Chairman's Statement

2012 was a year of continuing growth for the Group. Despite weak economic conditions and continuing uncertainty affecting several of the markets in which the Group operates, our businesses overall still achieved solid performances and demonstrated strong resilience. With the exception of our joint venture Vodafone Hutchison Australia ("VHA"), all major operating divisions reported steady or increased recurring earnings (1).

Results

The Group's recurring profit attributable to ordinary shareholders for the year, before property revaluation gains and profits on disposal of investments and others, was HK$26,818 million, a 19% increase compared to last year's profit of HK$22,561 million. Recurring earnings per share were HK$6.29 as compared to HK$5.29 in 2011.

Profits on disposal of investments and others after tax in 2012 were a charge of HK$1,803 million and represent Hutchison Telecommunications (Australia)'s 50% share of VHA's operating losses and its share of certain network closure cost and restructuring costs in the second half. Profits on disposal of investments and others in 2011 were HK$32,868 million, primarily due to the Initial Public Offering of HPH Trust partly offset by certain impairment charges.

Profit attributable to ordinary shareholders reported for the year was HK$26,128 million as compared to HK$56,019 million for 2011 as a result of the one-time items mentioned above.

Dividends

The Board recommends the payment of a final dividend of HK$1.53 per share (2011: HK$1.53 per share) payable on Wednesday, 5 June 2013 to those persons registered as shareholders of the Company on Monday, 27 May 2013, being the record date for determining the shareholders' entitlement to the proposed final dividend. Combined with the interim dividend of HK$0.55 per share, the full year dividend amounts to HK$2.08 per share (2011: HK$2.08 per share).

Ports and Related Services

The ports and related services division's throughput grew 2% to 76.8 million twenty-foot equivalent units in 2012. Total revenue of HK$32,941 million and EBITDA of HK$11,453 million were 3% and 1% higher respectively than last year when compared on a like-for-like basis (2). Although underlying earnings performance was strong in most regions, EBIT of HK$7,791 million was 1% lower when compared to 2011 on a like-for-like basis (2) mainly due to the unfavourable impact of foreign currency translation. In local currency, revenue, EBITDA and EBIT increased by 7%, 3% and 2% respectively.

During the year, the division acquired a 100% interest in Hutchison Ajman International Terminals in the United Arab Emirates. In the third quarter of 2012, the division commenced operation of a three-berth container terminal at Shanghai Waigaoqiao Port Zone Phase 6 and opened the first three of five berths in the first phase of Barcelona Europe South Terminal ("BEST") located at the Port of Barcelona. BEST is the first semi-automated deep-water container terminal in the Group's network of 52 ports in 26 countries. The division also brought into service the first berth at the new Huizhou International Container Terminals in the Mainland and a new berth in Brisbane, Australia in 2012.

In 2013, the division will open an additional berth each at Huizhou in the Mainland, Westports Malaysia and Lazaro Cardenas in Mexico. Two new berths in Sydney, Australia are also expected to come into operation in 2013. The division is expected to maintain a steady performance in 2013 and will grow in subsequent years as the new berths and ports become fully operational, which is typically around two to three years from launch of commercial operation.

Note 1 : Husky Energy's net earnings was 9% below last year mainly due to a one-off gain on the sale of non-core assets recorded in 2011.

Note 2 : To enable a better comparison of underlying performance, revenue, EBITDA and EBIT only reflect the Group's attributable share of results based on the effective shareholdings in HPH Trust / HPH Trust operations during 2012. 2011 EBIT includes the depreciation in 2012 on marking HPH Trust's assets to fair value on IPO so that the year-on-year changes can be calculated on a like-for-like basis.

Property and Hotels

The property and hotels division reported total revenue of HK$19,970 million, a 16% increase compared to 2011. EBITDA and EBIT increased 10% and 11% to HK$10,919 million and HK$10,553 million respectively.

The division's 12.0 million square foot portfolio of rental properties in Hong Kong, together with our attributable share of 2.1 million square foot portfolio in the Mainland and overseas, reported solid occupancy and steady rental growth. However, reported rental income declined 1% to HK$3,805 million from last year due to the sale of certain investment properties during 2011, mostly offset by higher rental renewal rates. Our portfolio is of a high quality and is well located. It is expected to continue performing well in 2013.

The division's hotel portfolio, comprising 11 hotels of over 8,500 rooms in which the Group has an average effective interest of approximately 62%, reported revenue and earnings growth. This reflects both high occupancy rates in Hong Kong as well as a strong focus on productivity and cost efficiency.

Our current property development activities are principally focused on the Mainland and Singapore. In the Mainland, Government initiatives aimed at preventing residential property price inflation continued to adversely impact market sentiment throughout 2012. During the year, we recognised sales on an attributable interest of approximately 6.8 million square feet of developed properties, primarily in the Mainland. The division's current attributable interest in landbank is approximately 92 million developable square feet, largely held through jointly controlled entities with Cheung Kong (Holdings) Ltd. Market conditions permitting, we expect to complete an attributable share of approximately 10.4 million square feet gross floor area of residential and commercial properties during 2013.

Retail

The retail division, with over 10,800 stores in 33 markets, delivered another year of strong revenue, earnings and cashflow growth in 2012. Total revenue of HK$148,626 million, EBITDA of HK$12,725 million and EBIT of HK$10,048 million, were 4%, 9% and 8% higher respectively than last year.

The division's major units in both Asia and Europe reported like-for-like sales and operating margin growth during the year. Despite the uncertain economic conditions in Europe, the operations in the region overall were resilient and able to increase earnings contribution through effective cost control measures and increasing operating efficiencies.

In 2013, the A S Watson Group will continue to expand its store base in regions with high growth potential, including the Mainland and certain Asian countries.

Cheung Kong Infrastructure

Cheung Kong Infrastructure Holdings Limited ("CKI"), our Hong Kong listed subsidiary, announced profit attributable to shareholders of HK$9,427 million, a growth of 22% over last year.

CKI's investment in Northumbrian Water Group Limited, which was acquired in the last quarter of 2011, together with earnings growth in UK Power Networks and Power Assets, provided positive profit contributions to the Group in the year. Looking forward, I expect CKI to benefit from its investment in Wales & West Utilities Limited, which was acquired in the last quarter of 2012. CKI will continue to look for opportunities to expand its portfolio by acquiring businesses with strong recurrent returns whilst maintaining a strong balance sheet, steady cashflow and low gearing ratios.

Husky Energy

Husky Energy, our associated company listed in Canada, announced revenues, net of royalties, of C$22,435 million, 2% higher than 2011. Average production in 2012 was 301,500 barrels of oil equivalent per day ("BOEs per day") compared to 312,500 BOEs per day in 2011. Production in 2012 was lower in the Atlantic Region due to planned off-station maintenance of the SeaRose and Terra Nova Floating, Production, Storage and Offloading vessels. Natural gas production was also lower as investment prioritised higher netback crude oil and liquids rich natural gas developments. Declines were partially offset by the start-up of two new heavy oil thermal projects at Pikes Peak South and Paradise Hill. Net earnings of C$2,022 million in 2012 were 9% lower than last year mainly due to the inclusion of one-off gains on the sale of non-core assets in 2011.

Husky Energy is currently undertaking two very substantial capital projects, the Liwan deep-water natural gas development ("Liwan project") located in the South China Sea and the Sunrise Energy oil sands development ("Sunrise Project") in Canada. The Liwan project is expected to begin production in late 2013 / early 2014. The Sunrise Project will begin production in 2014. Both projects are presently expected to complete on schedule and on budget. Production from the Liwan 3-1 and Liuhua 34-2 fields of Block 29/26 of the Liwan project is planned to ramp up through 2014 towards approximately 300 million cubic feet per day. The first phase of the Sunrise Project is expected to produce approximately 60,000 barrels per day (30,000 barrels per day net to Husky Energy).

Hutchison Telecommunications Hong Kong

Hutchison Telecommunications Hong Kong Holdings ("HTHKH"), our Hong Kong listed telecommunications subsidiary operating in Hong Kong and in Macau announced revenue of HK$15,536 million, an increase of 16% over last year. EBITDA of HK$3,062 million and EBIT of HK$1,756 million, increased 17% and 22% respectively over last year. The announced net profit attributable to shareholders was HK$1,227 million and earnings per share was 25.46 HK cents, an increase of 20% compared to last year.

As of 31 December 2012, active mobile customers were over 3.7 million in Hong Kong and Macau. Fixed line operations have also continued to grow with increasing data traffic across all networks in Hong Kong.

HTHKH has established its leading market position in the mobile businesses, particularly in the smartphone segment. With the launch of Long Term Evolution services during 2012, HTHKH's mobile operation in Hong Kong will continue to lead in providing ultra high speed data services in mobility.

Hutchison Asia Telecommunications

As of 31 December 2012, Hutchison Asia Telecommunications ("HAT") had a customer base of over 40.3 million and reported total revenue of HK$4,452 million, EBITDA of HK$423 million and LBIT of HK$846 million, an improvement of 91%, 398% and 28% respectively compared to last year.

In 2013, HAT expects to continue the growth momentum in its customer base, which has increased noticeably from the second half of 2012, and expand its network speed and coverage to meet increasing demand, particularly in Indonesia.

3 Group Europe

The Group's registered 3G customer base in Europe increased 9% during the year and currently totals over 23.5 million customers. **3** Group Europe reported total revenue of HK$58,708 million, a 3% increase over last year, while EBITDA and EBIT grew by 15% and 101% to HK$9,213 million and HK$3,145 million respectively. The significant improvement in **3** Group Europe's underlying operating results reflects the success in gaining leading positions in the smartphone and mobile data segments, which are continuing to drive increased demand for data services at unprecedented rates.

In January 2013, **3** Austria completed its acquisition of a 100% interest in Orange Austria and a subsequent onward sale of the Yesss! brand and certain other assets to Telekom Austria Group. The combined operations will generate incremental revenues that, together with operational synergies and efficiencies, should result in substantial increases in **3** Austria's contribution in 2013.

Despite Europe being affected by continued economic and financial uncertainties, **3** Group Europe has built up strong fundamentals and maintained its good growth momentum during the year. All **3** Group Europe operations seek to further increase market share in the smartphone and data segment, which is expected to be one of the key growth drivers in 2013. Commercially, the operations remain focused on the acquisition of high margin customers and also the upsell of the existing customer base to higher margin service offerings. Operationally, strict cost and spending disciplines with a view to achieving maximum operational leverage remains a priority. Further progress in the transition to a non-subsidised handset model in its customer base, together with gradual stabilisation of European mobile termination regimes, are expected to further improve the division's contributions to the Group's overall results going forward.

Finance & Investments and Others

Contribution from this division represents returns earned on the Group's holdings of cash and liquid investments as well as results of other small operating units. The increase in contribution in 2012 was mainly due to higher realised foreign exchange gains and higher overall interest income.

During 2012, the Group raised HK$101,065 million from the debt and capital markets and issues of shares by a subsidiary and repaid debts as they matured and repaid early certain long-term borrowings and notes totalling HK$47,022 million. At 31 December 2012, the Group's consolidated cash and liquid investments totalled HK$131,447 million and consolidated debt amounted to HK$256,152 million, resulting in consolidated net debt of HK$124,705 million and net debt to net total capital ratio of 21.9%. The Group's consolidated cash and liquid investments as at 31 December 2012 were sufficient to repay all outstanding consolidated Group debt maturing through 2015 and approximately 17% of the maturities in 2016.

The Group will continue to closely monitor its liquidity and debt profile and expects its net debt to net total capital ratio to remain less than 25%.

Outlook

In 2012, continued economic and financial uncertainty affected markets and geographies in which the Group operates to varying degrees. Our core businesses and operations, which are spread over 52 countries, demonstrated resilience and maintained operating growth in the year. Whilst uncertainty still remains a challenge for 2013, major economies are showing signs of stabilisation and gradual recovery. The Group will continue to pursue a strategy of "Growth with Stability", with equal emphasis on achieving sustainable recurring earnings growth and maintaining the Group's strong financial profile. Each of our major operating divisions will continue to invest and expand its core business operations. I expect, barring unforeseen material adverse developments in major markets, the Group will continue to meet these objectives in 2013. I have confidence in the Group's prospects.

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

Li Ka-shing
Chairman

Hong Kong, 26 March 2013