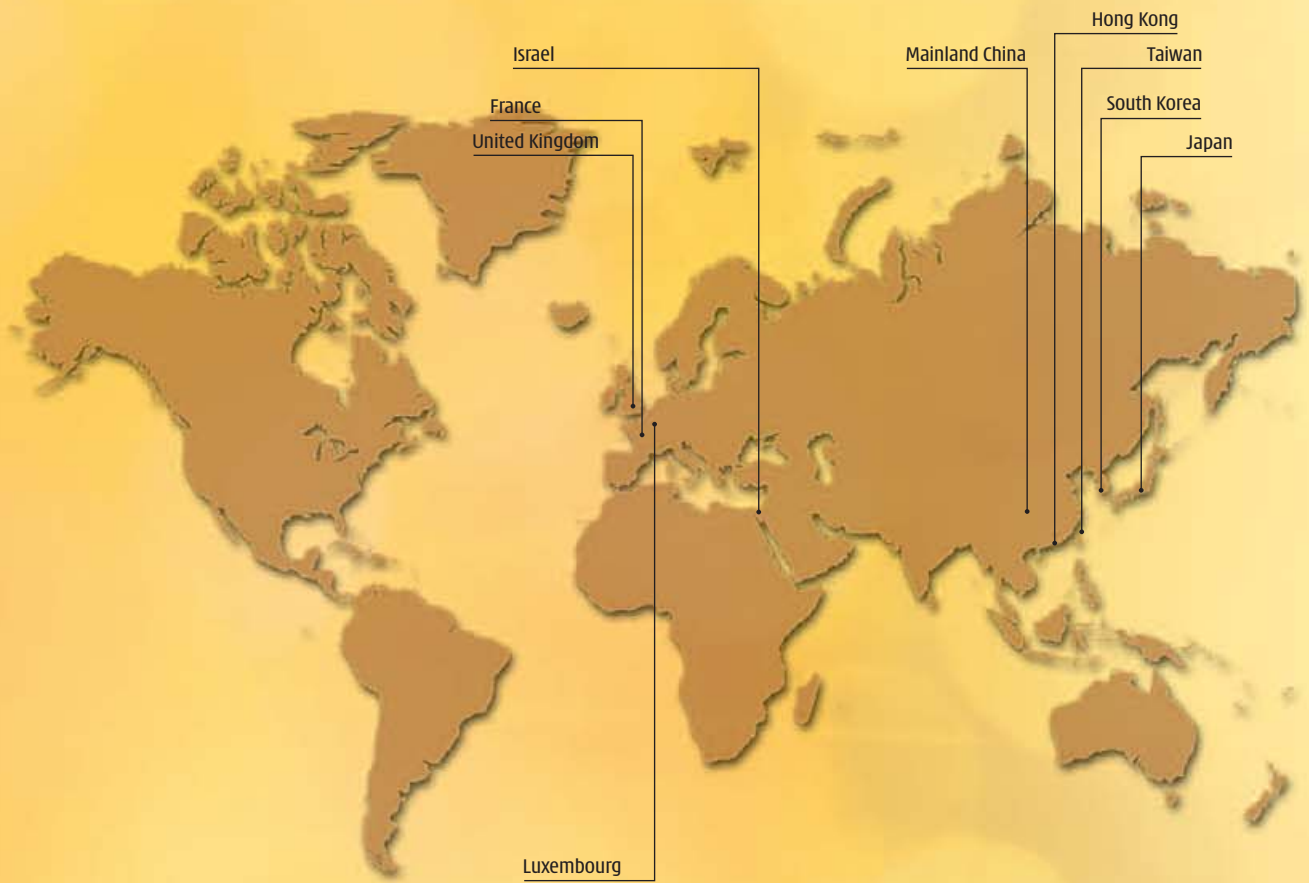


# Finance & Investments and Others

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



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



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

## Operations Review – Finance & Investments and Others

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

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

### Finance and Investments

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

### Interest Expense, Finance Costs and Tax

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

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

## Others

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

### Hutchison Whampoa (China) Limited

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

### Hutchison Harbour Ring Limited

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

### TOM Group

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

### Hutchison Water

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

## Summary

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

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

**Fok Kin Ning, Canning**

*Group Managing Director*

Hong Kong, 29 March 2012