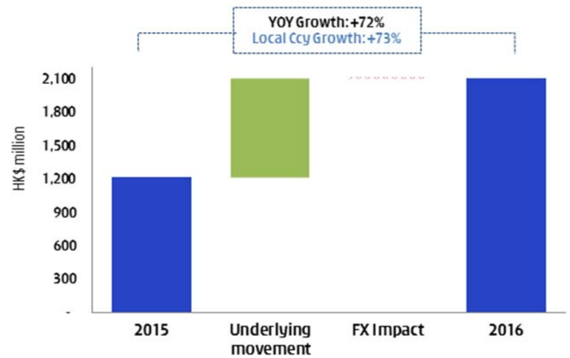
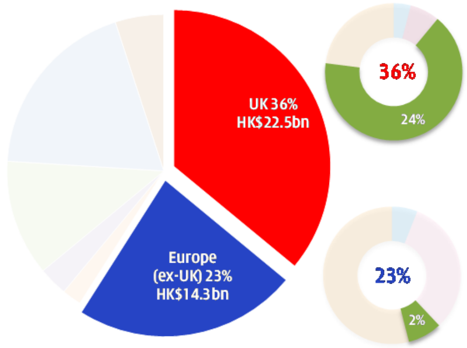
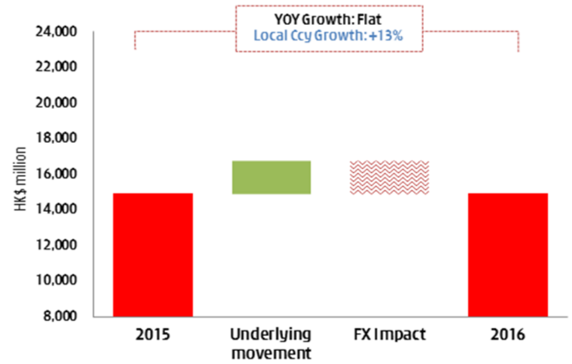


Europe (ex-UK)

EBIT





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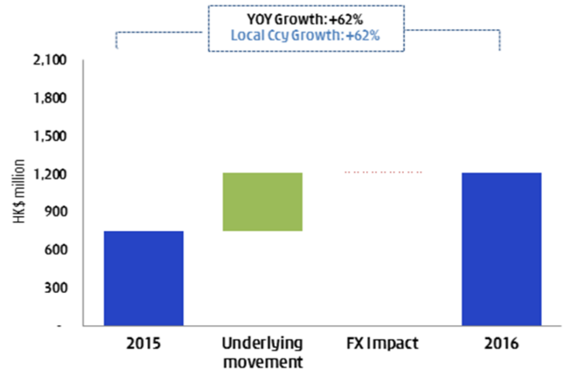


Europe (ex-UK)

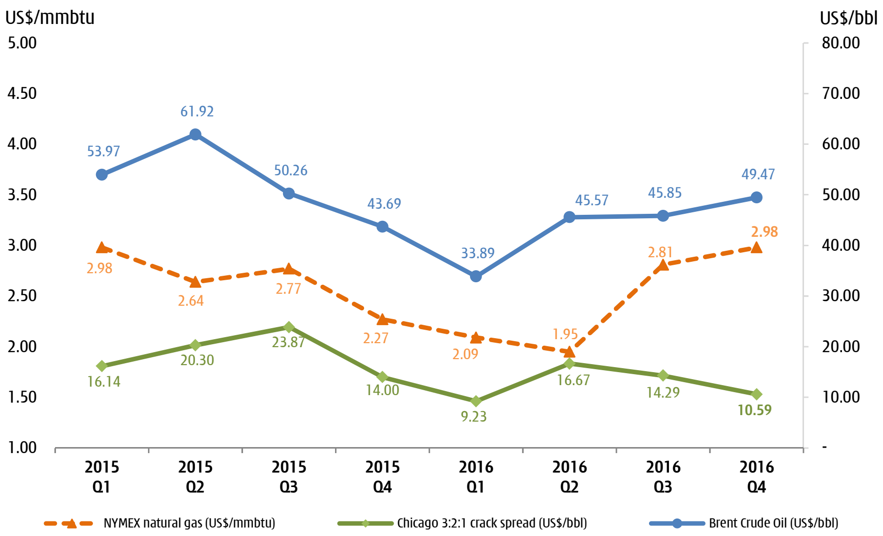
Energy

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

	2016 HK$ millions	2015[(1)] HK$ millions	Change %	Change % in local currency
Total Revenue	30,467	40,029	-24%	-22%
EBITDA	9,284	9,375	-1%	+1%
EBIT	3,429	2,229	+54%	+53%
Average Production	321.2 mboe/day	345.7 mboe/day	-7%	NA

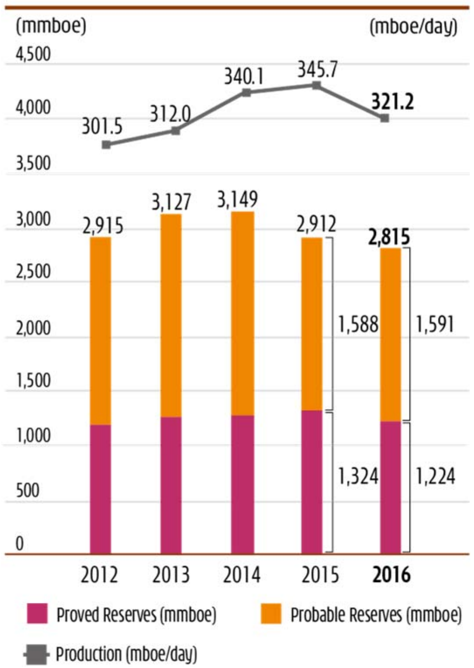
Note (1): 2015 pro forma results assumed that the Reorganisation was effective on 1 January 2015.

Average Benchmark



- Husky Energy's announced net profit of C$922 million in 2016, a turnaround from a net loss of C$3,850 million in 2015, mainly due to the inclusion in 2015 of an after-tax impairment charge of C$3,824 million, against an after-tax gain in 2016 of C$1,316 million on disposal of 65% ownership interest of the midstream assets in the Lloydminster region of Alberta and Saskatchewan to CKI and Power Assets and the gains on sale of royalty interests and legacy crude oil and natural gas assets in Western Canada during the year. These gains were partly offset by the impact of continued low oil and natural gas prices, and lower contribution from the US refineries.
- As the Group rebased Husky Energy's assets to their fair values in the 2015 Reorganisation, the impairment charge and asset write downs recognised by Husky Energy in 2015 had no impact on the Group's reported results, while the Group's share of after-tax gains on disposals in 2016 were approximately HK$3,646 million.
- After translation into HK dollars and including consolidation adjustments, the Group's share of EBITDA decreased 1% but EBIT increased 54% against 2015, which reflect the aforementioned disposals gains being recognised by the Group in 2016 offset by the adverse impact of the low commodity prices. Furthermore, lower DD&A expenses resulted from the various divestments during the year have led to an improvement in the Group's share of EBIT.

Energy



- Average production decreased 7% to 321.2 mboe/day in 2016, mainly due to lower natural gas and natural gas liquids sales from the Liwan Gas Project and from the Western Canadian dispositions, partly offset by the strong performances from the heavy oil thermal projects and the ramp-up of the Sunrise Energy Project.

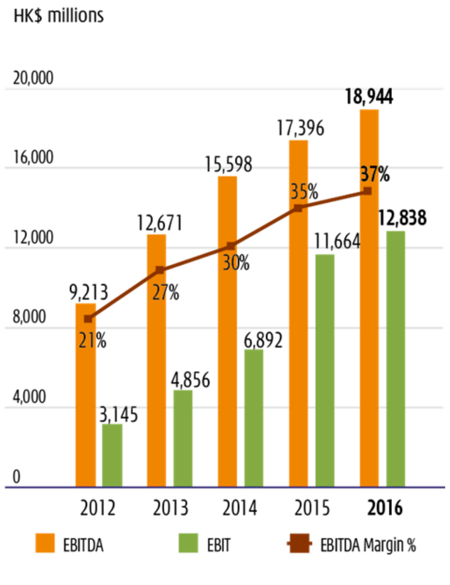
Outlook

- Husky Energy made significant progress in the transition towards a low investment and sustaining capital business during the year. Looking ahead to 2017, Husky Energy will continue to maintain a healthy balance sheet to provide financial flexibility, and focus on its strategy to transition a greater percentage of production to long-life heavy oil thermal production with higher return.

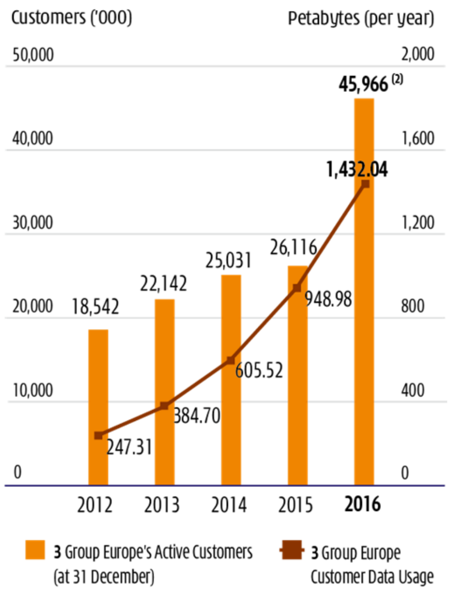
Telecommunications - 3 Group Europe

	2016 HK$ millions	2015[1] HK$ millions	Change %	Change % in local currency
Total Revenue (incl. handset revenue)	62,415	62,799	-1%	+5%
EBITDA	18,944	17,396	+9%	+15%
EBIT	12,838	11,664	+10%	+17%

3 Group Europe - EBITDA & EBIT in reported currency



3 Group Europe's Active Customers and Data Usage



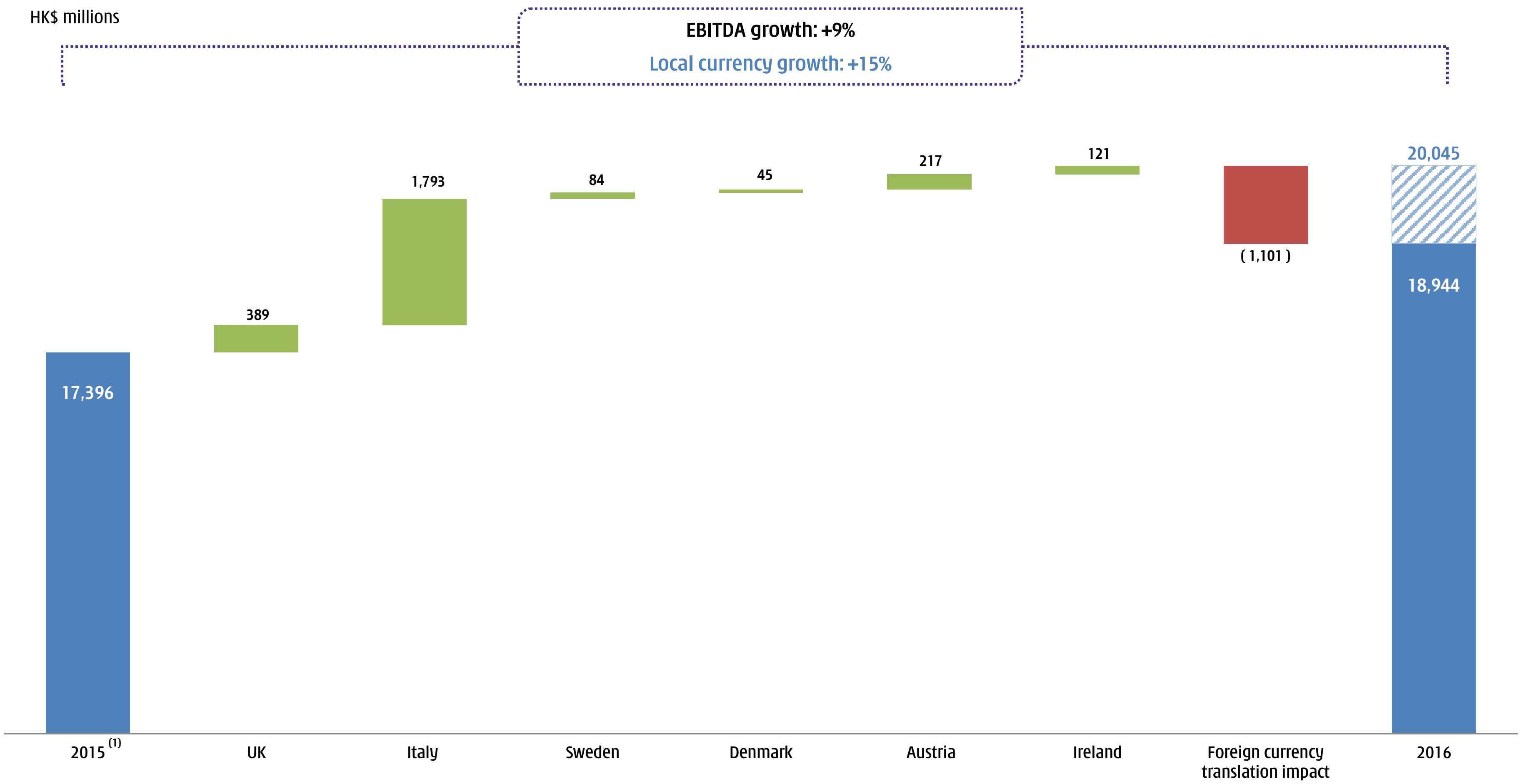
- Following the successful formation of the Italian joint venture, Wind Tre in November 2016, **3** Group Europe's active customers surpassed 45.9 million as at 31 December 2016, an increase of 76%.
- The depreciation of European currencies led to a 1% lower revenue in reported currency when compared to last year, while EBITDA and EBIT in reported currency grew by 9% and 10% respectively. In local currencies, EBITDA and EBIT increased 15% and 17% respectively primarily due to the accretive two months contribution from the Wind Tre joint venture, which is now the largest mobile operator in Italy. All other **3** Group Europe operations also delivered promising results and continued to report underlying operational growth.
- On 6 February 2017, **3** UK entered into an agreement to acquire UK Broadband for a total consideration of £300 million. Completion of the transaction is subject to the fulfillment, or wavier by **3** UK, of a number of conditions precedent specified in the share purchase agreement by 31 July 2017. This acquisition provides **3** UK with additional mobile spectrum, which may be used for a future launch of 5G services, and also allows **3** UK to pursue a new segment opportunity in home broadband.

Note (1): 2015 pro forma results assumed the Reorganisation was effective on 1 January 2015.

Note (2): Includes approximately 18.9 million of active mobile customers added upon the formation of the joint venture, Wind Tre in Italy.

Telecommunications - 3 Group Europe

EBITDA Growth



Note (1): 2015 pro forma results assumed he Reorganisation was effective on 1 January 2015.

- represents adverse foreign exchange translation impact

Telecommunications - 3 Group Europe

Results by operations

In millions	UK *GBP*		Italy *EURO*				Sweden *SEK*		Denmark *DKK*		Austria *EURO*		Ireland *EURO*		3 Group Europe *HK$*	
	2016	2015 (1)	2016 (Jan-Oct) (2)	2016 (Nov-Dec) (3)	2016 Total	2015 (1)	2016	2015 (1)	2016	2015 (1)	2016	2015 (1)	2016	2015 (1)	2016	2015 (1)
Total Revenue	2,276	2,195	1,553	489	2,042	1,825	7,221	7,019	2,127	2,078	772	736	655	689	62,415	62,799
% Improvement (Reduction)	*4%*				*12%*		*3%*		*2%*		*5%*		*-5%*		*-1%*	
														Local currency change %	*5%*	
- Net Customer Service Revenue	1,599	1,573	1,291	451	1,742	1,478	4,854	4,657	1,913	1,802	624	613	504	549	47,877	47,713
% Improvement (Reduction)	*2%*				*18%*		*4%*		*6%*		*2%*		*-8%*		*-*	
														Local currency change %	*5%*	
- Handset Revenue	531	549	231	30	261	297	2,047	2,073	86	178	125	99	81	79	11,446	12,696
- Other Revenue	146	73	31	8	39	50	320	289	128	98	23	24	70	61	3,092	2,390
Net Customer Service Margin (4)	1,399	1,363	1,018	361	1,379	1,153	4,149	3,995	1,591	1,571	529	514	420	448	40,121	39,825
% Improvement (Reduction)	*3%*				*20%*		*4%*		*1%*		*3%*		*-6%*		*1%*	
														Local currency change %	*6%*	
Net Customer Service Margin %	87%	87%	79%	80%	79%	78%	85%	86%	83%	87%	85%	84%	83%	82%	84%	83%
Other margin	35	18	26	7	33	48	139	101	82	52	20	16	44	30	1,632	1,187
TOTAL CACs	(751)	(764)	(442)	(47)	(489)	(560)	(2,790)	(2,806)	(311)	(433)	(166)	(132)	(122)	(127)	(17,354)	(19,169)
Less: Handset Revenue	531	549	231	30	261	297	2,047	2,073	86	178	125	99	81	79	11,446	12,696
Total CACs (net of handset revenue)	(220)	(215)	(211)	(17)	(228)	(263)	(743)	(733)	(225)	(255)	(41)	(33)	(41)	(48)	(5,908)	(6,473)
Operating Expenses	(495)	(480)	(554)	(142)	(696)	(662)	(1,429)	(1,338)	(705)	(664)	(166)	(181)	(235)	(256)	(16,901)	(17,143)
Opex as a % of net customer service margin	35%	35%	54%	39%	51%	57%	34%	33%	44%	42%	31%	35%	56%	57%	42%	43%
EBITDA	719	686	279	209	488	276	2,116	2,025	743	704	342	316	188	174	18,944	17,396
% Improvement (Reduction)	*5%*				*77%*		*5%*		*6%*		*8%*		*8%*		*9%*	
														Local currency change %	*15%*	
EBITDA margin % (5)	41%	42%	21%	46%	27%	18%	41%	41%	36%	37%	53%	50%	33%	29%	37%	35%
Depreciation & Amortisation	(223)	(225)	(125)	(40)	(165)	(119)	(607)	(653)	(283)	(274)	(97)	(64)	(76)	(65)	(6,106)	(5,732)
EBIT	496	461	154	169	323	157	1,509	1,372	460	430	245	252	112	109	12,838	11,664
% Improvement (Reduction)	*8%*				*106%*		*10%*		*7%*		*-3%*		*3%*		*10%*	
														Local currency change %	*17%*	
Capex (excluding licence)	(352)	(358)	(189)			(446)	(796)	(809)	(209)	(161)	(90)	(116)	(103)	(132)		
EBITDA less Capex	367	328	90			(170)	1,320	1,216	534	543	252	200	85	42		
Licence (6)	-	(212)	-			-	(100)	-	(292)	-	-	-	-	-		

Note (1): 2015 pro forma results assumed the Reorganisation was effective on 1 January 2015.

Note (2): Includes 10 months (January to October 2016) of 3 Italy's standalone results.

Note (3): Includes the Group's 50% share of two months (November to December 2016) Wind Tre's results, of which the Group's share of fixed line business revenue was €93.8 million and EBITDA was €38.0 million.

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

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

Note (6): Licence for Sweden and Denmark represented investment for 2x5 MHz and 2x30 MHz (both in 1800 MHz band) in 2016 respectively.

Telecommunications - Wind Tre, Italy

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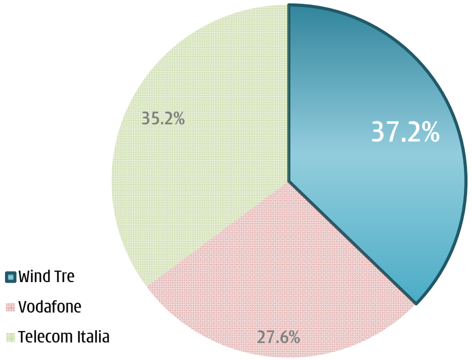
Wind Tre Joint Venture

(Formation on 5 November 2016)

Mobile Customer Market Share (at the end of 2016)



2 months P&L Impact (November & December 2016)

€ millions	Wind Tre combined results (50% share)	CKHH's consolidation adjustments (2)	CKHH's share of Wind Tre
Revenue	596	(107)	489
EBITDA before integration cost	208	1	209
EBITDA after integration cost	178	31	209
EBIT before impairment	71	98	169
EBIT after impairment	(799)	968	169

Cash Generation Targets

NPV of synergies: € 5bn (from network, commercial and G&A cost)

Annual run-rate: € 700mn (90% realised by late-2019)

Remedy taker contract: Operating FCF (5) impact of › € 800mn over next 5 years from:

› €450mn from divesting 2 x 35 MHz spectrum

› Sales/Co-location of 8,000 cell sites

› 5-Year National Roaming Agreement

Distribution to Shareholders

Net Debt / EBITDA (3)	% of FCF (4) payout
‹ 4.0x	40%
‹ 3.5x	60%
‹ 3.0x	80%

Note (1): Wind Tre registered mobile customers as at 31 December 2016.

Note (2): For revenue, the consolidation adjustments mainly represent reclassification of the handset and other revenue arising from customer acquisition and retention activities to conform with the Group's definition of revenue. Upon formation of the joint venture, the accounting standards require the Group to account for the joint venture's assets and liabilities at fair value. Accordingly, provisions for commitments, onerous contracts and guarantees had been made and a lower valuation had been assigned by the Group to the assets of the telecommunications businesses in Italy as a result of the formation of the joint venture. These provisions and lower values are required to be reflected in the Group's consolidated financial statements as a result of the accounting standards applicable to the formation of the joint venture. Consequently, adjustments to EBITDA and EBIT of the telecommunications businesses in Italy have been made when the Group's 50% interest in the joint venture is incorporated into the Group's consolidated results.

Note (3): Wind Tre's net debt / EBITDA as at 31 December 2016 was 4.2x and was calculated based on the joint venture's external net debt of €9,230 million as at 31 December 2016 and EBITDA before integration cost of €2,184 million based on the combined results for FY2016.

Note (4): Represents net cash from operating activities less net cash used in investing activities.

Note (5): Represents EBITDA less capex (excluding licences) including proceeds from spectrum and sites transfer.

Telecommunications - 3 Group Europe

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Key Business Indicators

Key business indicators for the 3 Group Europe's businesses are as follows:

	UK	Italy[2]	Sweden	Denmark	Austria	Ireland	3 Group Europe
Customer Base - Registered Customers at 31 December 2016 ('000)							
Contract	6,436	7,085	1,775	787	2,517	1,208	19,808
% Variance (December 2016 vs December 2015)	4%	29%	1%	4%	1%	3%	11%
Non-contract	4,973	24,258	293	449	1,277	1,791	33,041
% Variance (December 2016 vs December 2015)	8%	430%	15%	8%	-2%	14%	160%
Total	11,409	31,343	2,068	1,236	3,794	2,999	52,849
% Variance (December 2016 vs December 2015)	6%	211%	3%	5%	-	9%	73%

	UK	Italy[2]	Sweden	Denmark	Austria	Ireland	3 Group Europe
Customer Base - Active Customers[1] at 31 December 2016 ('000)							
Contract	6,320	6,752	1,775	787	2,510	1,181	19,325
% Variance (December 2016 vs December 2015)	4%	25%	1%	4%	2%	3%	10%
Non-contract	2,859	21,833	213	414	434	888	26,641
% Variance (December 2016 vs December 2015)	-1%	486%	31%	5%	-3%	-1%	213%
Total	9,179	28,585	1,988	1,201	2,944	2,069	45,966
% Variance (December 2016 vs December 2015)	2%	213%	3%	4%	1%	2%	76%

Note (1): An active customer is one that generated revenue from an outgoing call, incoming call or data/content service in the preceding three months.

Note (2): Includes approximately 20.5 million of registered mobile customers and approximately 18.9 million of active mobile customers added upon the formation of the joint venture, Wind Tre, but excludes approximately 2.7 million of fixed line customers.

Telecommunications - 3 Group Europe

Key Business Indicators

	UK	Italy (4)	Sweden	Denmark	Austria	Ireland	3 Group Europe Average
12-month Trailing Average Revenue per Active User ("ARPU")(1) to 31 December 2016							
Contract ARPU(1)	£25.94	€16.92	SEK307.46	DKK169.32	€22.66	€29.21	€25.26
Non-contract ARPU(1)	£5.62	€10.08	SEK128.35	DKK98.03	€9.90	€15.92	€9.85
Blended Total ARPU(1)	£19.24	€13.24	SEK290.22	DKK145.04	€20.72	€23.44	€19.21
% Variance compared to 31 December 2015	*-4%*	*-5%*	*-*	*-1%*	*1%*	*-5%*	*-12%*
12-month Trailing Net Average Revenue per Active User ("Net ARPU")(2) to 31 December 2016							
Contract Net ARPU(2)	£19.00	€16.92	SEK211.85	DKK154.62	€19.34	€24.19	€20.54
Non-contract Net ARPU(2)	£5.62	€10.08	SEK128.35	DKK98.03	€9.90	€15.92	€9.85
Blended Total Net ARPU(2)	£14.59	€13.24	SEK203.81	DKK135.35	€17.90	€20.60	€16.34
% Variance compared to 31 December 2015	*-2%*	*-5%*	*-3%*	*-*	*1%*	*-9%*	*-10%*
12-month Trailing Net Average Margin per Active User ("Net AMPU")(3) to 31 December 2016							
Contract Net AMPU(3)	£16.58	€13.47	SEK181.20	DKK128.25	€16.33	€20.21	€17.30
Non-Contract Net AMPU(3)	£5.00	€8.23	SEK107.71	DKK81.11	€8.83	€13.15	€8.22
Blended Total Net AMPU(3)	£12.76	€10.65	SEK174.13	DKK112.20	€15.19	€17.15	€13.74
% Variance compared to 31 December 2015	*-1%*	*-2%*	*-3%*	*-5%*	*3%*	*-7%*	*-9%*

Note (1): ARPU equals total monthly revenue, including incoming mobile termination revenue and contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the year.

Note (2): Net ARPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the year.

Note (3): Net AMPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, less direct variable costs (including interconnection charges and roaming costs)(i.e. net customer service margin), divided by the average number of active customers during the year.

*Note (4): Italy's APRU, Net APRU and Net AMPU were calculated based on 10 months (Jan to Oct 2016) of **3** Italy's standalone figures and two months (Nov to Dec 2016) of Wind Tre's figures.*

Telecommunications - 3 Group Europe

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Key Business Indicators

Key business indicators for the 3 Group Europe's businesses are as follows:

2016	UK	Italy	Sweden	Denmark	Austria	Ireland	3 Group Europe Average
Contract customers as a % of the total registered customer base	56%	23%	86%	64%	66%	40%	37%
Contract customers' contribution to the net customer service revenue base (%) (1)	87%	59%	94%	75%	92%	66%	76%
Average monthly churn rate of the total contract registered customer base (%) (1)	1.4%	2.4%	1.7%	2.2%	0.2%	1.5%	1.6%
Active contract customers as a % of the total contract registered customer base	98%	95%	100%	100%	100%	98%	98%
Active customers as a % of the total registered customer base	80%	91%	96%	97%	78%	69%	87%
Full year data usage per active customer (Gigabyte)							51.0

2015	UK	Italy	Sweden	Denmark	Austria	Ireland	3 Group Europe Average
Contract customers as a % of the total registered customer base	57%	55%	87%	65%	66%	43%	58%
Contract customers' contribution to the net customer service revenue base (%)	89%	74%	95%	76%	92%	68%	83%
Average monthly churn rate of the total contract registered customer base (%)	1.5%	2.7%	1.5%	2.8%	0.4%	1.6%	1.8%
Active contract customers as a % of the total contract registered customer base	98%	98%	100%	100%	99%	98%	98%
Active customers as a % of the total registered customer base	83%	90%	96%	98%	77%	74%	85%
Full year data usage per active customer (Gigabyte)							38.1

Note (1): Italy is calculated based on 10 months (Jan to Oct 2016) of 3 Italy's standalone figures and two months (Nov to Dec 2016) of Wind Tre's figures.

Telecommunications - HTHKH & HAT

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HTHKH

	2016 HK$ millions	2015[1] HK$ millions	Change %
Total Revenue	12,133	22,122	-45%
EBITDA	2,607	2,911	-10%
EBIT	1,055	1,426	-26%

- HTHKH announced profit attributable to shareholders of HK$701 million and earnings per share of 14.55 HK cents, a decrease of 23% compared to last year due to lower hardware sales from lower demand, as well as the reduction in mobile roaming revenue.
- HTHKH's combined active mobile customer base in Hong Kong and Macau increased from approximately 3.0 million as of 31 December 2015 to approximately 3.2 million as of 31 December 2016.
- The mobile business has stablised its contract customer declines from Q2-2016 due to a gradual pick up in higher margin contract customers and has reduced its full year churn from 1.8% in 2015 to 1.3% in 2016. The fixed line business provided stable contribution in 2016 from carrier as well as corporate segments.

HAT

	2016 HK$ millions	2015[1] HK$ millions	Change %	Change % in local currency
Total Revenue	8,200	6,900	+19%	+19%
EBITDA	2,298	1,176	+95%	+96%
EBIT	2,130	1,176	+81%	+82%

- HAT had an active customer base of approximately 77.4 million as of 31 December 2016, with Indonesia representing 88% of the base.
- EBITDA of HK$2,298 million and EBIT of HK$2,130 million in 2016 represent a growth of 95% and 81% over last year respectively, primarily driven by the strong data segment growth of the Indonesia operation, partly offset by higher costs associated with the gradual acceptance of the turnkey network contract in various regions in Indonesia.
- After the conversion of the Vietnam operation into a joint stock company in October 2016, the Company will accelerate its network rollout and increase its penetration into the data market segment, while Indonesia and Sri Lanka will also continue to expand its network coverage through effective and efficient rollout strategies in order to meet accelerating data demands in their local markets.

Note (1): 2015 pro forma results assumed that the Reorganisation was effective on 1 January 2015.

Telecommunications
HTAL, share of VHA

- VHA's customer base increased to approximately 5.6 million (including MVNOs) at 31 December 2016.
- HTAL owns 50% of VHA[1] and announced its attributable share of revenue of A$1,673 million, an 8% decrease over last year, driven entirely by the reduction in regulated mobile termination rate for all carriers from 1 January 2016. However, this has minimal impact to the net customer services margin which improved by 2% against 2015.
- Attributable share of EBITDA of A$456 million represented a 12% increase over last year driven by growth in the customer base and good cost controls, correspondingly with lower D&A, reported an attributable share of loss of A$68 million, a reduction of 64% against 2015.
- The above improvements have also resulted in VHA achieving positive free cash flow for the year.
- Recently, VHA ranked as the network with the best combined voice and data performances in major cities[2].
- During 2017, VHA will launch fixed broadband services via National Broadband Network to complement its mobile network and to meet demand from customers seeking a bundled mobile and fixed broadband solution from VHA.

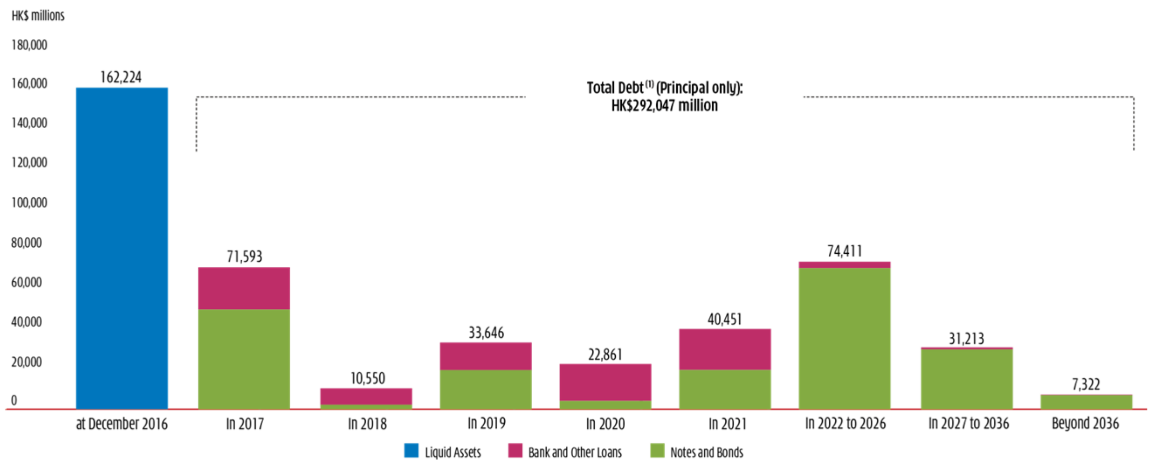
Note (1) : The Group's share of VHA's operating losses continue to be included as a P&L charge under "Others" of the Group's profits on disposal of investments and others line as VHA continues to operate under the leadership of Vodafone under the applicable terms of our shareholders' agreement since 2H 2012.

Note (2) : Cities with population over 100,000

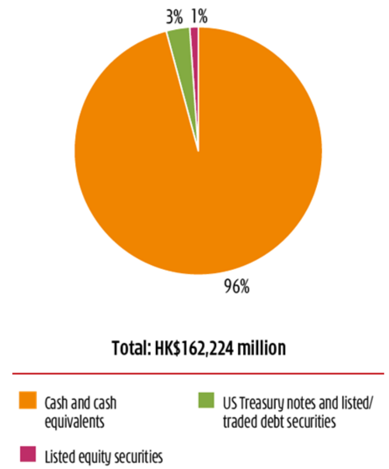
Financial profile

Healthy maturity and liquidity profile

Debt [(1)] Maturity Profile at 31 December 2016 - Principal only



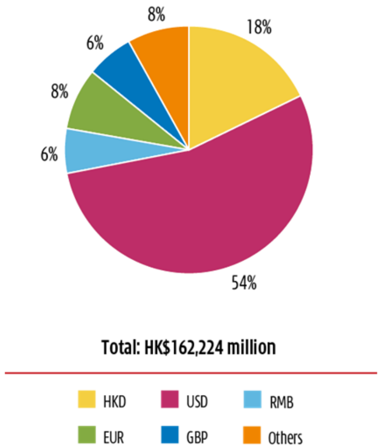
Liquid Assets by Type at 31 December 2016



Net Debt & Credit Ratings as at 31 December 2016

Net Debt	
Net debt [(2)]	HK$141,806 million
Net debt to net total capital ratio[(2)]	20.5%
Credit Ratings	
Moody's	A3
S & P	A-
Fitch	A-

Liquid Assets by Currency Denomination at 31 December 2016



Note (1): Excludes unamortised fair value adjustments arising from acquisitions of HK$11,983 million.

Note (2): Net debt is defined on the Consolidated Statement of Cash Flows. Total bank and other debts are defined, for the purpose of "Net debt" calculation, as the total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions. Net total capital is defined as total bank and other debts plus total equity and loans from non-controlling shareholders net of total cash, liquid funds and other listed investments.

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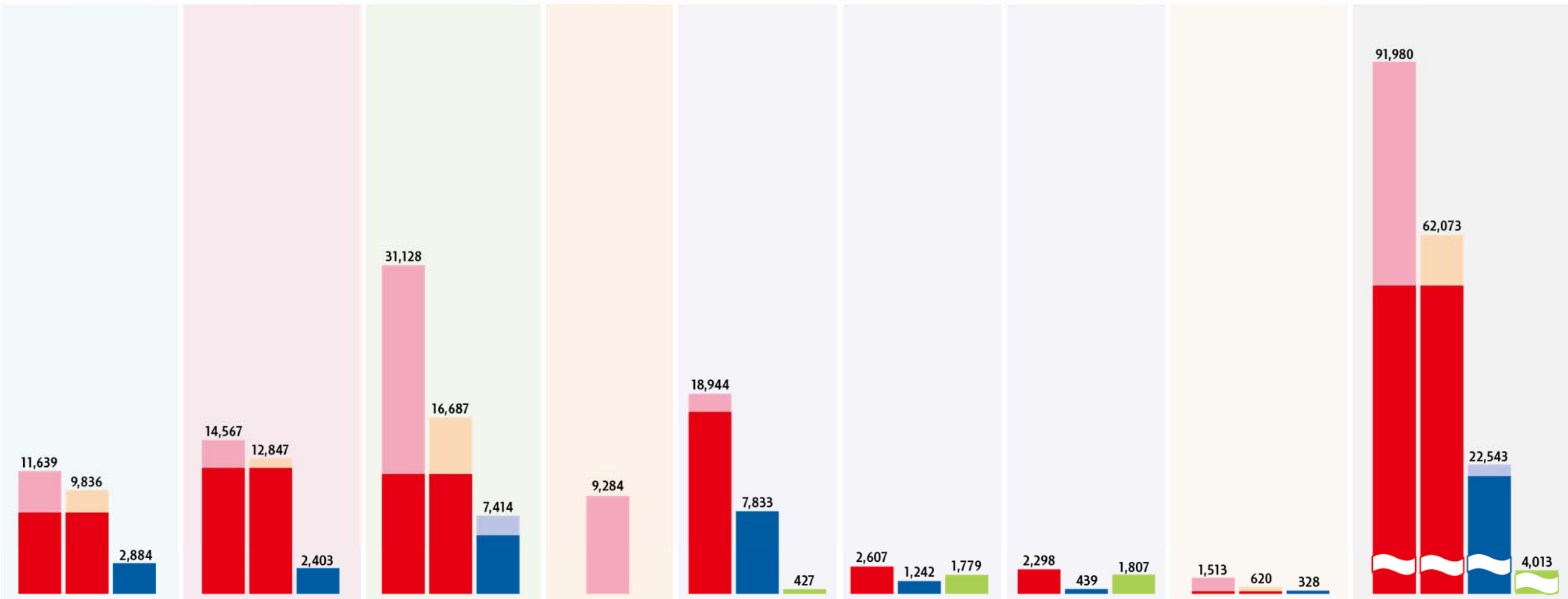
Financial profile

2016 EBITDA, Dividends from Associated Companies & JVs less Capex of Company & Subsidiaries and Investments in Associated Companies & JVs by division

HK$ millions



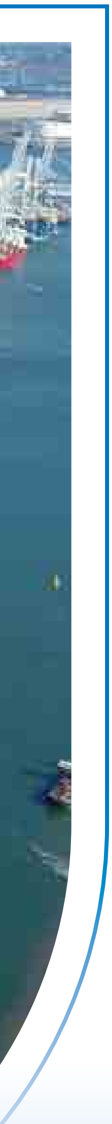
	Ports	Retail	Infrastructure	Energy	3 Group Europe	HTHKH	HAT	F&I and Others	Total
EBITDA [1] - Co & Subsid	7,705	11,949	11,358	-	17,242	2,543	2,298	231	53,326
EBITDA [1] - Asso. & JVs	3,934	2,618	19,770	9,284	1,702	64	-	1,282	38,654
Dividends from Asso. & JVs	2,131	898	5,329	-	-	-	-	389	8,747
Capex	2,884	2,403	5,550	-	7,825	1,171	439	261	20,533
Investment in Asso. & JVs	-	-	1,864	-	8	71	-	67	2,010
Capex - Telecom Licences	-	-	-	-	427	1,779	1,807	-	4,013

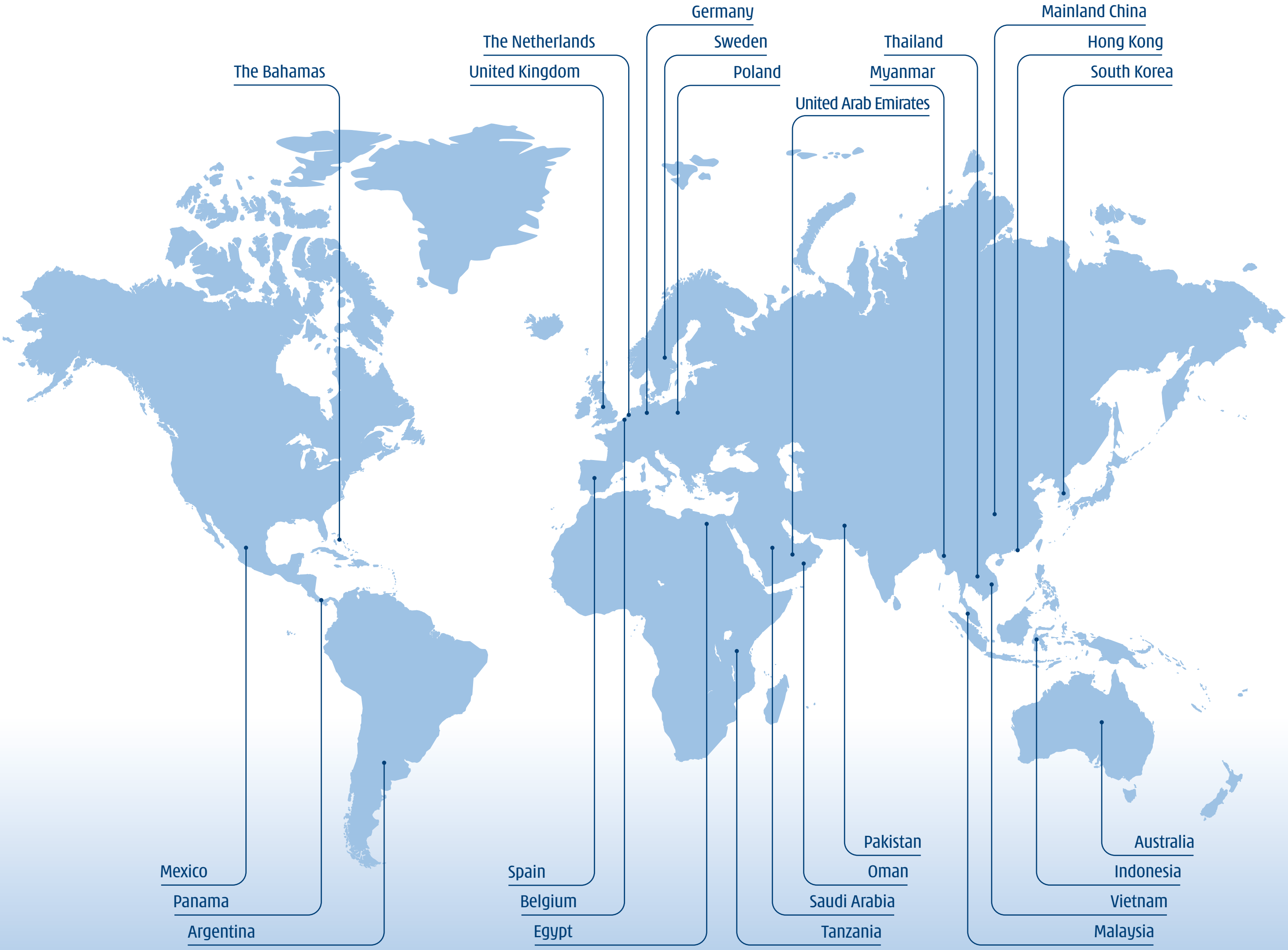
Note (1): EBITDA excludes (i) non-controlling interests' share of results of HPH Trust and (ii) profits on disposal of investments & others.

Operations Review

Europe Container Terminals ("ECT"), in the Netherlands, marks its 50th anniversary.

Ports
and Related Services





1

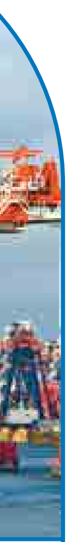
2

3

1. ECT Euromax is one of the most advanced and environmentally-friendly container terminals in the world.

2. Hutchison Ports Sohar is the first operator in Oman to use remote controlled container cranes.

3. BEST in Spain deploys a total of eight ship-to-shore gantry cranes simultaneously for a single operation and achieves a new record of peak Vessel Operating Rate of 221.3 moves per hour.



4

5

6

4. Yantian Phase III Expansion South Berth, in the Mainland, becomes fully operational in May.

5. PPC (Balboa), in Panama, achieves a new milestone by involving over 900 vehicles in a Ro-Ro operation.

6. A 33rd daily rail freight service has been introduced at UK's Port of Felixstowe in July.

This division is one of the world's leading port investors, developers and operators, and has interests in 48 ports comprising 275 operational berths in 25 countries.

Group Performance

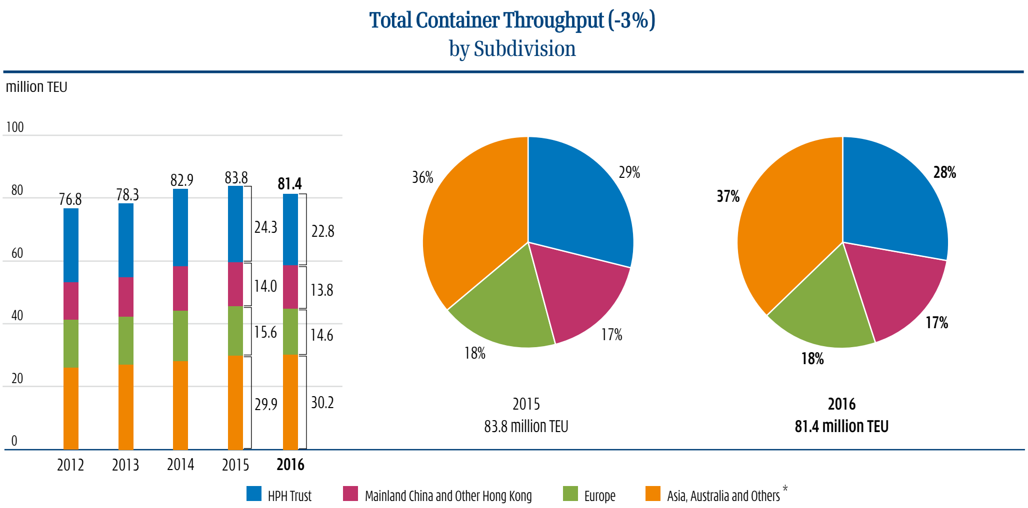
The Group operates container terminals in five of the 10 busiest container ports in the world. The division comprises the Group's 80% interest in the Hutchison Ports group of companies and its 30.07% interest in the HPH Trust, which together handled a total of 81.4 million twenty-foot equivalent units ("TEU") in 2016.

	2016 HK$ millions	2015 [1] HK$ millions	Change	Change in Local Currency
Total Revenue [2]	**32,184**	34,009	-5%	–
EBITDA [2]	**11,639**	11,964	-3%	+2%
EBIT [2]	**7,567**	7,957	-5%	–
Throughput (million TEU)	**81.4**	83.8	-3%	

Note 1: 2015 pro forma total revenue, EBITDA, and EBIT assumed that the Reorganisation was effective on 1 January 2015.

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

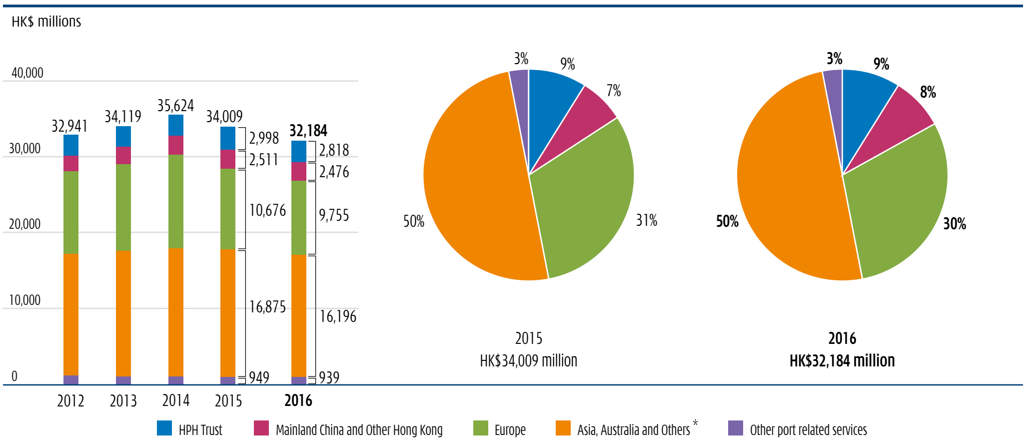
Overall throughput decreased 3% to 81.4 million TEU in 2016, primarily reflecting Hong Kong's weaker Intra-Asia and transhipment cargoes and competitions in Rotterdam.



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

Total revenue decreased 5% to HK$32,184 million in 2016 principally due to the adverse foreign currency translation to Hong Kong dollars. In local currencies, total revenue is flat against last year primarily due to lower throughput from Europe Container Terminals ("ECT") in Rotterdam and International Ports Services ("IPS") in Dammam, Saudi Arabia from new competitions were offset by the better performances in Alexandria Port in Egypt and in the American region.

Total Revenue [3]
by Subdivision

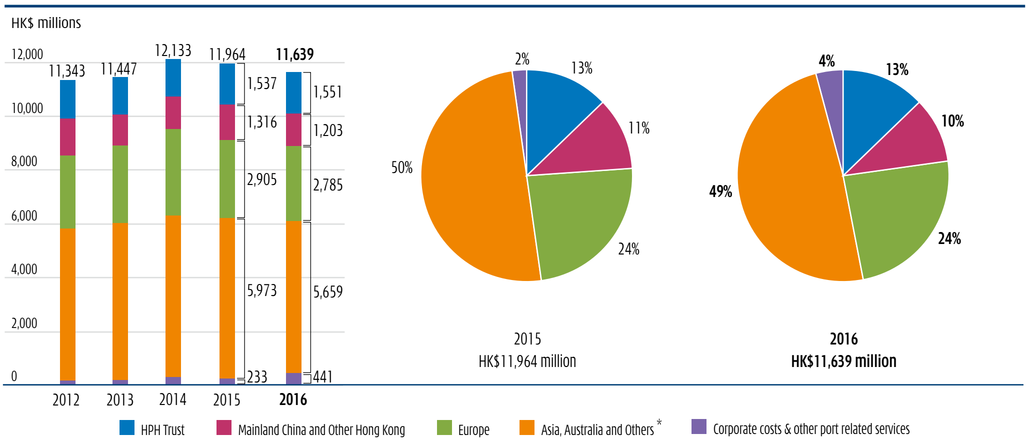


* Asia, Australia and Others includes Panama, Mexico and the Middle East.

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

EBITDA and EBIT for the division decreased 3% and 5% to HK$11,639 million and HK$7,567 million respectively in 2016. In local currencies, EBITDA increased 2% and EBIT remained flat, primarily due to better performances in Alexandria Port in Egypt and the Mexican Ports, and a gain on disposal of the Huizhou's operation, together with lower power and fuel costs, and the continued focus on better cost management through improvements in productivity and efficiency. These improvements however, were partly offset by the deconsolidation impact of the Jakarta operations, which ceased to be a subsidiary and is accounted for as a joint venture following the dilution of interests in 2015, as well as the lower profitability in ECT and IPS due to the factors mentioned previously.

Total EBITDA [4]
by Subdivision



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

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

The division had 275 operating berths [5] as at 31 December 2016, representing an increase of 6 berths during the year due to the new berths commencing operations in Yantian, Malaysia and Pakistan.

Note 5: Based on 300 metres per berth and is computed by dividing the total berth length by 300 metres.

Segment Performance

HPH Trust

	2016 HK$ millions	2015 HK$ millions	Change
Total Revenue [6]	**2,818**	2,998	-6%
EBITDA [6]	**1,551**	1,537	+1%
EBIT [6]	**873**	878	-1%
Throughput (million TEU)	**22.8**	24.3	-6%

Note 6: Total revenue, EBITDA and EBIT have been adjusted to exclude non-controlling interests' share of results of HPH Trust. 2015 pro forma total revenue, EBITDA, and EBIT assumed that the Reorganisation was effective on 1 January 2015.

Overall, throughput and total revenue of the ports operated by HPH Trust both decreased 6% during 2016, mainly attributable to weaker transhipment and intra-Asia cargoes in Hong Kong. Despite the lower revenue, the Group's share of EBITDA and EBIT was broadly in line with the results reported for 2015 due to a rent and rates refund in Hong Kong during the year which offsets the drop in revenue.

Mainland China and Other Hong Kong

	2016 HK$ millions	2015 HK$ millions	Change	Change in Local Currency
Total Revenue	**2,476**	2,511	-1%	+4%
EBITDA	**1,203**	1,316	-9%	-3%
EBIT	**902**	980	-8%	-3%
Throughput (million TEU)	**13.8**	14.0	-1%	

The Mainland China and other Hong Kong segment's revenue growth in local currency was contributed by the increase in revenue and throughput in Shanghai ports, partly offset by the impact on the disposal of the port operations in Gaolan and Jiuzhou during the second half of 2015. Lower EBITDA and EBIT contributions was also due to cessation of value added tax refund for Shanghai Ports during 2016.

Europe

	2016 HK$ millions	2015 HK$ millions	Change	Change in Local Currency
Total Revenue	**9,755**	10,676	-9%	-4%
EBITDA	**2,785**	2,905	-4%	+2%
EBIT	**1,828**	1,846	-1%	+6%
Throughput (million TEU)	**14.6**	15.6	-6%	

The decline in performance in the Europe segment during the year is attributable to the adverse foreign currency translation impact to Hong Kong dollars and the impact of the intense competition in Rotterdam. In local currencies, the growth in EBITDA and EBIT is mainly due to the contributions from the ports in the UK and Barcelona, while ECT partly compensated the lower revenue through cost control measures.

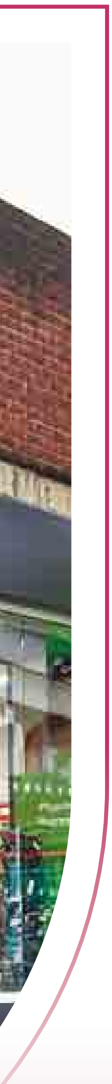
Asia, Australia and Others

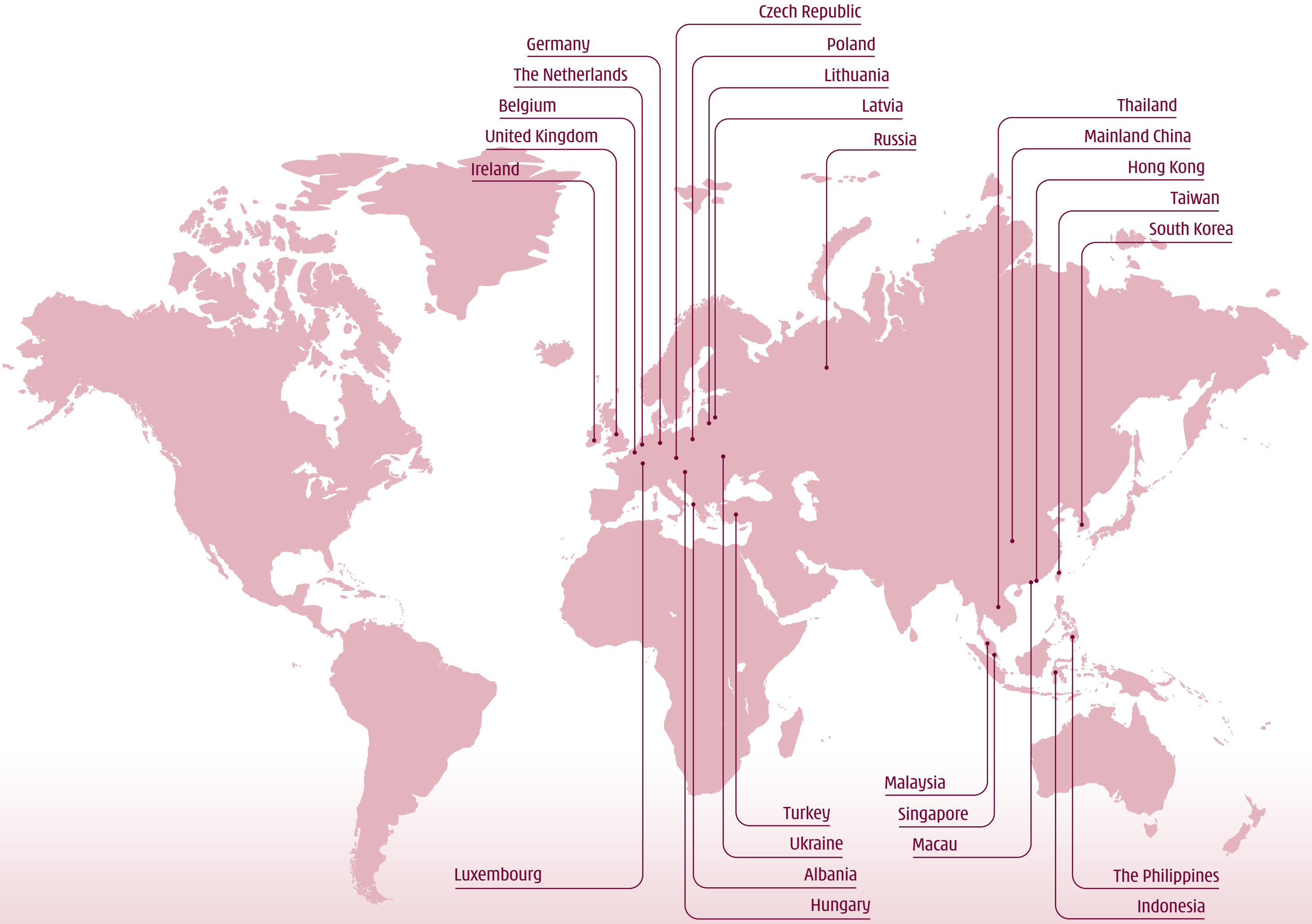
	2016 HK$ millions	2015 HK$ millions	Change	Change in Local Currency
Total Revenue	**16,196**	16,875	-4%	+2%
EBITDA	**5,659**	5,973	-5%	–
EBIT	**3,774**	4,262	-11%	-6%
Throughput (million TEU)	**30.2**	29.9	+1%	

The adverse impact of exchange rate movements resulted in a decline in the contribution from the Asia, Australia and others segment during 2016. In local currencies, total revenue increased by 2%, mainly due to throughput-driven growth of the port operations in most countries; except for Jakarta ports in Indonesia which was affected by the deconsolidation impact and slow economy, the fierce competition experienced by IPS and weaker transhipment cargoes in Panama, as well as the impact of the hurricane at the Bahamas operations.

Superdrug operates over 780 stores in the UK and Ireland.

Retail





Czech Republic
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Poland
The Netherlands
Lithuania
Belgium
Latvia
United Kingdom
Russia
Ireland
Thailand
Mainland China
Hong Kong
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The Philippines
Indonesia

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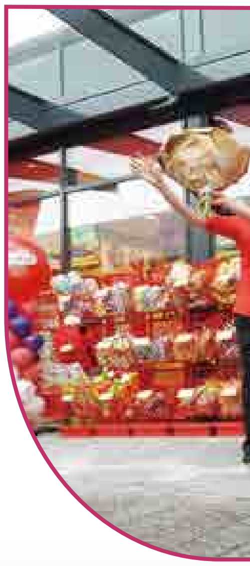

2

1. In Europe, ICI PARIS XL receives overwhelming response to the launch of a new line of high performance cosmetics brand.

2. Watsons China store number exceeds 2,900.

3

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3. Savers in the UK achieves 10th on *The Sunday Times* 30 Best Big Companies to Work For 2017, and it is also the top placed retailer in the UK on the ranking.

4. Kruidvat opens its first Green Store in Tilburg and has received an A++++ energy label, the highest rating achievable.

5. Watsons bébé, a new concept store in Hong Kong for babies and new parents, offers a wide selection of maternal and baby products.

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

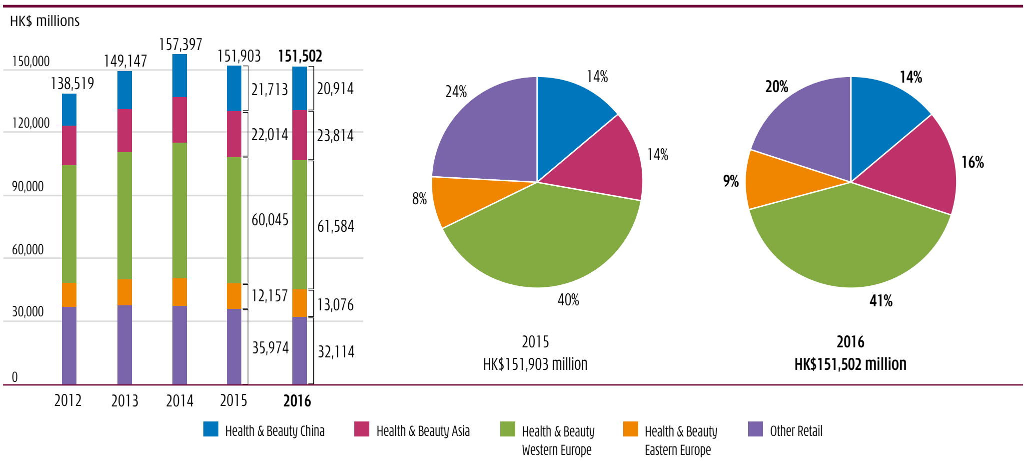
Group Performance

ASW operated 13 retail brands with 13,331 stores in 25 markets worldwide in 2016, 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.

	2016 HK$ millions	2015 HK$ millions	Change	Change in Local Currency
Total Revenue	**151,502**	151,903	–	+3%
EBITDA	**14,567**	14,838	-2%	+3%
EBIT	**12,059**	12,328	-2%	+3%
Total Store Numbers	**13,331**	12,400	+8%	

Total reported revenue of HK$151,502 million was flat compared to last year. In local currencies, revenue increased by 3%, driven by an 8% increase in store numbers, primarily in Health and Beauty China and Asia, partly offset by a negative 0.8% comparable stores sales growth which was impacted by comparable stores sales decline in China and Hong Kong offset by positive comparable stores sales growth in Health and Beauty Europe and Asia.

Total Revenue
by Subdivision



Total Revenue	2016 HK$ millions	2015 HK$ millions	Change	Change in Local Currency
Health & Beauty China	**20,914**	21,713	-4%	+2%
Health & Beauty Asia [1]	**23,814**	22,014	+8%	+11%
Health & Beauty China & Asia Subtotal	**44,728**	43,727	+2%	+6%
Health & Beauty Western Europe	**61,584**	60,045	+3%	+7%
Health & Beauty Eastern Europe [1]	**13,076**	12,157	+8%	+13%
Health & Beauty Europe Subtotal	**74,660**	72,202	+3%	+8%
Health & Beauty Subtotal	**119,388**	115,929	+3%	+8%
Other Retail [2]	**32,114**	35,974	-11%	-10%
Total Retail	**151,502**	151,903	–	+3%

Comparable Stores Sales Growth (%) [3]	2016	2015
Health & Beauty China	**-10.1%**	-5.1%
Health & Beauty Asia [1]	**+1.9%**	+1.5%
Health & Beauty China & Asia Subtotal	**-4.0%**	-1.7%
Health & Beauty Western Europe	**+3.7%**	+4.0%
Health & Beauty Eastern Europe [1]	**+4.6%**	+5.3%
Health & Beauty Europe Subtotal	**+3.8%**	+4.2%
Health & Beauty Subtotal	**+1.0%**	+2.2%
Other Retail [2]	**-8.2%**	+0.4%
Total Retail	**-0.8%**	+1.9%

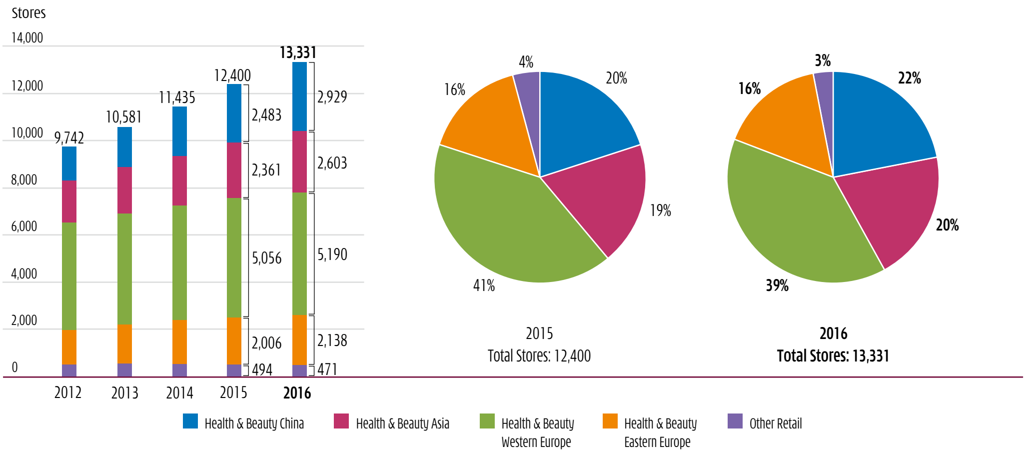
Note 1: Watsons Turkey had been reclassified to Health & Beauty Asia from Health & Beauty Eastern Europe.

Note 2: Other Retail includes PARKnSHOP, Fortress, Watson's Wine and manufacturing operations for water and beverage businesses.

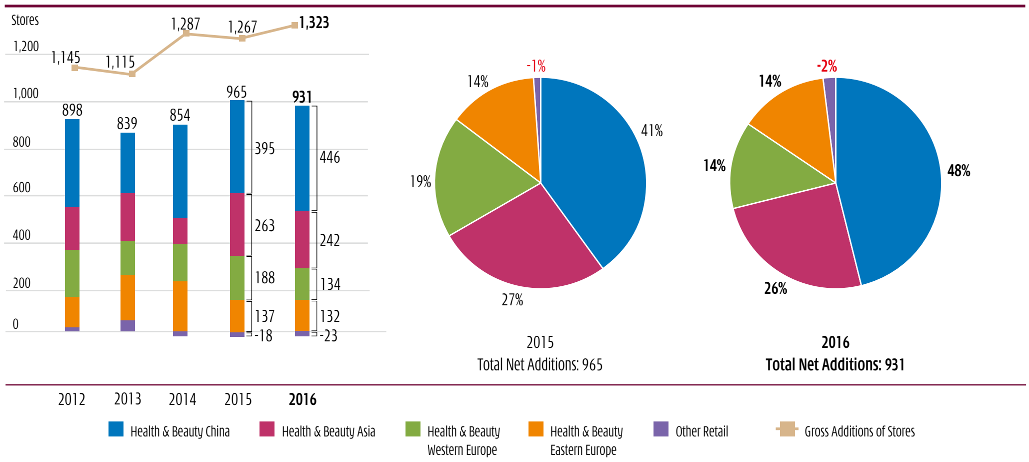
Note 3: Comparable stores sales growth represents the percentage change in revenue contributed by stores which, as at the first day of the relevant financial year (a) have been operating for over 12 months and (b) have not undergone major resizing within the previous 12 months.

Group Performance (continued)

Total Retail Store Numbers by Subdivision



Total Net Additions of Retail Stores by Subdivision

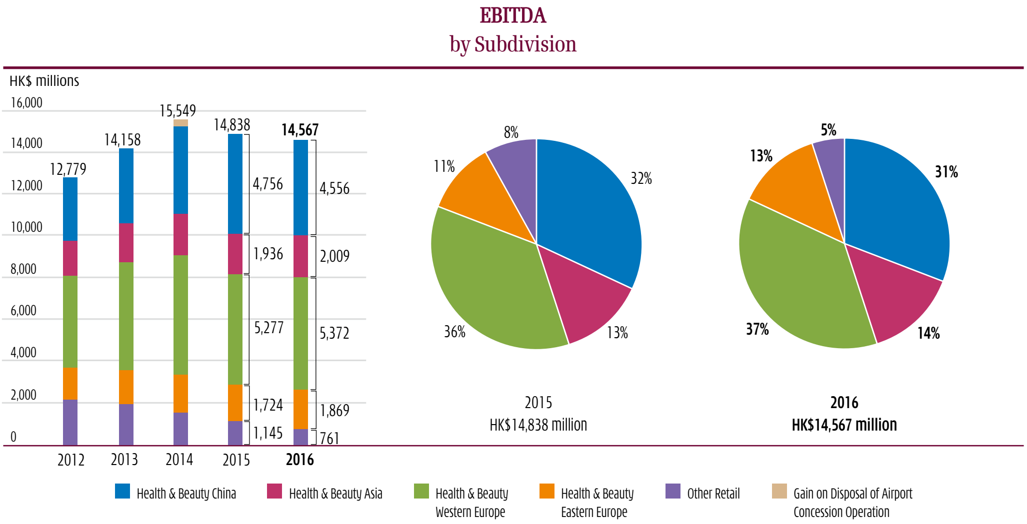


Store Numbers	**2016**	2015	Change
Health & Beauty China	**2,929**	2,483	+18%
Health & Beauty Asia [4]	**2,603**	2,361	+10%
Health & Beauty China & Asia Subtotal	**5,532**	4,844	+14%
Health & Beauty Western Europe	**5,190**	5,056	+3%
Health & Beauty Eastern Europe [4]	**2,138**	2,006	+7%
Health & Beauty Europe Subtotal	**7,328**	7,062	+4%
Health & Beauty Subtotal	**12,860**	11,906	+8%
Other Retail [5]	**471**	494	-5%
Total Retail	**13,331**	12,400	+8%

Note 4: Watsons Turkey had been reclassified to Health & Beauty Asia from Health & Beauty Eastern Europe.

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

EBITDA and EBIT were HK$14,567 million and HK$12,059 million respectively, both 2% lower than last year due to adverse foreign currency translation impact. In local currencies, revenue, EBITDA and EBIT all increased by 3%, reflecting strong growth in the Health and Beauty segment, partly offset by a decline in Other Retail.



EBITDA	2016 HK$ millions	2015 HK$ millions	Change	Change in Local Currency
Health & Beauty China	**4,556**	4,756	-4%	+1%
Health & Beauty Asia (6)	**2,009**	1,936	+4%	+8%
Health & Beauty China & Asia Subtotal	**6,565**	6,692	-2%	+3%
Health & Beauty Western Europe	**5,372**	5,277	+2%	+8%
Health & Beauty Eastern Europe (6)	**1,869**	1,724	+8%	+14%
Health & Beauty Europe Subtotal	**7,241**	7,001	+3%	+9%
Health & Beauty Subtotal	**13,806**	13,693	+1%	+6%
Other Retail (7)	**761**	1,145	-34%	-34%
Total Retail	**14,567**	14,838	-2%	+3%

Note 6: Watsons Turkey had been reclassified to Health & Beauty Asia from Health & Beauty Eastern Europe.

Note 7: Other Retail includes PARKnSHOP, Fortress, Watson's Wine and manufacturing operations for water and beverage businesses.

The overall health and beauty subdivision, which represented 95% of the division's EBITDA, continued to deliver strong performances in 2016 under the current challenging market conditions. EBITDA growth of this subdivision was 6% in local currencies with the European operations supporting the growth, in particular, UK, Benelux and Rossmann. The health and beauty subdivision continued to expand its portfolio with 954 net addition of stores. This strong performance was also supported by high quality new store openings with an average new store cash payback period of 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

	2016 HK$ millions	2015 HK$ millions	Change	Change in Local Currency
Total Revenue	**20,914**	21,713	-4%	+2%
EBITDA	**4,556**	4,756	-4%	+1%
EBITDA Margin %	*22%*	*22%*		
EBIT	**4,055**	4,279	-5%	–
EBIT Margin %	*19%*	*20%*		
Total Store Numbers	**2,929**	2,483	+18%	
Comparable Stores Sales Growth (%)	**-10.1%**	-5.1%		

The Watsons business continued to be the leading health and beauty retail chain in the Mainland. In reported currency, Watsons was negatively impacted by a 5% RMB depreciation. Despite a negative 10.1% comparable stores sales growth, the 18% increase in store numbers and good cost control resulted in EBITDA growth of 1%, while EBIT remained stable in local currency. It reported the same EBITDA margin of 22% in 2016 compared to last year. Health and Beauty China increased its total number of stores by 446 during the year with an average new store cash payback period of 9 months and had more than 2,900 stores operating in 430 cities in the Mainland as at year end. Stores in Tiers 2 and 3 cities such as Chengdu, Wuhan, Hangzhou and Zhengzhou achieved an even shorter payback period.

In 2017, Watsons China will continue to focus on developing cities in Tiers 2 and 3, as well as implement strategic programs which focus on revitalising the mature stores through renovation, store segmentation and cost control measures.

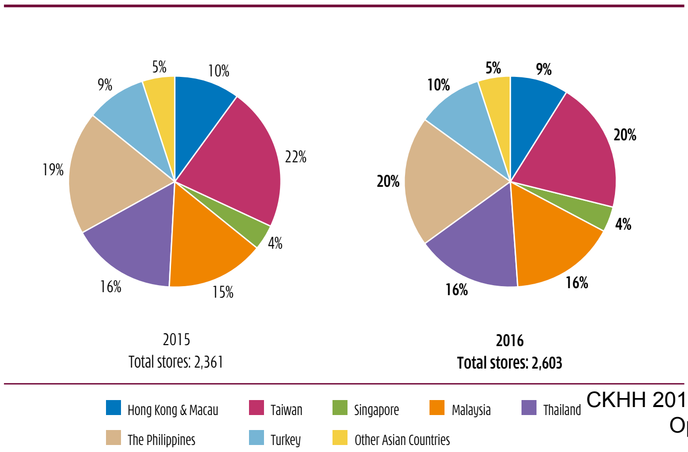
Health and Beauty Asia

	2016 HK$ millions	2015 HK$ millions	Change	Change in Local Currency
Total Revenue	**23,814**	22,014	+8%	+11%
EBITDA	**2,009**	1,936	+4%	+8%
EBITDA Margin %	*8%*	*9%*		
EBIT	**1,643**	1,601	+3%	+7%
EBIT Margin %	*7%*	*7%*		
Total Store Numbers	**2,603**	2,361	+10%	
Comparable Stores Sales Growth (%)	**+1.9%**	+1.5%		

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

Health and Beauty Asia increased its total number of stores by 242 during the year achieving an average new store cash payback period of 13 months. The subdivision had more than 2,600 stores operating in 10 markets in 2016.

Health and Beauty Asia (+10%)
Number of Retail Stores by Market



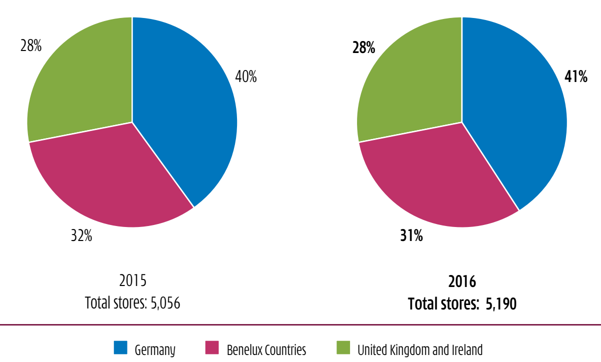
Health and Beauty Western Europe

	2016 HK$ millions	2015 HK$ millions	Change	Change in Local Currency
Total Revenue	**61,584**	60,045	+3%	+7%
EBITDA	**5,372**	5,277	+2%	+8%
EBITDA Margin %	*9%*	*9%*		
EBIT	**4,428**	4,300	+3%	+10%
EBIT Margin %	*7%*	*7%*		
Total Store Numbers	**5,190**	5,056	+3%	
Comparable Stores Sales Growth (%)	**+3.7%**	+4.0%		

Despite the depreciation in most of European currencies, the health and beauty businesses in Western Europe continued to report growth in both reported and local currencies during the year. Health and Beauty UK, in particular, made significant progress in its performance with an impressive comparable stores sales growth of 6.9% in 2016 and was a major growth contributor to the division.

Health and Beauty Western Europe added 134 stores and operated more than 5,100 stores in 2016. The average new store cash payback period of this subdivision was 10 months.

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



Segment Performance (continued)

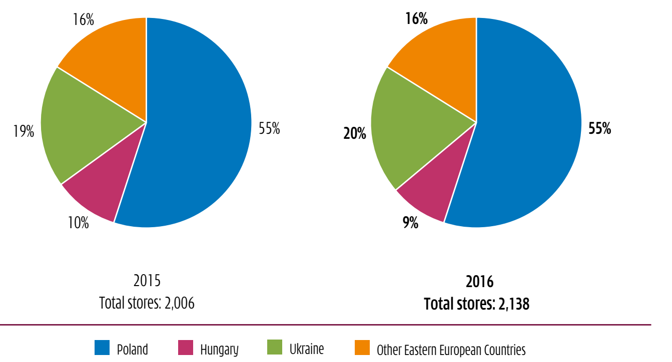
Health and Beauty Eastern Europe

	2016 HK$ millions	2015 HK$ millions	Change	Change in Local Currency
Total Revenue	**13,076**	12,157	+8%	+13%
EBITDA	**1,869**	1,724	+8%	+14%
EBITDA Margin %	*14%*	*14%*		
EBIT	**1,623**	1,482	+10%	+15%
EBIT Margin %	*12%*	*12%*		
Total Store Numbers	**2,138**	2,006	+7%	
Comparable Stores Sales Growth (%)	**+4.6%**	+5.3%		

Despite the currency depreciation, in particular Polish Zloty and Ukrainian Hryvnia, the health and beauty businesses in Eastern Europe continued to report growth in both reported and local currencies during the year. In local currencies, the 14% and 15% growth in EBITDA and EBIT respectively was mainly from the strong sales and margin performances of the Rossmann joint venture in Poland.

Health and Beauty Eastern Europe added 132 stores and operated more than 2,100 stores in 7 markets in 2016.

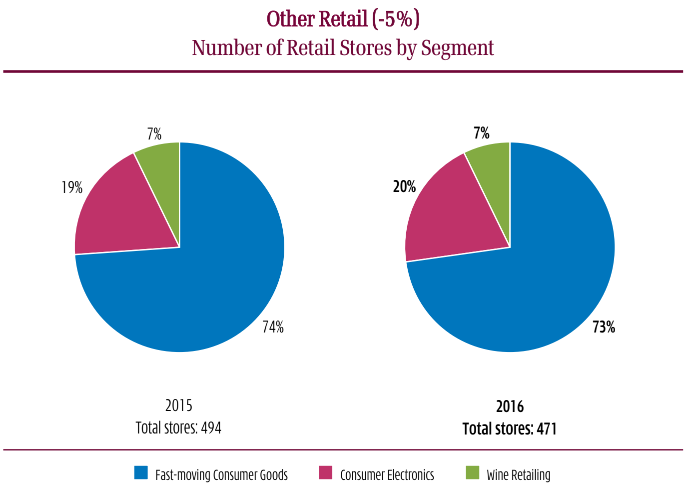
Health and Beauty Eastern Europe (+7%)
Number of Retail Stores by Market



Other Retail

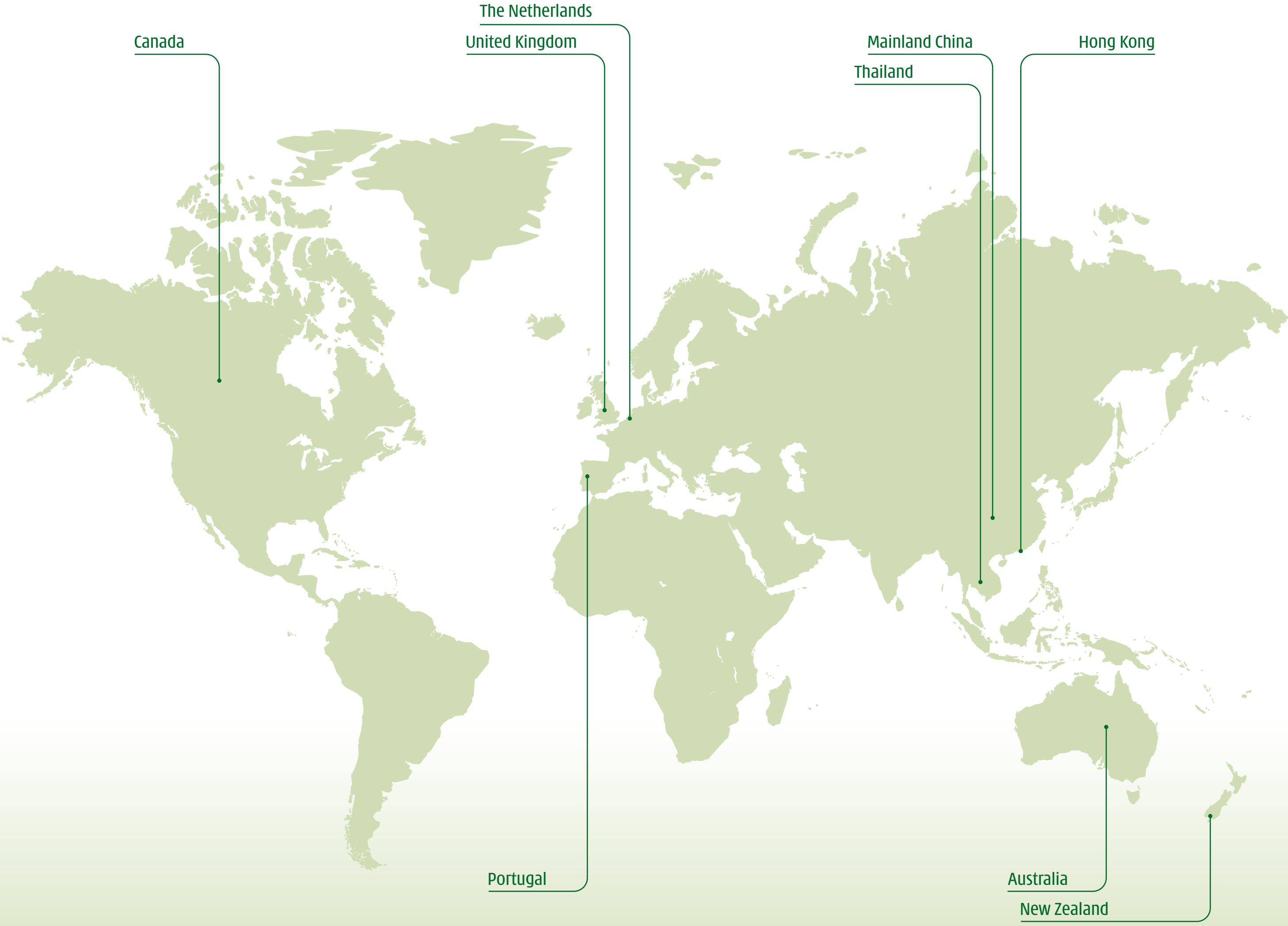
	2016 HK$ millions	2015 HK$ millions	Change	Change in Local Currency
Total Revenue	**32,114**	35,974	-11%	-10%
EBITDA	**761**	1,145	-34%	-34%
EBITDA Margin %	*2%*	*3%*		
EBIT	**311**	665	-53%	-54%
EBIT Margin %	*1%*	*2%*		
Total Store Numbers	**471**	494	-5%	
Comparable Stores Sales Growth (%)	**-8.2%**	+0.4%		

Other Retail subdivision, which only represented 5% of the division's EBITDA, reported lower total revenue, EBITDA and EBIT which declined by 11%, 34% and 53% respectively, mainly due to the lower contributions from the Hong Kong operations, which were affected by cost inflation and declining tourist footfall and Fortress, also adversely impacted by significantly lower sales of mobile handsets. Other Retail currently operates over 470 retail stores in 3 markets, as well as manufactures and distributes bottled water and other beverages in Hong Kong and the Mainland.



In 2016, Victoria Power Networks, in Australia, achieves network availability of 99.99% for CitiPower and 99.97% for Powercor.

Infrastructure



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1. HK Electric receives the go-ahead for its L11 new gas-fired generating unit, scheduled for commission in 2022.

2. Northern Gas Networks runs one of the eight major gas distribution networks in the UK.

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3. Dutch Enviro Energy owns AVR, the largest energy-from-waste company in the Netherlands. It operates five waste treatment plants and is one of the largest sustainable district heating producers in the country.

4. Northumbrian Water is the first and only wastewater company in England and Wales to use 100% of sewage sludge to produce renewable energy.

5. UK Rails S.à r.l. enters into an agreement with Arriva Rail North Limited to procure and lease out 281 new vehicles worth £490 million.

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

	2016 [2] **HK$ millions**	2015 [3] HK$ millions	Change	Change in Local Currency
Total Revenue	**53,211**	55,762	-5%	+3%
EBITDA	**31,128**	32,291	-4%	+5%
EBIT	**22,162**	23,477	-6%	+3%

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

Note 3: 2015 pro forma results assumed that the Reorganisation was effective on 1 January 2015 which include the full year pro forma contributions from the co-owned JVs and the aircraft leasing operations.

CKI

CKI is the largest publicly listed infrastructure company on the SEHK, with diversified investments in energy infrastructure, transportation infrastructure, water infrastructure, waste management, waste-to-energy 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$9,636 million, 14% lower than HK$11,162 million reported last year. During the year, CKI faced many challenges, including volatile exchange rates, in particular British Pound, and the rising interest rates. Despite these influences, CKI's operations around the world performed well and total profit contribution in Hong Kong Dollars was at a similar level to 2015. The reduction in attributable profit was mainly due to a smaller UK deferred tax credit in 2016 than 2015, and the 2015 reversal of provisions and expenses made earlier relating to non-operational matters.

Power Assets, a company listed on the SEHK and in which CKI holds a 38.87% interest, announced profit attributable to shareholders of HK$6,417 million, a decrease of 17% compared to last year's profit of HK$7,732 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.

In July 2016, CKI and Power Assets completed the acquisition of Husky Midstream Limited Partnership, oil pipelines and terminals connecting Lloydminster and Hardisty. CKI and Power Assets own 16.25% and 48.75% interest in Husky Midstream Limited Partnership respectively, with the remaining 35% owned by Husky.

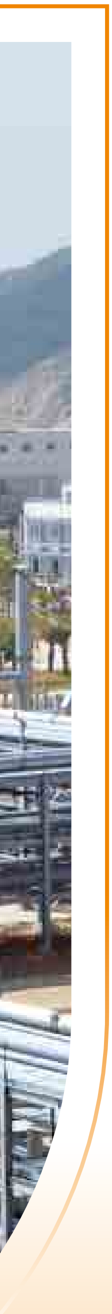
In January 2017, Power Assets declared a special interim dividend for the financial year ended 31 December 2016 of HK$5 per share.

On 14 March 2017, independent shareholders' approvals were obtained for the consortium comprising CKI, Power Assets and Cheung Kong Property Holdings Limited to acquire 100% interest in DUET Group, owner and operator of energy utility assets in Australia, the United States, the United Kingdom and Europe, which is listed on the Australian Securities Exchange, for an estimated total consideration of approximately AUD7.4 billion. Completion of the acquisition is subject to, among other conditions, approvals from the Foreign Investment Review Board of Australia and shareholders of DUET Group.

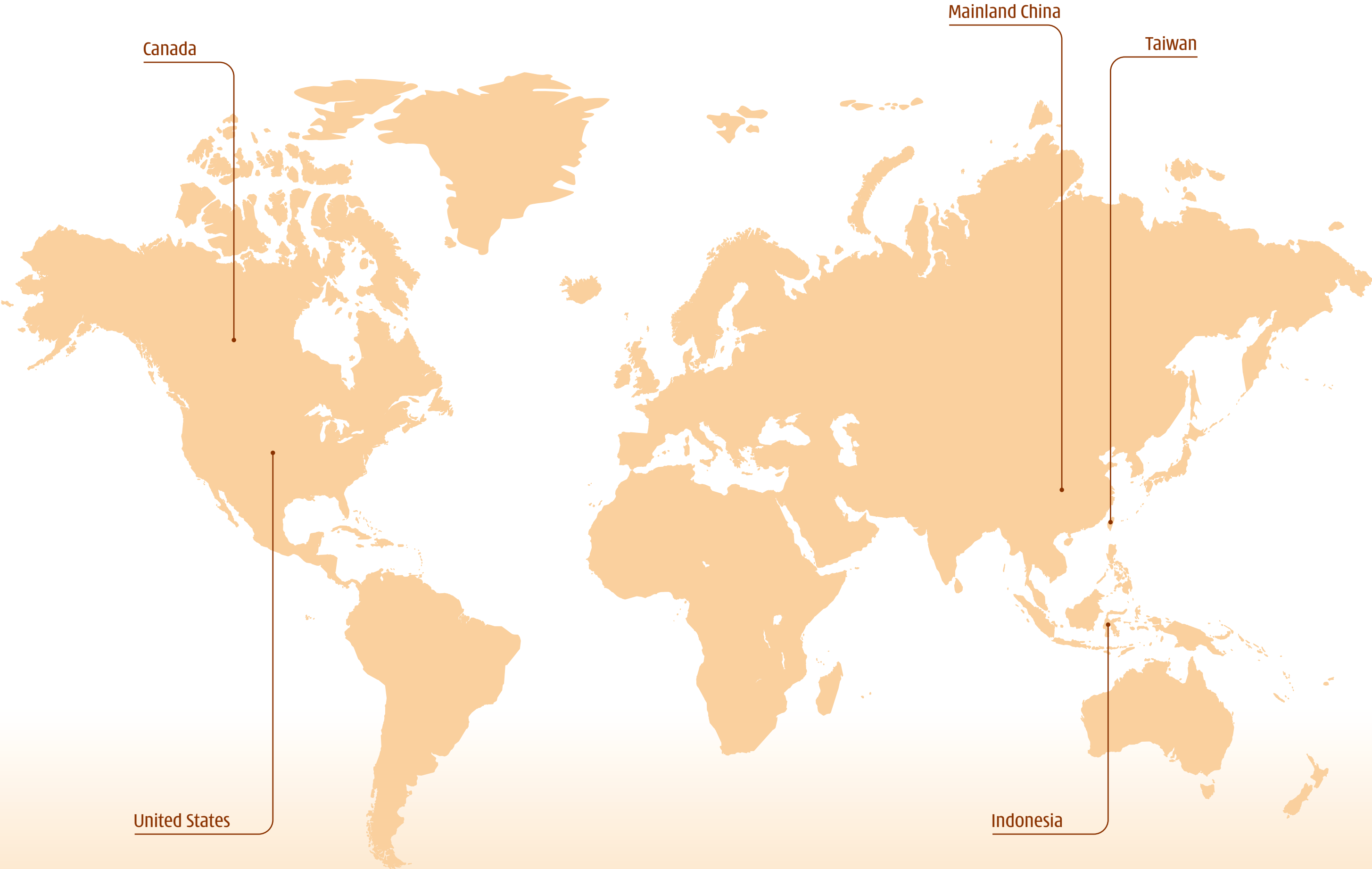
Co-owned joint ventures with CKI

The Group's six co-owned JVs with CKI include Northumbrian Water, Park'N Fly, Australian Gas Networks, Dutch Enviro Energy, Wales & West Utilities and UK Rails. The co-owned operations contributed additional revenue, EBITDA and EBIT of HK$10,038 million, HK$7,070 million and HK$4,942 million respectively in the year.

The Gaolan Gas Terminal, in the Mainland, processes the gas and gas-liquids from Liwan 3-1 and Liuhua 34-2 fields.



Energy



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1. Power Assets and Cheung Kong Infrastructure enter into an agreement with Husky Energy to acquire a 65% stake in a portfolio of Husky Energy's oil pipeline assets in Canada for approximately C$1.7 billion.

2. The liquids-rich BD field offshore Indonesia will be ramped up to full gas sales rates by the second half of 2017.

3. Husky Energy adds new production in the Atlantic Region with first oil from a Hibernia formation well at North Amethyst and additional infill wells at South White Rose.

4. Lima Refinery, in the US, is in the initial stages of modifying the refinery equipment which will enable the processing of up to an additional 40,000 barrels per day in 2018.

5. With three new thermal projects in Saskatchewan (Edam East, Vawn and Edam West), Husky Energy's total thermal production now reaches 100,000 barrels per day.

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

	2016 HK$ millions	2015 [1] HK$ millions	Change	Change in Local Currency
Total Revenue	**30,467**	40,029	-24%	-22%
EBITDA	**9,284**	9,375	-1%	+1%
EBIT	**3,429**	2,229	+54%	+53%
Production (mboe/day)	**321.2**	345.7	-7%	

Note 1: 2015 pro forma total revenue, EBITDA, and EBIT assumed that the Reorganisation was effective on 1 January 2015.

Husky Energy, our associated company, announced net earnings of C$922 million in 2016, a turnaround from a net loss of C$3,850 million in 2015. The improvement in net earnings was mainly due to the inclusion in 2015 of an after-tax impairment charge on selected crude oil and natural gas assets located in Western Canada of C$3,824 million, against an after-tax gain in 2016 of C$1,316 million on disposal of 65% ownership interest of the midstream assets in the Lloydminster region of Alberta and Saskatchewan to CKI and Power Assets and the gains on sale of royalty interests and legacy crude oil and natural gas properties in Western Canada during the year. These gains were partly offset by the impact of continued low oil and natural gas prices and lower contribution from the US refineries.

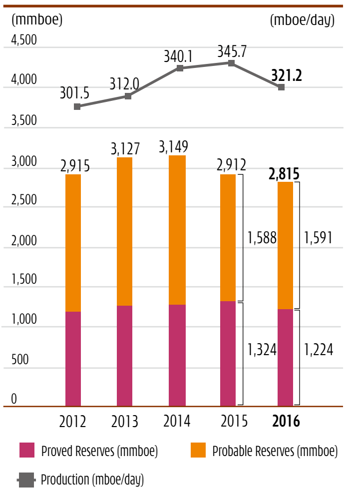
As the Group rebased Husky Energy's assets to their fair values in the 2015 Reorganisation, the impairment charge and asset write downs recognised by Husky Energy in 2015 had no impact on the Group's reported results, while the Group's share of after-tax gains on disposals in 2016 were approximately HK$3,646 million.

After translation into HK dollars and including consolidation adjustments, the Group's share of EBITDA decreased 1% to HK$9,284 million, but EBIT increased 54% to HK$3,429 million when compared to 2015, which reflect the aforementioned disposals gains being recognised by the Group in 2016 offset by the adverse impact of low commodity prices. Furthermore, lower depletion, depreciation and amortisation expenses resulted from the various divestments during the year have led to an improvement in the Group's share of EBIT.

Average production decreased 7% to 321.2 thousand barrels of oil equivalent per day (mboe/day) in 2016, mainly due to lower natural gas and natural gas liquids production from the Liwan Gas Project in the Asia Pacific Region and from the disposition of selected legacy Western Canadian crude oil and natural gas assets, partly offset by strong performances from the heavy oil thermal projects driven by Rush Lake, Tucker, and new production from Edam East, Vawn and Edam West, as well as production ramp up at the Sunrise Energy Project. First oil was achieved at the new heavy oil thermal developments at Edam East (10,000 barrels per day ("bbls/day"), Vawn (10,000 bbls/day) and Edam West (4,500 bbls/day), as well as the Colony formation at the Tucker Thermal Project in the Cold Lake region of Alberta during the second and third quarter of 2016. In the Atlantic Region, first oil was achieved from the North Amethyst Hibernia formation well in the third quarter of 2016.

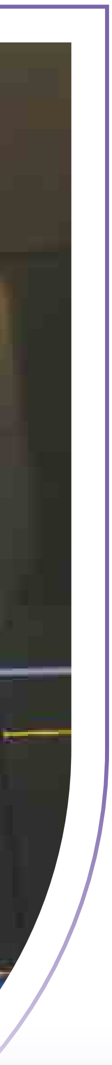
Husky Energy made significant progress in the transition towards a low investment and sustaining capital business during 2016. Looking ahead to 2017, Husky Energy will continue to maintain a healthy balance sheet to provide financial flexibility, and focus on its strategy to transition a greater percentage of production to long-life heavy oil thermal production with higher return. Production at the Sunrise Energy Project will continue to ramp up with average annual production in 2017 expected to be in the range of 40,000 to 44,000 bbls/day (20,000 to 22,000 bbls/day net Husky Energy share). The liquids-rich BD field in the Madura Strait in Indonesia is also expected to commence production in 2017 and is scheduled to ramp up to its full gas sales rate by the second half of 2017.

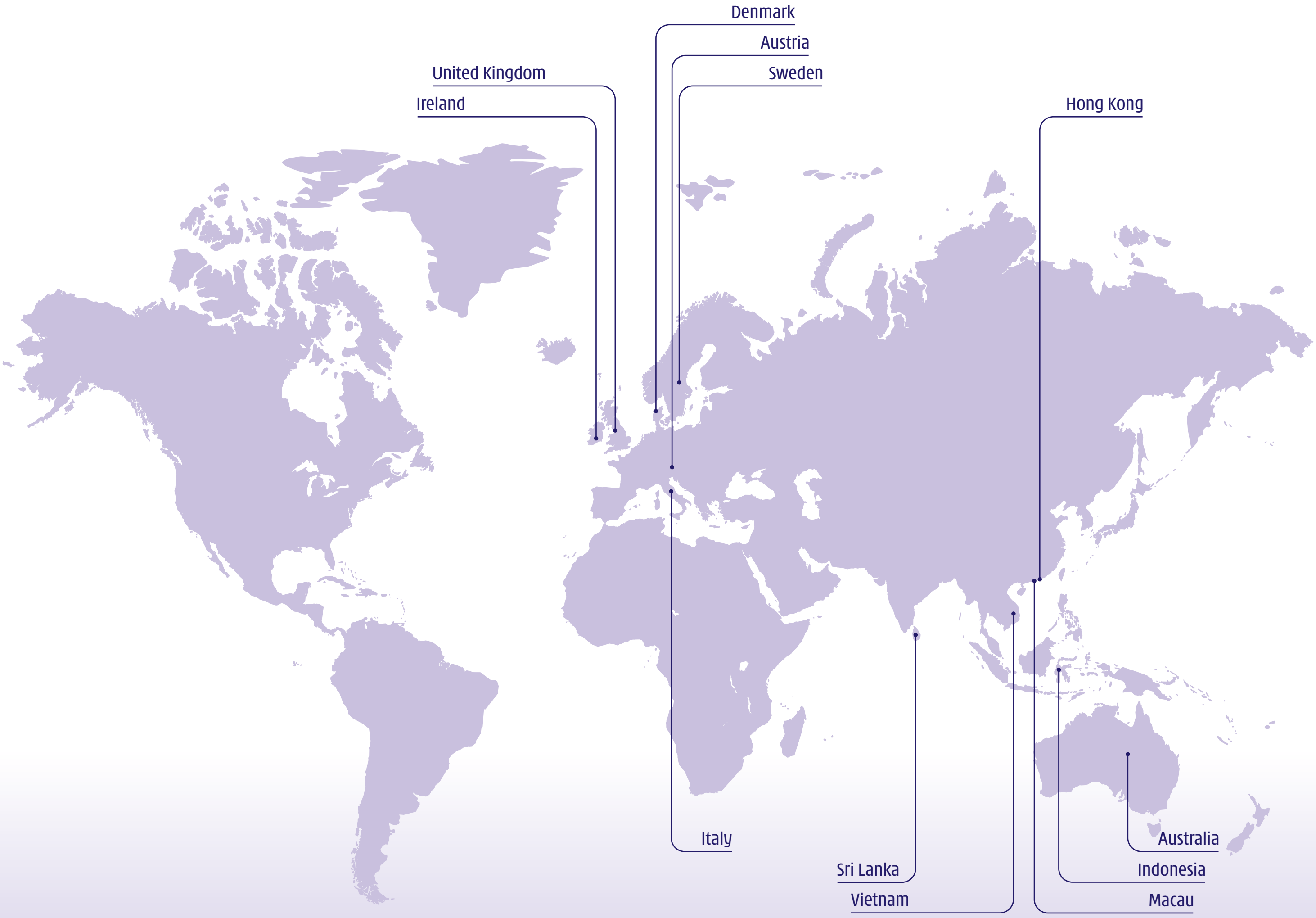
Proved and Probable Reserves & Production



Wind Tre, a joint venture, is formed to own and operate the telecommunication businesses of **3** Italy and WIND in November 2016. It is now Italy's largest mobile operator.

Telecommunications





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1. **3** Hong Kong launches 4.5G service to provide smoother data service.

2. **3** Indonesia commences its 4G LTE network rollout on the six main islands in Indonesia and will expand to 12 cities in early 2017.

3. **3** Ireland invests €65 million to transform its IT digital infrastructure, and delivers customer experience innovation across all lines of business.

4

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4. **3** UK carries 35% of the United Kingdom's mobile internet traffic.

5. **3** Denmark is the first operator in the country to launch nationwide Wi-Fi calling.

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

	2016 HK$ millions	2015 [1] HK$ millions	Change	Change in Local Currency
Total Revenue	**62,415**	62,799	-1%	+5%
- Net customer service revenue	**47,877**	47,713	–	+5%
- Handset revenue	**11,446**	12,696	-10%	
- Other revenue	**3,092**	2,390	+29%	
Net Customer Service Margin [2]	**40,121**	39,825	+1%	+6%
Net customer service margin %	***84%***	*83%*		
Other Margin	**1,632**	1,187	+37%	
Total CACs	**(17,354)**	(19,169)	+9%	
Less: Handset revenue	**11,446**	12,696	-10%	
Total CACs (net of handset revenue)	**(5,908)**	(6,473)	+9%	
Operating Expenses	**(16,901)**	(17,143)	+1%	
Opex as a % of net customer service margin	***42%***	*43%*		
EBITDA	**18,944**	17,396	+9%	+15%
EBITDA Margin % [3]	***37%***	*35%*		
Depreciation & Amortisation	**(6,106)**	(5,732)	-7%	
EBIT	**12,838**	11,664	+10%	+17%

Note 1: 2015 pro forma results assumed that the Reorganisation was effective on 1 January 2015.

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).

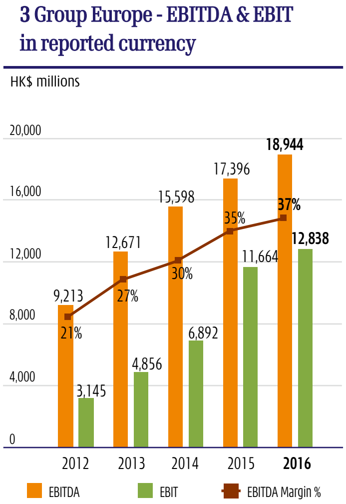
3 Group Europe continue to contribute growth to the Group in 2016. Succeeding from the completion of the **3** Italia and WIND Acquisition Holdings Finance S.p.A. ("WIND") newly formed joint venture, Wind Tre, the division's customer base grew 76% during the year, surpassing 45.9 million active customers at 31 December 2016, while the registered customer base also grew 73% to total over 52.8 million. Following the successful formation of the Italian joint venture, Wind Tre, the proportion of non-contract customers for the division has increased, with the proportion of contract customers as a percentage of the registered customer base decreased from 58% in 2015 to 37% at 31 December 2016, and the revenue generated by contract customers accounted for approximately 76% of overall net customer service revenue, a decrease from 83% in 2015. Management continues to focus on managing churn and the average monthly customer churn rate of the contract customer base decreased to 1.6% from 1.8% last year.

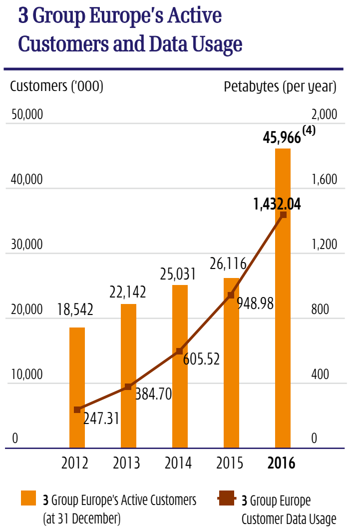
With the accretive revenue from Wind Tre in Italy and the increase in customer base across all of **3** Group Europe operations, net customer service revenue in local currencies increased by 5% compared to last year. However, **3** Group Europe's net ARPU and net AMPU decreased by 10% and 9% to €16.34 and €13.74 respectively compared to 2015, primarily due to the European Union roaming rates reduction, as well as keen competition in all markets.

Total data usage increased 51% compared to last year to approximately 1,432 petabytes in 2016. Data usage per active customer was approximately 51.0 gigabytes per user in 2016 compared to 38.1 gigabytes per user in 2015.

Total CACs, net of handset revenue in contract bundled plans, totalled HK$5,908 million in 2016, 9% lower than in 2015 and operating expenses also decreased 1% to HK$16,901 million, despite an increase in customer base, which reflecting the usual cost control disciplines across all operations.

EBITDA and EBIT growth reflected the accretive contribution from the Wind Tre in Italy, the enlarged customer base, improved net customer service margin, lower customer acquisition costs, and continued realisation of post-merger cost synergies in **3** Ireland and **3** Austria.





Note 4: Includes approximately 18.9 million of active mobile customers added upon the formation of the joint venture, Wind Tre in Italy.

Key Business Indicators

Registered Customer Base

	Registered Customers at 31 December 2016 ('000)			Registered Customer Growth (%) from 31 December 2015 to 31 December 2016		
	Non-contract	Contract	**Total**	Non-contract	Contract	**Total**
United Kingdom	4,973	6,436	**11,409**	+8%	+4%	**+6%**
Italy [5]	24,258	7,085	**31,343**	+430%	+29%	**+211%**
Sweden	293	1,775	**2,068**	+15%	+1%	**+3%**
Denmark	449	787	**1,236**	+8%	+4%	**+5%**
Austria	1,277	2,517	**3,794**	-2%	+1%	**–**
Ireland	1,791	1,208	**2,999**	+14%	+3%	**+9%**
3 Group Europe Total	33,041	19,808	**52,849**	+160%	+11%	**+73%**

Active [6] Customer Base

	Active Customers at 31 December 2016 ('000)			Active Customer Growth (%) from 31 December 2015 to 31 December 2016		
	Non-contract	Contract	**Total**	Non-contract	Contract	**Total**
United Kingdom	2,859	6,320	**9,179**	-1%	+4%	**+2%**
Italy [5]	21,833	6,752	**28,585**	+486%	+25%	**+213%**
Sweden	213	1,775	**1,988**	+31%	+1%	**+3%**
Denmark	414	787	**1,201**	+5%	+4%	**+4%**
Austria	434	2,510	**2,944**	-3%	+2%	**+1%**
Ireland	888	1,181	**2,069**	-1%	+3%	**+2%**
3 Group Europe Total	26,641	19,325	**45,966**	+213%	+10%	**+76%**

	2016	2015
Contract customers as a % of the total registered customer base	**37%**	58%
Contract customers' contribution to the net customer service revenue base (%)	**76%**	83%
Average monthly churn rate of the total contract registered customer base (%)	**1.6%**	1.8%
Active contract customers as a % of the total contract registered customer base	**98%**	98%
Active customers as a % of the total registered customer base	**87%**	85%

Note 5: Includes approximately 20.5 million of registered mobile customers and approximately 18.9 million of active mobile customers added upon the formation of the joint venture, Wind Tre, but excludes approximately 2.7 million of fixed line customers.

Note 6: 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 (7) ("ARPU")
to 31 December 2016

	Non-Contract	Contract	**Blended Total**	% Variance compared to 31 December 2015
United Kingdom	£5.62	£25.94	**£19.24**	-4%
Italy (10)	€10.08	€16.92	**€13.24**	-5%
Sweden	SEK128.35	SEK307.46	**SEK290.22**	–
Denmark	DKK98.03	DKK169.32	**DKK145.04**	-1%
Austria	€9.90	€22.66	**€20.72**	+1%
Ireland	€15.92	€29.21	**€23.44**	-5%
3 Group Europe Average	€9.85	€25.26	**€19.21**	-12%

12-month Trailing Net Average Revenue per Active User (8) ("Net ARPU")
to 31 December 2016

	Non-Contract	Contract	**Blended Total**	% Variance compared to 31 December 2015
United Kingdom	£5.62	£19.00	**£14.59**	-2%
Italy (10)	€10.08	€16.92	**€13.24**	-5%
Sweden	SEK128.35	SEK211.85	**SEK203.81**	-3%
Denmark	DKK98.03	DKK154.62	**DKK135.35**	–
Austria	€9.90	€19.34	**€17.90**	+1%
Ireland	€15.92	€24.19	**€20.60**	-9%
3 Group Europe Average	€9.85	€20.54	**€16.34**	-10%

12-month Trailing Net Average Margin per Active User (9) ("Net AMPU")
to 31 December 2016

	Non-Contract	Contract	**Blended Total**	% Variance compared to 31 December 2015
United Kingdom	£5.00	£16.58	**£12.76**	-1%
Italy (10)	€8.23	€13.47	**€10.65**	-2%
Sweden	SEK107.71	SEK181.20	**SEK174.13**	-3%
Denmark	DKK81.11	DKK128.25	**DKK112.20**	-5%
Austria	€8.83	€16.33	**€15.19**	+3%
Ireland	€13.15	€20.21	**€17.15**	-7%
3 Group Europe Average	€8.22	€17.30	**€13.74**	-9%

Note 7: ARPU equals total monthly revenue, including incoming mobile termination revenue and contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the year.

Note 8: Net ARPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the year.

Note 9: Net AMPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, less direct variable costs (including interconnection charges and roaming costs) (i.e. net customer service margin), divided by the average number of active customers during the year.

Note 10: Italy's APRU, Net APRU and Net AMPU were calculated based on approximately ten months (January to October 2016) of **3** Italia's standalone figures and approximately two months (November to December 2016) of Wind Tre's figures.

United Kingdom

	2016 GBP millions	2015 [11] GBP millions	Change
Total Revenue	**2,276**	2,195	+4%
- Net customer service revenue	**1,599**	1,573	+2%
- Handset revenue	**531**	549	-3%
- Other revenue	**146**	73	+100%
Net Customer Service Margin	**1,399**	1,363	+3%
Net customer service margin %	***87%***	*87%*	
Other Margin	**35**	18	+94%
Total CACs	**(751)**	(764)	+2%
Less: Handset revenue	**531**	549	-3%
Total CACs (net of handset revenue)	**(220)**	(215)	-2%
Operating Expenses	**(495)**	(480)	-3%
Opex as a % of net customer service margin	***35%***	*35%*	
EBITDA	**719**	686	+5%
EBITDA Margin %	***41%***	*42%*	
Depreciation & Amortisation	**(223)**	(225)	+1%
EBIT	**496**	461	+8%
Capex (excluding licence)	**(352)**	(358)	+2%
EBITDA less Capex	**367**	328	+12%
Licence	**–**	(212)	+100%

Note 11: 2015 pro forma results assumed that the Reorganisation was effective on 1 January 2015.

	2016	2015
Total registered customer base (millions)	**11.4**	10.8
Total active customer base (millions)	**9.2**	9.0
Contract customers as a % of the total registered customer base	**56%**	57%
Contract customers' contribution to the net customer service revenue base (%)	**87%**	89%
Average monthly churn rate of the total contract registered customer base (%)	**1.4%**	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	**80%**	83%

The 5% EBITDA growth and 8% EBIT growth over 2015 reflected the higher net customer service margin primarily driven by an enlarged customer base, partly offset by 1% decrease in net AMPU compared to 2015. This margin improvement as well as the improvement in MVNO wholesale business, were partly offset by 3% higher operating expenses mainly due to higher network costs for commissioning of additional new sites.

On 6 February 2017, **3** UK entered into an agreement to acquire UK Broadband for a total consideration of £300 million. Completion of the transaction is subject to the fulfillment, or waiver by **3** UK, of a number of conditions precedent specified in the share purchase agreement by 31 July 2017. This acquisition provides **3** UK with additional mobile spectrum, which may be used for a future launch of 5G services, and also allows **3** UK to pursue a new segment opportunity in home broadband.

Italy

	January to October 2016 [12] EUR millions	November to December 2016 [12] EUR millions	**2016 EUR millions**	2015 [13] EUR millions	Change
Total Revenue	1,553	489	**2,042**	1,825	+12%
- Net customer service revenue	1,291	451	**1,742**	1,478	+18%
- Handset revenue	231	30	**261**	297	-12%
- Other revenue	31	8	**39**	50	-22%
Net Customer Service Margin	1,018	361	**1,379**	1,153	+20%
Net customer service margin %	*79%*	*80%*	***79%***	*78%*	
Other Margin	26	7	**33**	48	-31%
Total CACs	(442)	(47)	**(489)**	(560)	+13%
Less: Handset revenue	231	30	**261**	297	-12%
Total CACs (net of handset revenue)	(211)	(17)	**(228)**	(263)	+13%
Operating Expenses	(554)	(142)	**(696)**	(662)	-5%
Opex as a % of net customer service margin	*54%*	*39%*	***51%***	*57%*	
EBITDA	279	209	**488**	276	+77%
EBITDA Margin %	*21%*	*46%*	***27%***	*18%*	
Depreciation & Amortisation	(125)	(40)	**(165)**	(119)	-39%
EBIT	154	169	**323**	157	+106%
Capex (excluding licence)	(189)			(446)	
EBITDA less Capex	90			(170)	

Note 12: January to October 2016 results represented approximately ten months results of **3** Italia and its subsidiaries prior to the formation of the joint venture, Wind Tre that was completed on 5 November 2016. Whilst November to December 2016 results represented the Group's 50% equity share of approximately two months results of Wind Tre post completion, of which revenue and EBITDA of fixed line business amounted to €93.8 million and €38.0 million respectively.

Note 13: 2015 pro forma results assumed that the Reorganisation was effective on 1 January 2015.

	2016	2015
Total registered customer base (millions)	**31.3**	10.1
Total active customer base (millions)	**28.6**	9.1
Contract customers as a % of the total registered customer base	**23%**	55%
Contract customers' contribution to the net customer service revenue base (%) [14]	**59%**	74%
Average monthly churn rate of the total contract registered customer base (%) [14]	**2.4%**	2.7%
Active contract customers as a % of the total contract registered customer base	**95%**	98%
Active customers as a % of the total registered customer base	**91%**	90%

Note 14: 2016 key business indicators were calculated based on approximately ten months (January to October 2016) of **3** Italia's standalone figures and approximately two months (November to December 2016) of Wind Tre's figures.

Following the completion of the formation of a 50/50 joint venture, Wind Tre, to jointly own and operate the telecommunications businesses in Italy of **3** Italia and WIND on 5 November 2016, the combined business has become the largest mobile operator in Italy with approximately 31.3 million registered mobile customers and approximately 2.7 million fixed line customers as at 31 December 2016.

Wind Tre has presented a set of combined results for the full year 2016 assuming the formation of the joint venture was effective as at 1 January 2016. Total revenue of €6,491 million in 2016 reflected the full year revenue of the telecommunications businesses in Italy of each of **3** Italia and WIND, while EBITDA and EBIT before one-off impairment and write-off, amounts to €2,124 million and €560 million respectively in 2016.

The results of the telecommunications businesses in Italy included in the Group's consolidated income statement for the year ended 31 December 2016 represented approximately ten months results of **3** Italia and its subsidiaries prior to the formation of the joint venture that was completed on 5 November 2016 and the Group's 50% share of

Italy (continued)

approximately two months results of Wind Tre post completion. In addition, upon formation of the joint venture, the accounting standards require the Group to account for the joint venture's assets and liabilities at fair value. Accordingly, adjustments to the results of the telecommunications businesses in Italy have been made when the Group's 50% interest in the joint venture is incorporated into the Group's consolidated results.

The Group's share of EBITDA and EBIT of the telecommunication businesses in Italy amounted to €488 million and €323 million respectively in 2016.

Sweden

	2016 SEK millions	2015 [15] SEK millions	Change
Total Revenue	**7,221**	7,019	+3%
- Net customer service revenue	**4,854**	4,657	+4%
- Handset revenue	**2,047**	2,073	-1%
- Other revenue	**320**	289	+11%
Net Customer Service Margin	**4,149**	3,995	+4%
Net customer service margin %	***85%***	*86%*	
Other Margin	**139**	101	+38%
Total CACs	**(2,790)**	(2,806)	+1%
Less: Handset revenue	**2,047**	2,073	-1%
Total CACs (net of handset revenue)	**(743)**	(733)	-1%
Operating Expenses	**(1,429)**	(1,338)	-7%
Opex as a % of net customer service margin	***34%***	*33%*	
EBITDA	**2,116**	2,025	+5%
EBITDA Margin %	***41%***	*41%*	
Depreciation & Amortisation	**(607)**	(653)	+7%
EBIT	**1,509**	1,372	+10%
Capex (excluding licence)	**(796)**	(809)	+2%
EBITDA less Capex	**1,320**	1,216	+9%
Licence [16]	**(100)**	–	N/A

Note 15: 2015 pro forma results assumed that the Reorganisation was effective on 1 January 2015.

Note 16: Represented the licence investment for 2x5 MHz in 1800 MHz band.

	2016	2015
Total registered customer base (millions)	**2.1**	2.0
Total active customer base (millions)	**2.0**	1.9
Contract customers as a % of the total registered customer base	**86%**	87%
Contract customers' contribution to the net customer service revenue base (%)	**94%**	95%
Average monthly churn rate of the total contract registered customer base (%)	**1.7%**	1.5%
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%**	96%

In Sweden, where the Group has a 60% interest, reported a 4% increase in net customer service margin, primarily driven by 3% growth in active customer base partly offset by 3% decrease in both net ARPU and net AMPU due to mounting market pressure and increase in the mix of non-contract customer base. The 5% EBITDA growth and 10% EBIT growth over 2015 reflected the higher net customer service margin, partly offset by 7% increase in operating expenses.

Denmark

	2016 DKK millions	2015 [17] DKK millions	Change
Total Revenue	**2,127**	2,078	+2%
- Net customer service revenue	**1,913**	1,802	+6%
- Handset revenue	**86**	178	-52%
- Other revenue	**128**	98	+31%
Net Customer Service Margin	**1,591**	1,571	+1%
Net customer service margin %	***83%***	*87%*	
Other Margin	**82**	52	+58%
Total CACs	**(311)**	(433)	+28%
Less: Handset revenue	**86**	178	-52%
Total CACs (net of handset revenue)	**(225)**	(255)	+12%
Operating Expenses	**(705)**	(664)	-6%
Opex as a % of net customer service margin	***44%***	*42%*	
EBITDA	**743**	704	+6%
EBITDA Margin %	***36%***	*37%*	
Depreciation & Amortisation	**(283)**	(274)	-3%
EBIT	**460**	430	+7%
Capex (excluding licence)	**(209)**	(161)	-30%
EBITDA less Capex	**534**	543	-2%
Licence [18]	**(292)**	–	N/A

Note 17: 2015 pro forma results assumed that the Reorganisation was effective on 1 January 2015.

Note 18: Represented the licence investment for 2x30 MHz in 1800 MHz band.

	2016	2015
Total registered customer base (millions)	**1.2**	1.2
Total active customer base (millions)	**1.2**	1.2
Contract customers as a % of the total registered customer base	**64%**	65%
Contract customers' contribution to the net customer service revenue base (%)	**75%**	76%
Average monthly churn rate of the total contract registered customer base (%)	**2.2%**	2.8%
Active contract customers as a % of the total contract registered customer base	**100%**	100%
Active customers as a % of the total registered customer base	**97%**	98%

The operation in Denmark, where the Group has a 60% interest, reported a 1% increase in net customer service margin, primarily driven by 4% growth in active customer base partly offset by 5% decrease in net AMPU from higher national roaming costs. The 6% and 7% growth in EBITDA and EBIT respectively reflected the higher net customer service margin, as well as lower total CACs, partly offset by higher operating expenses.

Austria

	2016 EUR millions	2015[19] EUR millions	Change
Total Revenue	**772**	736	+5%
- Net customer service revenue	**624**	613	+2%
- Handset revenue	**125**	99	+26%
- Other revenue	**23**	24	-4%
Net Customer Service Margin	**529**	514	+3%
Net customer service margin %	***85%***	*84%*	
Other Margin	**20**	16	+25%
Total CACs	**(166)**	(132)	-26%
Less: Handset revenue	**125**	99	+26%
Total CACs (net of handset revenue)	**(41)**	(33)	-24%
Operating Expenses	**(166)**	(181)	+8%
Opex as a % of net customer service margin	***31%***	*35%*	
EBITDA	**342**	316	+8%
EBITDA Margin %	***53%***	*50%*	
Depreciation & Amortisation	**(97)**	(64)	-52%
EBIT	**245**	252	-3%
Capex (excluding licence)	**(90)**	(116)	+22%
EBITDA less Capex	**252**	200	+26%

Note 19: 2015 pro forma results assumed that the Reorganisation was effective on 1 January 2015.

	2016	2015
Total registered customer base (millions)	**3.8**	3.8
Total active customer base (millions)	**2.9**	2.9
Contract customers as a % of the total registered customer base	**66%**	66%
Contract customers' contribution to the net customer service revenue base (%)	**92%**	92%
Average monthly churn rate of the total contract registered customer base (%)	**0.2%**	0.4%
Active contract customers as a % of the total contract registered customer base	**100%**	99%
Active customers as a % of the total registered customer base	**78%**	77%

EBITDA increased 8% from 2015 to €342 million mainly due to higher net customer service margin driven by the improved net AMPU from new tariff propositions, together with lower operating expenses attributable to the realisation of additional cost synergies from the Orange Austria acquisition in 2013. Despite an improved EBITDA, EBIT decreased 3% to €245 million in 2016 due to higher depreciation and amortisation as a result of expanded network.

Ireland

	2016 EUR millions	2015 [20] EUR millions	Change
Total Revenue	**655**	689	-5%
- Net customer service revenue	**504**	549	-8%
- Handset revenue	**81**	79	+3%
- Other revenue	**70**	61	+15%
Net Customer Service Margin	**420**	448	-6%
Net customer service margin %	***83%***	*82%*	
Other Margin	**44**	30	+47%
Total CACs	**(122)**	(127)	+4%
Less: Handset revenue	**81**	79	+3%
Total CACs (net of handset revenue)	**(41)**	(48)	+15%
Operating Expenses	**(235)**	(256)	+8%
Opex as a % of net customer service margin	***56%***	*57%*	
EBITDA	**188**	174	+8%
EBITDA Margin %	***33%***	*29%*	
Depreciation & Amortisation	**(76)**	(65)	-17%
EBIT	**112**	109	+3%
Capex (excluding licence)	**(103)**	(132)	+22%
EBITDA less Capex	**85**	42	+102%

Note 20: 2015 pro forma results assumed that the Reorganisation was effective on 1 January 2015.

	2016	2015
Total registered customer base (millions)	**3.0**	2.7
Total active customer base (millions)	**2.1**	2.0
Contract customers as a % of the total registered customer base	**40%**	43%
Contract customers' contribution to the net customer service revenue base (%)	**66%**	68%
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	**69%**	74%

EBITDA of €188 million and EBIT of €112 million were higher than 2015 as a result of the continued realisation of cost synergies from network consolidation and system enhancement activities, partly offset by lower net AMPU primarily due to the full year impact of handset revenue amortisation of the newly retained customers from the O_2 Ireland base in 2016.

Hutchison Telecommunications Hong Kong Holdings

	2016 HK$ millions	2015 [21] HK$ millions	Change
Total Revenue	**12,133**	22,122	-45%
EBITDA	**2,607**	2,911	-10%
EBIT	**1,055**	1,426	-26%
Total active customer base ('000)	**3,222**	3,031	+6%

Note 21: 2015 pro forma results assumed that the Reorganisation was effective on 1 January 2015.

HTHKH announced its 2016 profit attributable to shareholders of HK$701 million, a decrease of 23% from last year. EBITDA of HK$2,607 million and EBIT of HK$1,055 million were 10% and 26% lower than last year respectively. The lower performance in 2016 is primarily driven by lower hardware sales from lower demand, as well as the reduction in mobile roaming revenue. The mobile business has stablised its contract customer declines from the second quarter of 2016 due to a gradual pick up in higher margin contract customers and has reduced its full year churn from 1.8% in 2015 to 1.3% in 2016. The fixed-line telecommunications business in Hong Kong continues to provide stable contribution in 2016 driven by the carrier and corporate business segments.

Hutchison Asia Telecommunications

	2016 HK$ millions	2015 [22] HK$ millions	Change	Change in Local Currency
Total Revenue	**8,200**	6,900	+19%	+19%
EBITDA	**2,298**	1,176	+95%	+96%
EBIT	**2,130**	1,176	+81%	+82%
Total active customer base ('000)	**77,369**	72,820	+6%	

Note 22: 2015 pro forma results assumed that the Reorganisation was effective on 1 January 2015.

HAT had an active customer base of approximately 77.4 million at the end of 2016, with Indonesia representing 88% of the base. EBITDA of HK$2,298 million and EBIT of HK$2,130 million in 2016 represent a growth of 95% and 81% over last year respectively, primarily driven by the strong data segment growth of the Indonesia operation, partly offset by higher costs associated with the gradual acceptance of the turnkey network contract in various regions in Indonesia.

After the conversion of the Vietnam operation into a joint stock company in October 2016, the Company will accelerate its network rollout and increase its penetration into the data market segment, while Indonesia and Sri Lanka will also continue to expand its network coverage through effective and efficient rollout strategies in order to meet accelerating data demands in their local markets.

HTAL, share of VHA

HTAL announced total revenue from its share of 50% owned associated company, VHA [23], of A$1,673 million, an 8% decrease over last year driven entirely by the reduction in regulated mobile termination rates for all carriers in Australia from 1 January 2016. This reduction in the regulated mobile termination rates had minimal impact to the net customer services margin for VHA, which improved by 2% against last year.

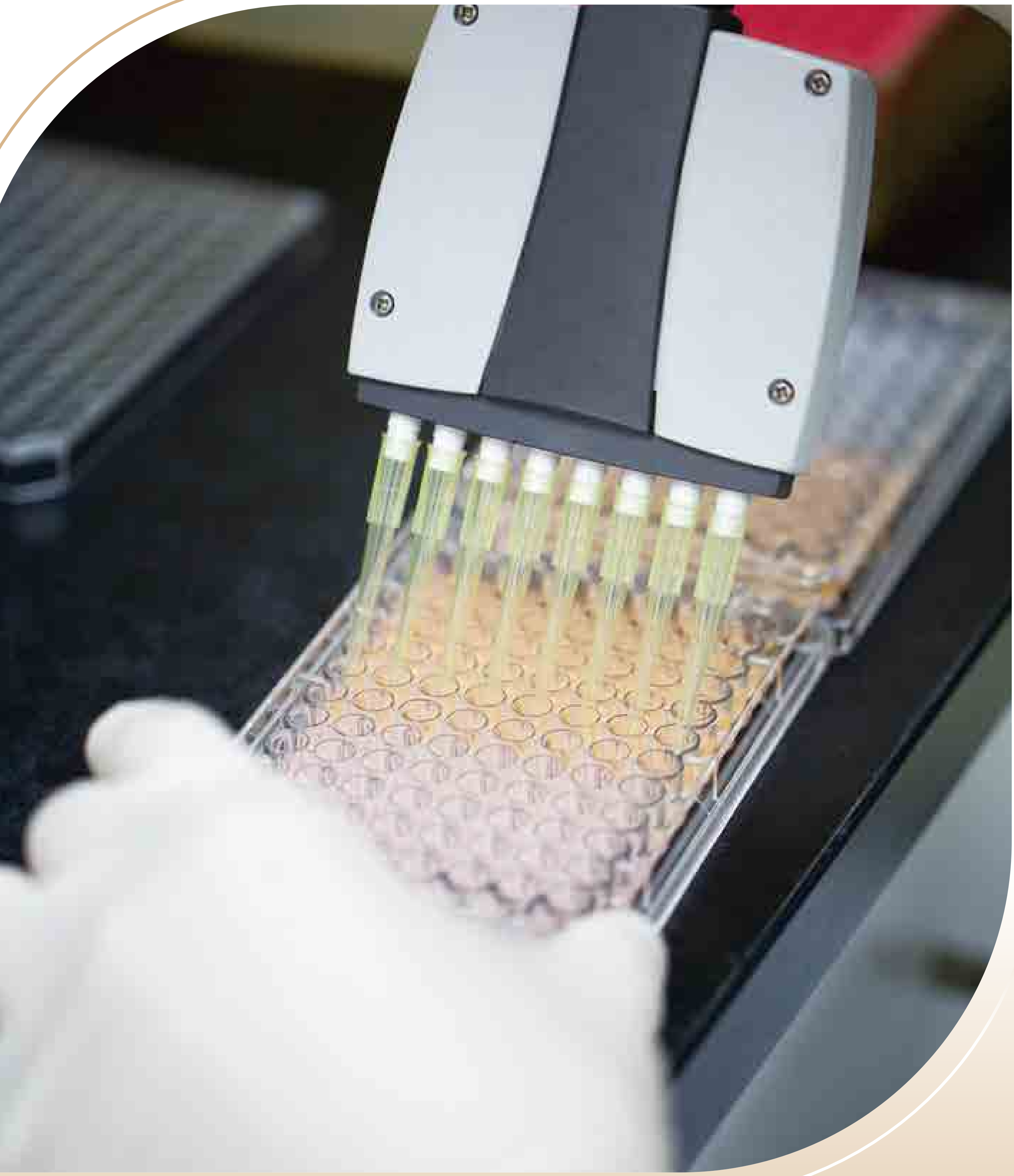
EBITDA increased by 12% over last year to A$456 million mainly driven by growth in customer base and good cost controls, correspondingly with lower depreciation and amortisation, the reported attributable share of loss improved by 64% compared to 2015 of A$68 million. These improvements have also resulted in VHA achieving positive free cash flow for the year.

VHA's active customer base increased 2% to approximately 5.6 million (including MVNOs) at 31 December 2016, with over 3% growth in the higher margin contract segment. Complaints to the Telecommunications Industry Ombudsman during the December 2016 quarter was 22% lower than the industry average. Recently, VHA was ranked as the network with the best combined voice and data performance in major cities [24] in Australia.

Following a promising performance in 2016, 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.

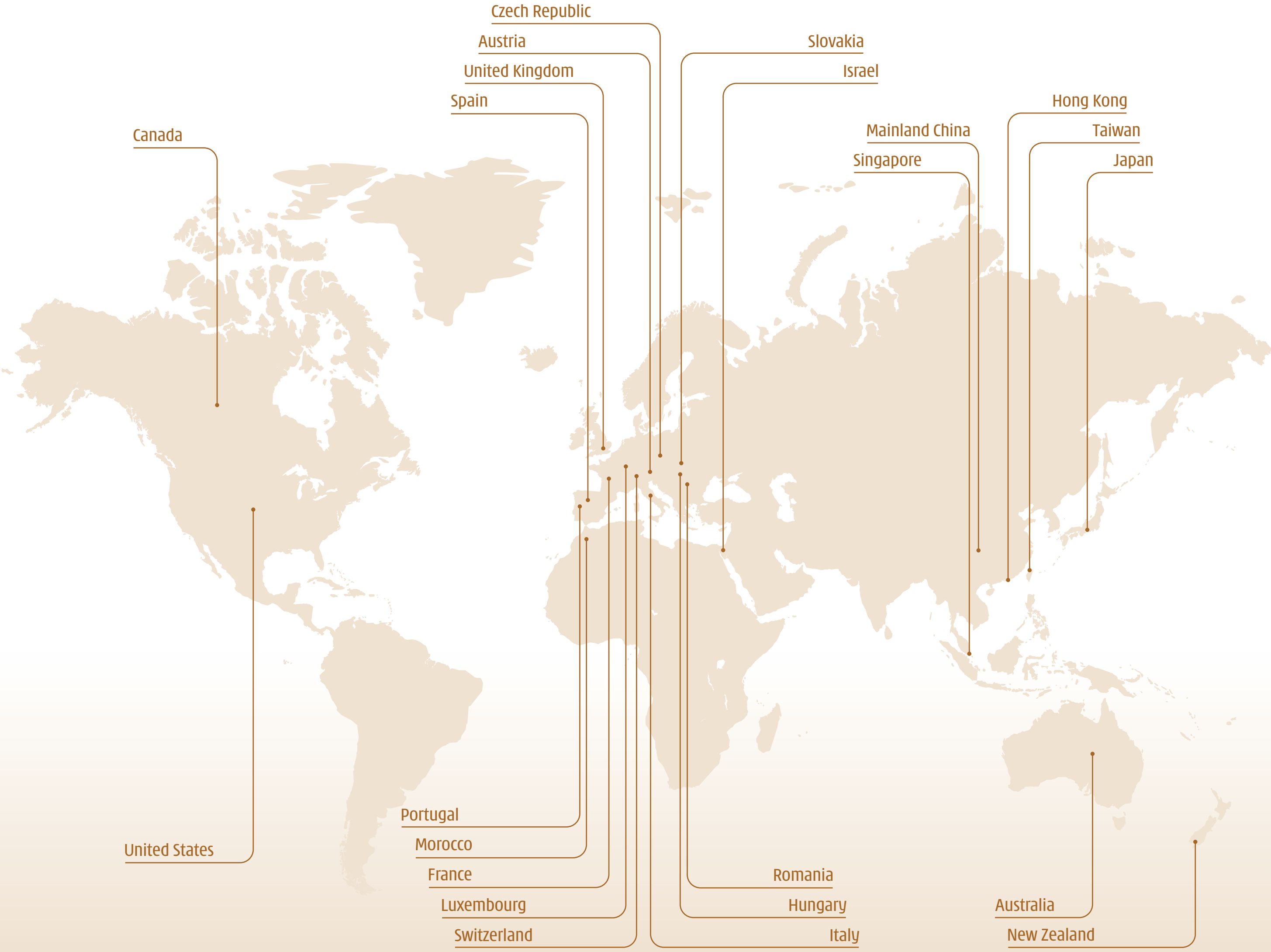
Note 23: The Group's share of VHA's operating losses continue to be included as a P&L charge under "Others" of the Group's profits on disposal of investments and others line as VHA continues to operate under the leadership of Vodafone under the applicable terms of our shareholders' agreement since the second half of 2012.

Note 24: Cities with population over 100,000.



Hutchison China MediTech completes an IPO on the Nasdaq Global Select Market in the US, raising over US$110 million.

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").

	2016 HK$ millions	2015 [1] HK$ millions	Change
Total Revenue	**22,574**	22,563	–
EBITDA	**1,513**	2,142	-29%
EBIT	**1,174**	1,822	-36%

Note 1: 2015 pro forma total revenue, EBITDA, and EBIT assumed that the Reorganisation was effective on 1 January 2015.

Finance and Investments

Finance and investments mainly represents returns earned on the Group's holdings of cash and liquid investments, which totalled HK$162,224 million at 31 December 2016. Further information on the Group's treasury function can be found in the "Group Capital Resources and Liquidity" section of the 2016 annual results announcement. The reduced EBITDA and EBIT contribution of this segment was mainly due to the impact of foreign exchange movements on monetary assets and the disposals of non-core investments in both years.

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 60.4% owned subsidiary that is dual-listed on AIM market of the London Stock Exchange in the UK and Nasdaq Global Select Market ("Nasdaq") in the US. The listing of Chi-Med's shares on Nasdaq was completed in the first half of 2016 and raised gross proceeds of over US$110 million. Chi-Med is an innovative biopharmaceutical company which researches, develops, manufactures and sells pharmaceuticals and healthcare products.

TOM Group

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

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 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.

CK Life Sciences Group

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

Interest Expense, Finance Costs and Tax

The Group's consolidated interest expenses and other finance costs for the year, including its share of associated companies' and joint ventures' interest expenses, amortisation of finance costs and after deducting interest capitalised on assets under development, amounted to HK$12,229 million, a decrease of 3% when compared last year mainly due to full year impact on the interest costs savings from loan refinancing at lower interest rates in the ports and infrastructure divisions during 2015. The Group's weighted average cost of debt for 2016 was 2.18%.

The Group recorded current and deferred tax charges totalling HK$8,016 million for the year, an increase of 11% mainly due to lower benefits being recognised in 2016 for the Infrastructure businesses in the UK following the further enactment of UK corporate tax rate reduction against the benefit recognised in 2015.

Summary

Economic and market conditions remained volatile in 2016 which affect the Group's businesses worldwide. Despite facing various challenges, the Group continued to demonstrate its resilience and sustained growth in earnings in 2016, 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. Cautious and selective expansion and stringent capital expenditure and cost controls will continue across all businesses. In Italy, the successful integration of the legacy businesses and delivery of the expected merger synergies by Wind Tre will be a key focus for 2017. By also maintaining a prudent financial profile and strong liquidity, the Group is expected to deliver promising growth in 2017. Barring adverse external developments in the sectors and geographies in which we operate, I have full confidence that these objectives will be achieved in 2017.

Fok Kin Ning, Canning
Group Co-Managing Director

Hong Kong, 22 March 2017

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	2016 Throughput (100% basis)
			(million TEU)
Hongkong International Terminals/ COSCO-HIT Terminals/ Asia Container Terminals	Hong Kong	30.07% / 15.03% / 12.03%	11.1
Yantian International Container Terminals - Phase I and II/ Phase III/ West Port	Mainland China	16.96% / 15.53% / 15.53%	11.7
Huizhou International Container Terminals	Mainland China	12.42%	0.1
Ancillary Services - Asia Port Services/ Hutchison Logistics (HK)/ Shenzhen Hutchison Inland Container Depots	Hong Kong and Mainland China	30.07% / 30.07% / 23.35%	N/A

Mainland China and Other Hong Kong

Name	Location	Hutchison Ports' Effective Interest [1]	2016 Throughput (100% basis)
			(million TEU)
Shanghai Mingdong Container Terminals/ Shanghai Pudong International Container Terminals	Mainland China	50% / 30%	8.6
Ningbo Beilun International Container Terminals	Mainland China	49%	2.0
River Trade Terminal	Hong Kong	50%	0.9
Ports in Southern China - Nanhai International Container Terminals [2]/ Jiangmen International Container Terminals [2]/ Shantou International Container Terminals/ Huizhou Port Industrial Corporation/ Xiamen International Container Terminals/ Xiamen Haicang International Container Terminals	Mainland China	50% / 50% / 70% / 33.59% / 49% / 49%	2.2

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

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

Ports and Related Services (continued)

Europe

Name	Location	Hutchison Ports' Effective Interest [1]	2016 Throughput (100% basis)
			(million TEU)
Europe Container Terminals (ECT)/ Delta Terminal, ECT / Euromax Terminal, ECT Amsterdam Container Terminals	Belgium, Germany and The Netherlands	93.5% / 89.37% / 60.78% 70.08%	8.9
Hutchison Ports (UK) – Port of Felixstowe/ Harwich International Port/ London Thamesport	United Kingdom	100% / 100% / 80%	4.2
Barcelona Europe South Terminal	Spain	100%	1.2
Gdynia Container Terminal	Poland	99.15%	0.3
Container Terminal Frihamnen [3]	Sweden	100%	0.1

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

Asia, Australia and Others

Name	Location	Hutchison Ports' Effective Interest [1]	2016 Throughput (100% basis)
			(million TEU)
Westports Malaysia	Malaysia	23.55%	9.9
Panama Ports Company	Panama	90%	3.6
Jakarta International Container Terminal / Koja Terminal	Indonesia	49% / 45.09%	3.0
Hutchison Korea Terminals / Korea International Terminals	South Korea	100% / 88.9%	2.7
Hutchison Laemchabang Terminal / Thai Laemchabang Terminal	Thailand	80% / 87.5%	2.4
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%	1.4
Freeport Container Port	The Bahamas	51%	1.2
Karachi International Container Terminal / South Asia Pakistan Terminals	Pakistan	100% / 90%	1.1
Alexandria International Container Terminals	Egypt	80.33%	0.7
Oman International Container Terminal	Oman	65%	0.6
Tanzania International Container Terminal Services	Tanzania	66.5%	0.5
Sydney International Container Terminals	Australia	100%	0.2
Buenos Aires Container Terminal Services	Argentina	100%	0.2
Hutchison Ajman International Terminals	United Arab Emirates	100%	0.2
Brisbane Container Terminals	Australia	100%	0.1
Myanmar International Terminals Thilawa	Myanmar	100%	0.1
Saigon International Terminals Vietnam	Vietnam	70%	—

Retail

Brand list by Market

Market	Brand
Albania	Rossmann
Belgium	ICI PARIS XL, Kruidvat
Czech Republic	Rossmann
Germany	ICI PARIS XL, Rossmann
Hong Kong	Watsons, PARKnSHOP, Fortress, Watson's Wine, Watsons Water, Mr Juicy
Hungary	Rossmann
Indonesia	Watsons
Ireland	The Perfume Shop, Superdrug
Latvia	Drogas
Lithuania	Drogas
Luxembourg	ICI PARIS XL
Macau	Watsons, PARKnSHOP, Fortress, Watson's Wine
Mainland China	Watsons, PARKnSHOP, Watson's Wine, Watsons Water, Mr Juicy
Malaysia	Watsons
The Netherlands	ICI PARIS XL, Kruidvat, Trekpleister
The Philippines	Watsons
Poland	Rossmann
Russia	Spektr
Singapore	Watsons
South Korea (1)	Watsons
Taiwan	Watsons
Thailand	Watsons
Turkey	Watsons
United Kingdom	The Perfume Shop, Superdrug, Savers
Ukraine	Watsons

Note 1: The 50% interest of the Group has been disposed of in February 2017.

Infrastructure

CKI Project Profile by Geographical Location

Geographical Location	Company/Project	Type of Business	Shareholding Interest within CKHH Group
Australia	SA Power Networks	Electricity Distribution	CKI: 23.07%; Power Assets: 27.93%
	Powercor Australia Limited	Electricity Distribution	CKI: 23.07%; Power Assets: 27.93%
	CitiPower I Pty Ltd.	Electricity Distribution	CKI: 23.07%; Power Assets: 27.93%
	Australian Gas Networks Limited	Gas Distribution	CKHH: 27.51%; CKI: 44.97%; Power Assets: 27.5%
	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%
	Husky Midstream Limited Partnership	Oil pipelines and storage	CKI: 16.25%;Power Assets: 48.75%
Hong Kong	Power Assets Holdings Limited ("Power Assets")	Holding company of a 33.37% interest in HKEI, a listed electricity generation and transmission business in HK, and power and utility-related businesses overseas	CKI: 38.87%
	Alliance Construction Materials Limited	Infrastructure Materials	CKI: 50%
	Green Island Cement Company, Limited	Infrastructure Materials	CKI: 100%
	Anderson Asphalt Limited	Infrastructure Materials	CKI: 100%
Mainland China	Green Island Cement (Yunfu) Company Limited	Infrastructure Materials	CKI: 100%
	Guangdong Gitic Green Island Cement Co. Ltd.	Infrastructure Materials	CKI: 66.5%
	Shen-Shan Highway (Eastern Section)	Toll Road	CKI: 33.5%
	Shantou Bay Bridge	Toll Bridge	CKI: 30%
	Tangshan Tangle Road	Toll Road	CKI: 51%
	Jiangmen Chaolian Bridge	Toll Bridge	CKI: 50%
	Panyu Beidou Bridge	Toll Bridge	CKI: 40%
The Netherlands	Dutch Enviro Energy Holdings B.V.	Energy-from-Waste	CKHH: 35%; CKI: 35%; Power Assets: 20%
New Zealand	Wellington Electricity Lines Limited	Electricity Distribution	CKI: 50%; Power Assets: 50%
	Enviro (NZ) Limited	Waste Management	CKI: 100%
The Philippines	Siquijor Limestone Quarry	Infrastructure Materials	CKI: 40%
Portugal	Portugal Renewable Energy	Generation and Sale of Wind Energy	CKI: 50%; Power Assets: 50%
United Kingdom	UK Power Networks Holdings Limited	Electricity Distribution	CKI: 40%; Power Assets: 40%
	Northumbrian Water Group Limited	Water Supply, Sewerage and Waste Water businesses	CKHH: 40%; CKI: 40%
	Northern Gas Networks Limited	Gas Distribution	CKI: 47.06%; Power Assets: 41.29%
	Wales & West Utilities Limited	Gas Distribution	CKHH: 30%; CKI: 30%; Power Assets: 30%
	Seabank Power Limited	Electricity Generation	CKI: 25%; Power Assets: 25%
	Southern Water Services Limited	Water and Wastewater Services	CKI: 4.75%
	UK Rails S.a.r.l.	Leasing of Rolling Stock	CKHH: 50%; CKI: 50%

Energy

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

Operations	Project	Status/Production Timeline	Husky Energy's Working Interest
UPSTREAM			
Western Canada			
- Oil Resource Plays	Viking, Alberta and S.W. Saskatchewan	In production	Varies
	N. Cardium, Wapiti, Alberta	In production	Varies
	Muskwa, Rainbow, Northern Alberta	In production	Varies
	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	First Oil June 2016	100%
	Edam West	First Oil August 2016	100%
	Edam East	First Oil April 2016	100%
	Rush Lake II	2019	100%
	Rainbow Lake Gas Processing Plant	In operation	100%
Atlantic Region	Terra Nova	In production	13%
	South Avalon	In production	72.5%
	North Amethyst	In production	68.875%
	South White Rose Extension	In production	68.875%
	West White Rose	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%
Asia Pacific	Wenchang, South China Sea	In production	40%
	Liwan 3-1, Block 29/26, South China Sea	In production	49%
	Liuhua 34-2, Block 29/26, South China Sea	In production	49%
	Liuhua 29-1, Block 29/26, South China Sea	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 & MBJ, Indonesia	Under evaluation	40%
	Madura Strait, MBF, Indonesia	Under evaluation	50%
	Anugerah, Indonesia	Production Sharing Contract signed in 2014	100%
	Offshore Taiwan	Joint Venture Contract signed in 2012	75%
DOWNSTREAM			
	Lima Refinery, Ohio, USA	In production	100%
	Toledo Refinery, Ohio, USA	In production	50%
	Lloydminster Upgrader, Saskatchewan	In production	100%
	Lloydminster Asphalt Refinery, Alberta	In production	100%
	Prince George Refinery, British Columbia	In production	100%
	Lloydminster Ethanol Plant, Saskatchewan	In production	100%
	Minnedosa Ethanol Plant, Manitoba	In production	100%
	Cold Lake Pipeline System, Alberta	In operation	35%
	Saskatchewan Gathering System	In operation	35%
	Mainline Pipeline System, Alberta	In operation	35%
	Hardisty Terminal	In operation	35%

Telecommunications

Summary of licence investments

Operation	Licence	Spectrum Lot	Blocks	Paired/Unpaired	Available Spectrum
United Kingdom [1]	800 MHz	5 MHz	1	Paired	10 MHz
	1400 MHz	5 MHz	4	Unpaired	20 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
Italy	800 MHz	5 MHz	2	Paired	20 MHz
	900 MHz	5 MHz	2	Paired	20 MHz
	900 MHz [2]	5 MHz	1	Paired	10 MHz
	1800 MHz	5 MHz	4	Paired	40 MHz
	1800 MHz [2]	5 MHz	2	Paired	20 MHz
	2100 MHz	5 MHz	4	Paired	40 MHz
	2100 MHz [2]	5 MHz	2	Paired	20 MHz
	2100 MHz	5 MHz	2	Unpaired	10 MHz
	2600 MHz	5 MHz	4	Paired	40 MHz
	2600 MHz [2]	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
	1800 MHz	5 MHz	1	Paired	10 MHz
	2100 MHz	20 MHz	1	Paired	40 MHz
	2100 MHz	5 MHz	1	Unpaired	5 MHz
	2600 MHz	10 MHz	1	Paired	20 MHz
	2600 MHz	50 MHz	1	Unpaired	50 MHz
Denmark	900 MHz	5 MHz	1	Paired	10 MHz
	1800 MHz	5 MHz	2	Paired	20 MHz
	1800 MHz	10 MHz	2	Paired	40 MHz
	2100 MHz	15 MHz	1	Paired	30 MHz
	2100 MHz	5 MHz	1	Unpaired	5 MHz
	2600 MHz	10 MHz	1	Paired	20 MHz
	2600 MHz	5 MHz	5	Unpaired	25 MHz
Ireland	800 MHz	5 MHz	2	Paired	20 MHz
	900 MHz	5 MHz	3	Paired	30 MHz
	1800 MHz	5 MHz	7	Paired	70 MHz
	2100 MHz	5 MHz	6	Paired	60 MHz
	2100 MHz	5 MHz	1	Unpaired	5 MHz

Operation	Licence	Spectrum Lot	Blocks	Paired/Unpaired	Available Spectrum
HTHKH - Hong Kong	900 MHz	5 MHz	1	Paired	10 MHz
	900 MHz	8.3 MHz	1	Paired	16.6 MHz
	1800 MHz	11.6 MHz	1	Paired	23.2 MHz
	2100 MHz	14.8 MHz	1	Paired	29.6 MHz
	2300 MHz	30 MHz	1	Unpaired	30 MHz
	2600 MHz (3)	5 MHz	1	Paired	10 MHz
	2600 MHz (3)	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 (4)	15 MHz	1	Paired	30 MHz
Australia (5)	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 holding by **3** UK only and excludes spectrum held by UK Broadband as the acquisition of UK Broadband has not completed.

Note 2: For divestment to Iliad under the remedy taker contract.

Note 3: Spectrum held by 50/50 joint venture with PCCW.

Note 4: Spectrum shared with Viettel Mobile.

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