

Building Value

from Quality Assets



CK ASSET HOLDINGS LIMITED
長江實業集團有限公司

(Incorporated in the Cayman Islands with limited liability)
STOCK CODE: 1113

Annual Report 2017

Group Structure

Li family & Trust

31.47%

Other Shareholders

68.53%



CK ASSET HOLDINGS LIMITED

(A limited liability Cayman Islands company registered and listed in Hong Kong)

Stock Code: 1113

Development Properties

Investment Properties

Infrastructure and Utility Asset Operation

Aircraft Leasing

Hotels and Serviced Suites

35.48%



HUI XIAN REIT
匯賢產業信託

Hui Xian REIT

(Listed in Hong Kong,
Stock Code: 87001)

27.45%

FORTUNE REIT
置富產業信託

Fortune REIT

(Listed in Hong Kong,
Stock Code: 778 and
Singapore, Stock Code: F25U)

18.68%

PROSPERITY REIT
泓富產業信託

Prosperity REIT

(Listed in Hong Kong,
Stock Code: 808)

40%

DUET Group

100%



Multinet Gas Networks

100%



Dampier Bunbury Pipeline

66%

united energy

100%

Energy Developments

65%

ista

75%



Reliance
home comfort™

CK Asset Group

Total Market Capitalisation

HK\$304 Billion

16 March 2018

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Five Year Financial Summary

| Consolidated Income Statement (HK\$ million) | | | | | |
|---|---------------|---------------|----------------|----------------|----------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 |
| Group revenue | 17,011 | 24,038 | 57,280 | 69,300 | 57,546 |
| Share of revenue of joint ventures | 16,540 | 8,189 | 1,513 | 610 | 6,234 |
| Total | 33,551 | 32,227 | 58,793 | 69,910 | 63,780 |
| Profit attributable to Shareholders | 14,152 | 17,068 | 17,113 | 19,415 | 30,125 |
| Non-controlling interests and holders of perpetual capital securities | 272 | 248 | 795 | 394 | 763 |
| Profit after taxation | 14,424 | 17,316 | 17,908 | 19,809 | 30,888 |
| Consolidated Statement of Financial Position (HK\$ million) | | | | | |
| | 2013 | 2014 | 2015 | 2016 | 2017 |
| Fixed assets | 9,942 | 9,928 | 18,614 | 33,695 | 35,337 |
| Investment properties | 28,777 | 33,285 | 119,959 | 125,306 | 135,998 |
| Joint ventures | 45,309 | 45,897 | 4,393 | 7,907 | 65,293 |
| Associates | – | – | 7,743 | 7,333 | 7,402 |
| Other non-current assets | 5,606 | 7,473 | 9,599 | 9,791 | 12,331 |
| Net current assets | 1,096 | 3,837 | 174,870 | 169,047 | 123,572 |
| | 90,730 | 100,420 | 335,178 | 353,079 | 379,933 |
| Non-current liabilities | 1,576 | 1,349 | 65,491 | 76,805 | 70,753 |
| Net assets | 89,154 | 99,071 | 269,687 | 276,274 | 309,180 |
| Representing: | | | | | |
| Share capital | – | – | 3,860 | 3,824 | 3,698 |
| Share premium | – | – | 250,951 | 249,179 | 242,177 |
| Combined capital | 93 | 93 | – | – | – |
| Reserves | 86,002 | 96,161 | 8,285 | 17,196 | 45,677 |
| Shareholders' funds | 86,095 | 96,254 | 263,096 | 270,199 | 291,552 |
| Perpetual capital securities | – | – | – | – | 11,670 |
| Non-controlling interests | 3,059 | 2,817 | 6,591 | 6,075 | 5,958 |
| Total equity | 89,154 | 99,071 | 269,687 | 276,274 | 309,180 |
| Shareholders' funds | | | | | |
| – NBV per share (HK\$) (Note 1) | 22.31 | 24.94 | 68.17 | 70.66 | 78.85 |
| Earnings per share (HK\$) (Note 2) | 3.67 | 4.42 | 4.43 | 5.05 | 8.07 |
| Dividend per share (HK\$) | | | 1.40 | 1.53 | 1.70 |
| Interim dividend | | | 0.35 | 0.38 | 0.42 |
| Final dividend | | | 1.05 | 1.15 | 1.28 |

Note 1: Calculation of NBV per share for 2015 to 2017 is based on number of shares in issue at the year end dates and calculation of NBV per share for 2013 and 2014 is based on 3,859,678,500 shares issued on 3 June 2015, the listing date, as if such number of shares had been in issue at those year end dates.

Note 2: Calculation of earnings per share for 2016 and 2017 is based on weighted average number of shares in issue during the years concerned and calculation of earnings per share for 2013 to 2015 is based on 3,859,678,500 shares issued on the listing date as if such number of shares had been in issue throughout the years concerned.

The Year at a Glance



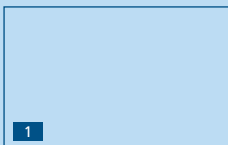
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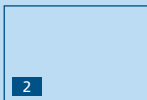
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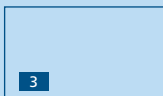
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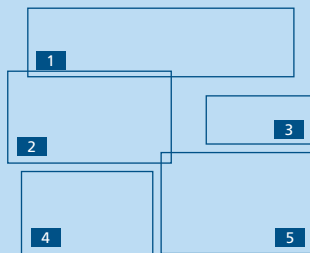
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1. The Group announced its 2017 Annual Results on 16 March 2018
2. Directors and members of Executive Committee at the Board Meeting
3. The Chairman of the Group, Mr. Li Ka-shing, announced his retirement from the positions as Chairman and Executive Director of the Company with effect from the conclusion of the annual general meeting in May 2018

The Year at a Glance (continued)



1-3



1. Caring Companies awards
2. Launch event of Crescendo in Ngau Tam Mei
3. Principal businesses of DUET Group in Australia
4. Management team of Reliance Home Comfort in Canada
5. Launch of Seanorama in Ma On Shan

CA A consortium comprising the Group, CKI and PAH announced the acquisition of 100% of DUET Group, an owner and operator of energy utility assets predominantly in Australia, in January 2017.

CA Seanorama in Ma On Shan was launched with good response.

CA The Group announced the acquisition of Reliance Home Comfort, a building equipment services provider in Canada, in March 2017.

CA Crescendo in Ngau Tam Mei achieved good sales results.

CA 137 member companies of the CK Group were named "Caring Companies" by the Hong Kong Council of Social Service – the highest number of awards received by a group for 14 consecutive years.



1



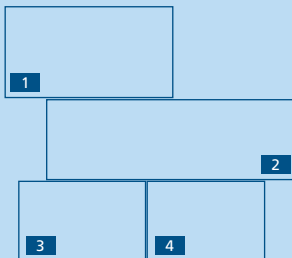
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3



4



1 & 2. Harbour Glory in North Point and its scenic harbour view

3 & 4. Ocean Pride and Ocean Supreme in Tsuen Wan

4-6

☞ Launches of Ocean Pride and Ocean Supreme in Tsuen Wan were well received by the market.

☞ Harbour Glory in North Point was offered for sale with favourable response.

☞ La Grande Ville V in Beijing was offered to the market for sale.

☞ Phase 7 of The Harbourfront in Qingdao was launched to the market.

The Year at a Glance (continued)



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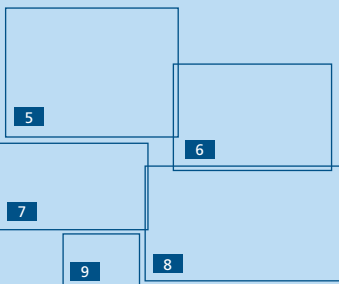


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4-6



5. The Community Chest Rainbow Fund

6. Awards presentation by The Community Chest

7 & 8. La Grande Ville in Beijing

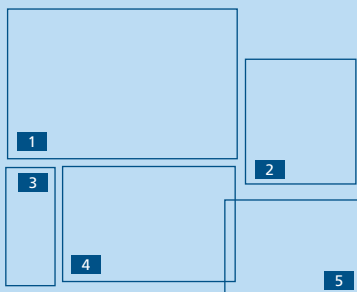
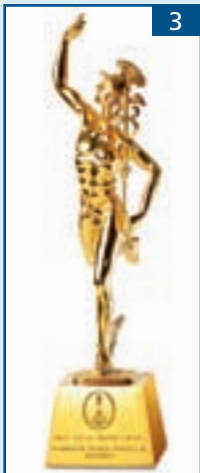
9. BCI Asia Awards 2017

☞ The Group received the “Hong Kong Top 10 Developers Award 2017” at BCI Asia Awards 2017.

☞ The Group issued US\$1,500 million 4.60% Guaranteed Senior Perpetual Capital Securities in May 2017.

☞ CK Group was named one of The Community Chest’s Top 3 Donors for the 18th year.

☞ CK Group continued its support to The Community Chest Rainbow Fund to provide emergency relief to those with imminent needs.



1. Management team of ista in Germany met with German officials Mr. Thomas Kufen, Lord Mayor of Essen (third from the right) and Ms. Ina Scharrenbach, Secretary of Home, Urban Development, Building & Equalisation (second from the right)
- 2 & 5. Received Asia's Best Employer Brand Awards
3. Best Local Hotel Chain Award
4. Awarded Outstanding Corporate Strategy Awards 2017

7-9

CA The Group and CKI formed a joint venture to acquire 100% of ista in Germany, a leading fully integrated energy management services provider with the main market being Germany, in July 2017.

CA The Group listed U.S.\$5,000,000,000 Euro Medium Term Note Programme in The Stock Exchange of Hong Kong Limited in September 2017.

CA Received "Asia's Best Employer Brand Awards" at the 8th Asia's Best Employer Brand Awards 2017 in Singapore.

CA Harbour Plaza Hotels & Resorts awarded "Best Local Hotel Chain" in "28th Annual TTG Travel Awards" by TTG Asia Media.

CA The Group received the "Outstanding Corporate Strategy Awards 2017" presented by *Eastweek Magazine*.

The Year at a Glance (continued)



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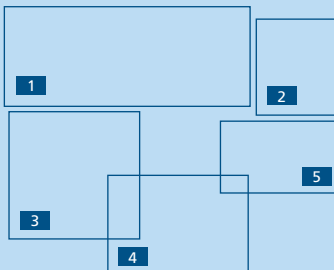


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10-12

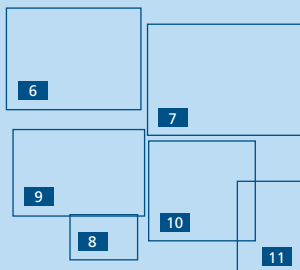


1. Directors' training on regulatory and compliance issues
2. Awarded China Top 100 Players of The Commercial Real Estate & Rewards For Best Performance of Commercial
3. My Central in Sai Ying Pun & Sheung Wan
4. Launch of My Central
5. Various awards received by Stars of Kovan in Singapore

📌 Launch of My Central in Sai Ying Pun and Sheung Wan was well received by the market.

📌 Directors' training was held with distinguished professionals and Hong Kong Independent Commission Against Corruption (ICAC) presenting topics relating to regulatory and compliance issues.

📌 Stars of Kovan in Singapore received various awards in the "PropertyGuru ASIA PROPERTY AWARD 2017": "Best Private Condo Architectural Design (Winner)"; "Best Retail Architectural Design (Winner)"; "Best Condo Interior Design (Winner)" and "Best Residential Interior Design (Asia) – Winner".



- 6. 2017 Galaxy Awards
- 7. Jolly Rockin' Xmas at 1881 Heritage
- 8 & 9. Metro Creative Awards 2017
- 10. My Favourite Shopping Mall Event Award
- 11. Experiential Marketing Brilliance Awards 2017

10-12

CA Ocean Pride in Tsuen Wan received "The Best Creative Ad 2017" award at the "Metro Creative Awards 2017".

CA Ocean Pride in Tsuen Wan received the "Grand Winner – Best Advertising" and "Gold Award – Advertising: TV Ad (Single)" at 2017 Galaxy Awards.

CA 1881 Heritage received "Top Ten Experimental Marketing Brilliance Awards HK", "Best Strategy for Tourists" and "Grand Quinquennial Prize" awards in Metro Finance's "Experiential Marketing Brilliance Awards 2017".

CA Wonderful World of Whampoa received "My Favourite Shopping Mall Event" award presented by Hong Kong Economic Times Group.

Report of the Chairman and the Managing Director

Building Value
from Quality Assets



HIGHLIGHTS

| | 2017 HK\$ Million | 2016 HK\$ Million | Change |
|---|----------------------|----------------------|--------|
| Revenue ^{Note} | 63,780 | 69,910 | -9% |
| Profit before investment property revaluation | 20,320 | 18,032 | +13% |
| Investment property revaluation (net of tax) | 9,805 | 1,383 | |
| Profit attributable to shareholders | 30,125 | 19,415 | +55% |
| Earnings per share – profit before IP revaluation | HK\$5.44 | HK\$4.69 | +16% |
| – profit attributable to shareholders | HK\$8.07 | HK\$5.05 | +60% |
| Final dividend per share | HK\$1.28 | HK\$1.15 | +11% |
| Full year dividend per share | HK\$1.70 | HK\$1.53 | +11% |

Note: Revenue includes the Group's revenue of HK\$57,546 million and the Group's share of revenue of joint ventures of HK\$6,234 million.

PROFIT FOR THE YEAR

The Group's audited profit attributable to shareholders for the year ended 31 December 2017 amounted to HK\$30,125 million (2016 – HK\$19,415 million). Earnings per share were HK\$8.07 (2016 – HK\$5.05).

The Group's audited profit attributable to shareholders amounted to HK\$30,125 million.

DIVIDEND

The Directors recommend the payment of a final dividend of HK\$1.28 per share in respect of 2017 to shareholders whose names appear on the Register of Members of the Company at the close of business on Wednesday, 16 May 2018. This together with the interim dividend of HK\$0.42 per share paid on 14 September 2017 gives a total of HK\$1.70 per share for the year (2016 – HK\$1.53 per share). The proposed final dividend will be paid on Thursday, 31 May 2018, following approval at the 2018 Annual General Meeting.

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

PROSPECTS

Business Review

2017 was a year of significant milestones for CK Asset Holdings Limited (formerly known as Cheung Kong Property Holdings Limited). The Group has achieved remarkable progress recently by making a number of quality investments, following the strategy as stated in the Annual Report 2016, to create value for shareholders through the pursuit of quality investments worldwide with stable recurring revenue. These investments have strengthened the Group's diversified asset portfolio and income sources, and enhanced further its foundations for growth. Our new Company name better reflects our current investment policies and strategic positioning, and represents the advent of a new chapter of growth for the Group.

The Group has been progressing well in meeting its operating targets and executing its development strategy during the year under review. Solid performances were delivered by both our existing operations and our newly acquired businesses. For the year ended 31 December 2017, the Group's audited profit attributable to shareholders was HK\$30,125 million, 55% higher than the previous year. Profit before investment property revaluation was HK\$20,320 million, an increase of 13% over 2016. An increase in fair value of investment properties of HK\$9,805 million after tax was recorded, largely due to the rising market value of prime office buildings in Central. Our recently acquired businesses in the infrastructure and utility assets, together with aircraft leasing, have provided recurring revenue and profit contribution to the Group during the year.

Property Business

The Group's property business delivered good progress and solid results during the year under review:

Property Development

The Hong Kong residential property market performed favourably in 2017 with trading primarily led by transactions of first-hand residential properties. Solid increases in both transaction volume and consideration were recorded for the year as a whole. On the Mainland, the property markets in major cities remained stable as the regulatory policies based on specific situations of different cities have functioned well in stabilising the market. The Group achieved sound property sales performances in Hong Kong, the Mainland, the United Kingdom and Singapore with total sales for the year exceeding HK\$78 billion. We will continue to adopt a cautious and disciplined approach in the property development business.

Property Investment

The Group's retail leasing business was positively impacted as retail sales in Hong Kong returned to growth from March 2017 after nearly two years of decline. We anticipate stronger retail rentals upon completion of the new commercial project at Tsuen Wan acquired during the year. As a whole, contribution from property investment increased over 2016 due to solid rental revenue from our premium commercial and retail properties in Hong Kong and overseas markets. In November 2017, the Group entered into a sale and purchase agreement ("Agreement") for the disposal of its ownership in The Center. Completion of the transaction is subject to the fulfilment of certain conditions under the Agreement.

Hotel and Serviced Suite Operation

Visitor arrivals in Hong Kong improved in 2017 with increases in the number of visitors from the Mainland and certain non-Mainland markets. The strengthening of visitor demand has resulted in a modest improvement in the average hotel room occupancy rate and average achieved hotel room rate. Despite an increase in operating costs, the performance of the Group's hotel and serviced suite operation was in line with expectations for the year. There was a one-off gain generated from the disposal of the Group's interests in two hotels in Chongqing and Chengdu to Hui Xian Real Estate Investment Trust in 2017. Our hotel business portfolio is set to further expand and strengthen following the addition of a total of approximately 1,200 rooms from two hotel projects in Hong Kong.

New Business Ventures

Over the period from late 2016, the Group had achieved significant milestones in building up its investment portfolio of businesses with stable recurrent income through various acquisitions. This portfolio now represents a dominant segment of the Group's overall business. It includes: 1) December 2016: the Group purchased from CK Hutchison Holdings Limited the equity interests in CK Capital Limited and Harrier Global Limited, which engage in the aircraft leasing business; 2) May 2017: a joint venture which is held as to 40%, 40% and 20% respectively by the Group, CK Infrastructure Holdings Limited ("CKI") and Power Assets Holdings Limited, completed the acquisition of the DUET Group, an owner and operator of energy utility assets predominantly in Australia, but also in the United States, Canada, and the United Kingdom; 3) July 2017: the Group completed the acquisition of the building equipment services business (the "Business") which provides water heaters and related services under the consumer brand, "Reliance Home Comfort", in Canada. A 25% equity interest in the Business was disposed to CKI in September; and 4) October 2017: a joint venture between the Group (65%) and CKI (35%) acquired 100% of ista Luxemburg GmbH, a fully integrated energy management services provider with the main market being Germany. These investments have made a profit contribution during the year, enhancing further the Group's quality earnings base.

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

Outlook

While the global economy is expected to maintain a stable growth in 2018, one should remain cautious against potential global economic challenges that may arise from the unclear implications of the Brexit negotiations, monetary policies that direct global fund flows and the aggravation of trade competition. The global economic outlook should nevertheless remain positive.

China's GDP year-to-year growth in 2017 was 6.9% as the momentum for medium-to-high growth continued. Its economy is expected to be positive given the Central Government's determination to curb financial risks and improve the quality of economic growth. Its pledge to maintain prudent monetary policy and active financial policy is clear. From a long-term perspective, China's economic development will continue to be steady and healthy.

We are cautiously optimistic about Hong Kong's economic outlook for 2018 given the further strengthening of the global economy and the steady economic growth in China, despite the accelerated pace of the U.S. interest rate increases. China's blueprint on "One Belt, One Road" and the "Greater Bay Area" will be beneficial to Hong Kong's long-term economic prospects. The local property market is expected to remain stable in the coming year with solid demand from flat buyers. Government housing policies will nevertheless continue to be a determining factor for the property market.

Investments of over HK\$80 billion have been made by the Group since late 2016 which include property projects in Hong Kong and overseas markets, such as the acquisition of OP Mall at Tsuen Wan and the addition of a total of approximately 1,200 rooms from two Hong Kong hotel projects; infrastructure and utility assets in continental Europe, Australia, Canada and the United Kingdom; and the aircraft leasing business. Considerable recurring income and profit contribution are expected to be generated, and an increase of over 50% in recurrent profit contribution compared with 2016 is anticipated for 2018. Despite the acquisitions, the Group's debt ratio in 2017 was maintained at a healthy level of below 6%. Our operating and financial position continues to be strong and healthy.

Looking ahead, the Group will continue with the investment strategy to vigorously increase stable recurrent income. The recurrent earnings base of the Group is expected to consolidate further in the year ahead. Barring any unforeseen circumstances, profit contribution generated by the new streams of recurring income would compensate for the reduced contribution from property development. The Group is grounded on firm foundations for long-term growth, fully aligned with our fundamental guiding principle: "To advance while maintaining stability". This critical strategic platform offers us greater development flexibility, stronger resilience amid adversity, and ample capacity for future growth.

The Group has utilised a total of HK\$8.7 billion in share buy-backs since 2016 to reflect the underlying value of the Company, and signify the Group's confidence in its long-term growth prospects. We aim to maximise long-term value for shareholders by achieving stronger sustainable growth through quality investments worldwide. Building on our solid foundations of diversified businesses, prudent financial strategy and a stronger recurring income base, we are well placed to secure investments that generate long-term stable liquidity, provide income in the short to medium term, and strengthen further the Group's dividend distribution capability.

Retirement of Chairman and Executive Director

Mr. Li Ka-shing has decided to step down as Chairman of the Company and retire from the position of executive director at the forthcoming Annual General Meeting of the Company.

Looking back at the past 68 years, since the founding of his business in 1950 and the listing of Cheung Kong (Holdings) Limited in 1972, Mr. Li has led the CK Group on a steady path of diversification and globalisation through organic growth, mergers and acquisitions, and timely strategic reviews and reorganisations at appropriate junctures in order to maximise value and returns for shareholders. Mr. Li would like to express his heart-felt appreciation to our shareholders for their unfailing confidence and support in the past years.

Going forward, the Board of Directors (the "Board") has requested and Mr. Li has agreed to serve as Senior Advisor of the Company and in that capacity to continue to contribute to the Group on significant matters.

The Board has also proposed and elected Mr. Li Tzar Kuoi, Victor, who has worked side-by-side with Mr. Li at the CK Group for 33 years, to succeed as Chairman of the Company whilst continuing with his present role as Managing Director. The senior management will continue to work with Mr. Victor Li in leading the Group towards the next new horizon of growth. Mr. Li sincerely hopes that all shareholders would give the same full support to Mr. Victor Li as they have always given to Mr. Li. We are confident in the prospects of the Group.

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

Li Ka-shing

Chairman

Li Tzar Kuoi, Victor

Managing Director

Hong Kong, 16 March 2018

Management Discussion and Analysis

SUSTAINABLE DEVELOPMENT STRATEGY

CK Asset Holdings Limited is a leading multinational corporation committed to achieving long-term sustainable growth through continual strengthening of its existing property businesses, and steady enhancement of its recurring income base via prudent investment strategy. The Group has diverse capabilities with activities encompassing property development and investment, hotel and serviced suite operation, property and project management, investment in infrastructure and utility assets that are household equipment services related, and aircraft leasing. It also has interests in three listed real estate investment trusts.

The Group has a leading market share in property development in Hong Kong and the Mainland, and an international presence through its operations in Singapore and the United Kingdom. With an extensive property portfolio and sound business fundamentals, we will continue to develop our property business in a cautious and disciplined manner. The Group will continue to provide innovative property concepts, enhance property qualities, and upgrade asset management levels. Meanwhile, we seek to improve overall asset performance and to timely release the underlying property portfolio value by evaluating and strategically adjusting our mix of properties for sale and investment from time to time.

The Group is steadfast in its aim to achieve long-term sustainable growth and value creation for shareholders not only through property business, but also through the pursuit of quality investments worldwide with stable recurring revenue, such as those in property investment projects in Hong Kong and overseas markets; infrastructure and utility assets in continental Europe, Australia, Canada and the United Kingdom; and aircraft leasing business. We will continue to expand our investment portfolio of businesses into a cornerstone of the Group's business following its principle "to advance while maintaining stability" and taking into consideration the operating conditions of various markets, and the risks and returns of different projects. All investment decisions are based on the long-term interests of shareholders, with a view to creating value growth for shareholders, and should meet the criteria to: (1) generate stable income and provide a steady stream of liquidity in the long term; (2) provide income in the short or medium term and enhance overall profitability; and (3) strengthen the Group's dividend distribution capability.

Through a pool of professional talents specialised in different business areas including investment, operation, finance and risk management, the Group will further enhance its operational efficiency and effectiveness, and strengthen its risk management capacity to deal with unforeseen market changes. The Group's strong and diversified recurring income base provides it with a solid financial foundation and allows it to maintain its credit profile. Through adhering to our fundamental financial policy of maintaining a healthy debt ratio, as well as our policy of seeking access to diversified funding sources, we are able to maintain strong liquidity and sufficient financial resources to flexibly respond to acquisition and investment opportunities as they arise, and gather momentum for growth on a long-term, sustainable basis.

BUSINESS REVIEW

Major Business Activities

1. Developments Completed during 2017:

| Name | Location | Gross Floor Area (sq.ft.) | Group's Interest |
|--|---|---------------------------|------------------|
| 90 Repulse Bay Road | The Remaining Portion of Rural Building Lot No. 177 | 71,182 | 100% |
| La Grande Ville Phases 3 and 4 | Shun Yi District, Beijing | 2,743,499 | 100% |
| Hupan Mingdi Land No. 911 South | Jiading District, Shanghai | 750,973 | 100% |
| Regency Hills Land No. 11A | Yangjiashan, Chongqing | 381,871 | 95% |
| The South Bay Phase 5B | Jinzhou New Area, Dalian | 618,332 | 100% |
| Laguna Verona Phases D2a, H and G1b/G2a Zone 1 | Hwang Gang Lake, Dongguan | 2,216,696 | 99.8% |
| Cape Coral Phase 4B | Panyu District, Guangzhou | 1,051,127 | 100% |
| Emerald City Phases 1B and 1C | Jianye District, Nanjing | 330,452 | 100% |
| The Harbourfront Land No. 7 | Shibei District, Qingdao | 861,306 | 90% |
| The Greenwich Phase 4B | Xian Hi-Tech Industries Development Zone, Xian | 568,463 | 100% |
| Chelsea Waterfront Claydon House | Chelsea/Fulham, London | 64,776 | 95% |

Management Discussion and Analysis (continued)

2. Developments in Progress and Scheduled for Completion in 2018:

| Name | Location | Gross Floor Area (sq.ft.) | Group's Interest |
|---|------------------------------------|---------------------------|------------------------|
| Ocean Pride Development Ocean Pride and Ocean Supreme OP Mall | Tsuen Wan Town Lot No. 401 | 1,798,648 436,476 | Joint Venture 100%* |
| Harbour Glory and Hotel Development | Inland Lot No. 8920 | 755,628 | 100% |
| Seanorama | Sha Tin Town Lot No. 574 | 562,171 | 100% |
| Borrett Road Project | Inland Lot No. 8949 | 435,296 | 100% |
| My Central | Inland Lot No. 9038 | 159,414 | Joint Venture |
| Hupan Mingdi Land No. 905 | Jiading District, Shanghai | 1,633,820 | 100% |
| Yuhu Mingdi Phases 2(1) and 3 | Huangpu District, Guangzhou | 862,589 | 80% |
| Upper West Shanghai Phase 2 Tenders 1 and 2, Phase 3 Tender 1, Phase 4 Tenders 1 and 2, and Phase 5 | Putuo District, Shanghai | 6,765,277 | 60% |
| Noble Hills Phases 4A, 4B and 5B | Wangcheng District, Changsha | 1,678,221 | 100% |
| Le Parc Phases 6C and 7B | Chengdu High-Tech Zone, Chengdu | 2,668,285 | 100% |


| Name | Location | Gross Floor Area (sq.ft.) | Group's Interest |
|---|----------------------------|---------------------------|------------------|
| Regency Hills Land Nos. 13A and 13B | Yangjiashan, Chongqing | 2,305,896 | 95% |
| Laguna Verona Phase G1b/G2a Zone 2 | Hwang Gang Lake, Dongguan | 687,878 | 99.8% |
| Noble Hills Phases 2A and 2B | Zengcheng, Guangzhou | 1,077,972 | 100% |
| City Link | Jing An District, Shanghai | 726,757 | 60% |
| Emerald Cove | Wuguishan, Zhongshan | 687,802 | 100% |
| Chelsea Waterfront Chartwell House, Compton House and West Tower | Chelsea/Fulham, London | 160,113 | 95% |

* As the purchaser under an Agreement for Sale and Purchase dated 24 May 2017, pending completion of the relevant sale and purchase.

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

- (1) January 2017: The Company, CK Infrastructure Holdings Limited ("CKI") and Power Assets Holdings Limited ("PAH") formed a joint venture with respective interests of 40%, 40% and 20% for the acquisition of all of the stapled securities in issue of the DUET Group, which is an owner and operator of energy utility assets in Australia, the United States, Canada and the United Kingdom. Upon fulfillment of all requisite conditions, the said acquisition was completed in May 2017.
- (2) March 2017: A wholly owned subsidiary of the Group reached a land exchange agreement with the Government in respect of the site at Hung Shui Kiu, Yuen Long, Lot No. 4328 in D.D.124 for an area of approximately 110,222 sq.ft. The site is designated for residential development and estimated to have a developable gross floor area of approximately 138,876 sq.ft.

Management Discussion and Analysis (continued)

- (3) March 2017: A wholly owned subsidiary of the Group (“Project Company”) entered into an agreement to acquire the building equipment services business which provides water heaters and related services under the consumer brand of “Reliance Home Comfort” in Canada, with the Company as the guarantor, at the adjusted consideration of approximately C\$2,800 million (equivalent to approximately HK\$17,160 million). Completion of the acquisition took place in mid-July 2017. Also in mid-July 2017, a wholly owned subsidiary of the Group (“Vendor”) entered into a sale and purchase agreement with a wholly owned subsidiary of CKI (“Purchaser”), pursuant to which, the Vendor sold to the Purchaser 25% equity interest in the Project Company in September 2017.
- (4) May 2017: A wholly owned subsidiary of the Group issued Guaranteed Senior Perpetual Capital Securities (“Securities”) in an aggregate principal amount of US\$1,500 million with an annual distribution rate of 4.60% which are guaranteed by the Company. The Securities are sold to professional investors only and are listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”).
- (5) January to June 2017: The Company bought back a total of 126,501,000 shares of a nominal value of HK\$1.00 each in the capital of the Company (“Shares”) in January, March, April, May and June 2017 on the Stock Exchange with the aggregate consideration paid (before expenses) amounting to HK\$6,981,950,600. All the Shares bought back were subsequently cancelled.
- (6) July 2017: The Group and CKI formed a joint venture with respective interests of 65% and 35% for the acquisition of 100% of ista Luxemburg GmbH (“ista”) at the consideration of approximately EUR4,500 million (equivalent to approximately HK\$41,400 million). ista is one of the world’s leading fully integrated energy management services providers with strong market positions in Europe including Germany, Denmark, the Netherlands, France, Italy and Spain. Upon fulfillment of all requisite conditions, the said acquisition was completed in October 2017.
- (7) The English name of the Company has been changed to “CK Asset Holdings Limited”, and the Chinese name of the Company has been changed to “長江實業集團有限公司” with effect from 24 August 2017. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 15 September 2017. As from that date, the logo of the Company has been changed to  and the website of the Company has been changed to www.ckah.com to reflect the new name. With effect from 9:00 a.m. on Wednesday, 20 September 2017, the shares of the Company have been trading under the new name of the Company on the Main Board of the Stock Exchange. The English stock short name of the Company has been changed to “CK ASSET” and the Chinese stock short name has been changed to “長實集團”. The stock code of the Company remains as “1113”.

- (8) September 2017: A wholly owned subsidiary of the Group (“Issuer”) updated the existing Euro Medium Term Note Programme (“Programme”) with an upsize of the Programme limit from US\$3,000 million to US\$5,000 million. Under the Programme, the Issuer may from time to time issue notes (“Notes”) denominated in any currency agreed between the Issuer and the relevant dealer. The payments of all amounts due in respect of the Notes will be guaranteed by the Company. The Programme provides that the Notes may be listed on the Stock Exchange or such other stock exchange(s) as may be agreed with the relevant dealer(s). As at 31 December 2017, Notes of an aggregate nominal amount of approximately US\$1,038 million were issued and outstanding under the Programme.
- (9) November 2017: A wholly owned subsidiary of the Group entered into a sale and purchase agreement with 中國港澳台僑和平發展亞洲地產有限公司 C.H.M.T. Peaceful Development Asia Property Limited (“CHMT”) for the sale of the entire issued share capital of, and the debt owing by, The Center (Holdings) Limited (“Target Company”) to CHMT at the total consideration of HK\$40.2 billion (subject to adjustments). The Target Company is the holding company of a group of wholly owned subsidiaries which hold various commercial and office properties and car parking spaces situated at “THE CENTER (中環中心)” No. 99 Queen’s Road Central, Hong Kong.
- (10) December 2017: In anticipation of the expiration of two master agreements both dated 5 May 2015 between the Company and CK Hutchison Holdings Limited (“CK Hutchison”) on 31 December 2017, the Company and CK Hutchison have on 15 December 2017 entered into two new master agreements which set out the framework terms governing respectively (i) the transactions entering into by CK Hutchison and its subsidiaries (“CK Hutchison Group”) of leases, tenancies or licences in respect of premises owned by the Group (including office space, car parks and building areas but excluding hotel premises) and (ii) purchasing by the Group of the goods (such as air-conditioners and other electrical appliances and gift/cash coupons) and services (such as printing of sales brochures and advertising materials) from members of the CK Hutchison Group for use in connection with the Group’s property development projects, for the period from 1 January 2018 to 31 December 2020.

Management Discussion and Analysis (continued)

Property Sales

Revenue of property sales (including share of joint ventures) recognised for the year was HK\$42,851 million (2016 – HK\$56,804 million), comprising mainly (i) sale of residential and commercial units of projects in Hong Kong – Stars by the Harbour, Yuccie Square and The Zumurud; (ii) sale of residential and commercial units of projects on the Mainland – La Grande Ville in Beijing, Cape Coral in Guangzhou, The Harbourfront in Qingdao, Millennium Waterfront in Wuhan, Laguna Verona in Dongguan, Hupan Mingdi in Shanghai and The Greenwich in Xian; and (iii) sale of residential units of Chelsea Waterfront in the United Kingdom, and is summarised by locations as follows:

| Location | 2017 HK\$ Million | 2016 HK\$ Million |
|--------------|----------------------|----------------------|
| Hong Kong | 12,792 | 20,882 |
| The Mainland | 29,555 | 35,914 |
| Overseas | 504 | 8 |
| | 42,851 | 56,804 |

Contribution from property sales (including share of joint ventures) for the year was HK\$16,251 million (2016 – HK\$17,667 million) and was derived from the following locations:

| Location | 2017 HK\$ Million | 2016 HK\$ Million |
|--------------|----------------------|----------------------|
| Hong Kong | 4,889 | 7,108 |
| The Mainland | 11,106 | 10,635 |
| Overseas | 256 | (76) |
| | 16,251 | 17,667 |

During the year, the presales of residential units of Seanorama, Harbour Glory, Ocean Pride and My Central in Hong Kong, Stars of Kovan in Singapore, and various projects on the Mainland including Regency Hills in Chongqing, Laguna Verona in Dongguan and Le Parc in Chengdu were well received. Profit contribution is expected when property sales are recognised upon completion of these projects.

Besides, the sale of the Group's 50% interest in the joint venture, which completed the development of Century Link in Shanghai, was completed in January 2018 and profit will be recognised in the first half of 2018.

At the year end date, the Group had a development land bank (including developers' interests in joint development projects but excluding agricultural land and completed properties) of approximately 117 million sq.ft., of which 6 million sq.ft., 107 million sq.ft. and 4 million sq.ft. were located in Hong Kong, on the Mainland and overseas respectively; and property sales contracted (including share of joint ventures) but not yet recognised were as follows:

| Location | Contracted Sales HK\$ Million |
|--------------|----------------------------------|
| Hong Kong | 48,427 |
| The Mainland | 21,028 |
| Overseas | 3,306 |
| | 72,761 |

Property Rental

Revenue of property rental (including share of joint ventures) for the year was HK\$7,830 million (2016 – HK\$7,430 million), comprising rental income derived from leasing of office, retail, industrial and other properties as follows:

| Use of Property | 2017 HK\$ Million | 2016 HK\$ Million |
|-----------------|----------------------|----------------------|
| Office | 3,223 | 3,164 |
| Retail | 3,354 | 3,023 |
| Industrial | 785 | 791 |
| Others | 468 | 452 |
| | 7,830 | 7,430 |

The Group's investment properties are mostly located in Hong Kong, including The Center, Cheung Kong Center, China Building and Hutchison House in Central, 1881 Heritage in Tsimshatsui, Whampoa Garden in Hunghom, Hutchison Logistics Centre in Kwai Chung and others.

Contribution from property rental (including share of joint ventures) for the year was HK\$7,130 million (2016 – HK\$6,784 million), an increase of HK\$346 million when compared with last year, and was derived from the following locations:

| Location | 2017 HK\$ Million | 2016 HK\$ Million |
|--------------|----------------------|----------------------|
| Hong Kong | 6,304 | 6,290 |
| The Mainland | 503 | 398 |
| Overseas | 323 | 96 |
| | 7,130 | 6,784 |

Management Discussion and Analysis (continued)

At the year end date, the Group had an investment property portfolio of approximately 17 million sq.ft. (including share of joint ventures but excluding car parking spaces) as follows:

| Location | Office Million sq.ft. | Retail Million sq.ft. | Industrial Million sq.ft. | Total Million sq.ft. |
|--------------|--------------------------|--------------------------|------------------------------|-------------------------|
| Hong Kong | 4 | 3 | 7 | 14 |
| The Mainland | 1 | 1 | – | 2 |
| Overseas | – | 1 | – | 1 |
| | 5 | 5 | 7 | 17 |

An increase in fair value of investment properties of HK\$9,525 million (2016 – HK\$1,262 million), mainly due to increase in fair value of office properties in Hong Kong, was recorded at the year end date based on a professional valuation using capitalisation rates ranging from approximately 4% to 8%. The Group also shared an increase in fair value of investment properties of HK\$14 million (2016 – HK\$3 million) of joint ventures.

The Group has entered into a sale and purchase agreement for the disposal of The Center at the consideration of HK\$40.2 billion and, subject to conditions, the transaction will be completed in 2018. A profit on disposal of approximately HK\$11.6 billion will be recognised upon completion based on the carrying value of The Center at the year end date.

Hotel and Serviced Suite Operation

Revenue of hotel and serviced suite operation (including share of joint ventures) for the year was HK\$4,798 million (2016 – HK\$4,850 million), comprising revenue generated mainly by Harbour Grand Hotels, Harbour Plaza Hotels & Resorts and Horizon Hotels & Suites located in Hong Kong and operated by the Group.

Contribution (including share of joint ventures) after depreciation charge of HK\$395 million on properties was HK\$1,572 million (2016 – HK\$1,509 million), an increase of HK\$63 million when compared with last year, and was derived from the following locations:

| Location | 2017 HK\$ Million | 2016 HK\$ Million |
|--------------|----------------------|----------------------|
| Hong Kong | 1,745 | 1,619 |
| The Mainland | (71) | (24) |
| Overseas | (102) | (86) |
| | 1,572 | 1,509 |

During the year, the average occupancy rate of the Group's hotels and serviced suites was 89.0% (2016 – 84.2%) and the average hotel operating profit per square foot was HK\$20 per month, representing an annual yield of 18.8% on the carrying amount of the Group's completed hotel and serviced suite properties at the year end date.

In the first half of 2017, the Group's interests in 2 hotels on the Mainland, namely Harbour Plaza Chongqing and Sheraton Chengdu Lido Hotel, were disposed of to Hui Xian Real Estate Investment Trust at a profit of HK\$363 million.

At the year end date, the Group's completed hotel and serviced suite portfolio comprised 16 hotels and serviced suites in Hong Kong, including Hullett House at 1881 Heritage which has been operated by the Group since mid 2017, 2 hotels on the Mainland, 1 hotel in The Bahamas and a total of over 15,000 rooms.

Property and Project Management

Revenue of property and project management (including share of joint ventures) for the year was HK\$626 million (2016 – HK\$620 million), comprising mainly management fee received for provision of property management and related services to property projects developed and sold by the Group.

Contribution from property and project management (including share of joint ventures) for the year was HK\$275 million (2016 – HK\$267 million), an increase of HK\$8 million when compared with last year, and was derived from the following locations:

| Location | 2017 HK\$ Million | 2016 HK\$ Million |
|--------------|-----------------------------|----------------------|
| Hong Kong | 210 | 209 |
| The Mainland | 39 | 35 |
| Overseas | 26 | 23 |
| | 275 | 267 |

At the year end date, the total floor area of properties managed by the Group was approximately 269 million sq.ft. and this is expected to grow steadily following gradual completion of the Group's property development projects in the years ahead. The Group is committed to providing high quality services to the properties under its management.

Aircraft Leasing

Revenue of aircraft leasing (including share of joint ventures) for the year was HK\$2,192 million (2016 – HK\$206 million), an increase of HK\$1,986 million from last year during which the aircraft leasing operation commenced shortly before the year end, and comprised lease income derived from leasing of narrow body and wide body aircraft to airlines.

Management Discussion and Analysis (continued)

Contribution (including share of joint ventures) after depreciation charge of HK\$1,089 million on aircraft was HK\$984 million (2016 – HK\$84 million), an increase of HK\$900 million from last year's operation, and is analysed by location with reference to lessee's place of operation as follows:

| Location | 2017 HK\$ Million | 2016 HK\$ Million |
|---------------|------------------------------------|----------------------|
| Asia | 373 | 15 |
| Europe | 256 | 6 |
| North America | 224 | 43 |
| Latin America | 131 | 20 |
| | 984 | 84 |

At the year end date, the Group (including interest in joint ventures) owned a total of 81 narrow body and 5 wide body aircraft with an average age of 5.1 years and an average remaining lease term of 5.6 years, and was committed to acquiring another 59 aircraft for an aggregate consideration of approximately HK\$12.9 billion.

Infrastructure and Utility Asset Operation

In May 2017, the Group through a 40/40/20 joint venture with CKI and PAH successfully acquired the DUET Group, an owner and operator of energy utility assets in Australia, the United States, Canada and the United Kingdom.

During the second half of 2017, the Group completed the acquisition of a Canadian group of companies (the "Reliance Group") which is principally engaged in the building equipment sector providing water heaters, HVAC (heating, ventilation and air conditioning) equipment, comfort protection plans and other services to homeowners in Canada, under the consumer brand identity of "Reliance Home Comfort", and formed a 75/25 joint venture with CKI to own and operate the Reliance Group.

The Group also formed a 65/35 joint venture with CKI and completed the acquisition of the ista Group, a leading fully integrated energy management services provider in Europe which has made substantial investment in creating its sub-metering platform and generates value across all stages of the sub-metering value chain.

Since the completion of these acquisitions, the Group has begun to share the results of the joint ventures, and the Group's share of revenue for the year is as follows:

| Joint Venture | 2017 HK\$ Million |
|----------------|------------------------------------|
| DUET Group | 2,823 |
| Reliance Group | 1,565 |
| ista Group | 1,095 |
| | 5,483 |

The Group's share of contribution for the year amounted to HK\$1,969 million, and was derived from locations as follows:

| Joint Venture | Australia HK\$ Million | Europe HK\$ Million | North America HK\$ Million | Others HK\$ Million | 2017 Total HK\$ Million |
|----------------|---------------------------|------------------------|----------------------------------|------------------------|-------------------------------|
| DUET Group | 1,238 | 23 | 3 | – | 1,264 |
| Reliance Group | – | – | 440 | – | 440 |
| ista Group | – | 262 | – | 3 | 265 |
| | 1,238 | 285 | 443 | 3 | 1,969 |

Interests in Real Estate Investment Trusts

At the year end date, the Group had effective interests in the following real estate investment trusts ("REITs") listed in Hong Kong:

| | Principal Activities | Effective Interest |
|-----------------|--|--------------------|
| Hui Xian REIT | Investment in hotels and serviced suites, office and retail properties on the Mainland | 32.1% |
| Fortune REIT | Investment in retail properties in Hong Kong | 27.5% |
| Prosperity REIT | Investment in office, retail and industrial properties in Hong Kong | 18.7% |

During the year, the Group shared a profit of HK\$549 million (2016 – HK\$44 million) of Hui Xian REIT, an associate, and cash distribution of HK\$551 million (2016 – HK\$568 million) was received. Increase in share of profit of Hui Xian REIT was mainly due to exchange gain on translation of bank borrowings at the year end date.

Profit contribution from Fortune REIT and Prosperity REIT for the year amounted to HK\$841 million (2016 – HK\$303 million) including (i) cash distribution of HK\$312 million (2016 – HK\$303 million) received and (ii) increase in fair value of HK\$529 million (2016 – increase in fair value was recognised in reserve).

Management Discussion and Analysis (continued)

FINANCIAL REVIEW

Liquidity and Financing

The Group monitors its liquidity requirements on a short to medium term basis and arranges bank and other borrowings accordingly. During the year, the Group issued notes amounting to HK\$3.4 billion with 5-year and 10-year terms under the Euro Medium Term Note programme. The Group also issued perpetual capital securities with an annual distribution rate of 4.60% in the amount of US\$1.5 billion in May 2017. Redeemable at the Group's option on or after 18 May 2020, the perpetual capital securities have no fixed maturity and are taken as long term equity.

At the year end date, the Group's bank and other borrowings amounted to HK\$72.0 billion, an increase of HK\$1.8 billion from last year. The maturity profile was spread over a period of 10 years, with HK\$14.3 billion repayable within 1 year, HK\$47.7 billion within 2 to 5 years and HK\$10.0 billion beyond 5 years.

The Group's net debt to net total capital ratio at the year end date was approximately 5.2%. Net debt is arrived at by deducting bank balances and deposits of HK\$54.9 billion from bank and other borrowings, and net total capital is the aggregate of total equity and net debt.

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

Treasury Policies

The Group maintains a conservative approach on foreign exchange exposure management and borrows principally on a floating rate basis. The Group manages and reviews its exposure to foreign exchange rates and interest rates on a regular basis. For investment overseas and at times of exchange rate and interest rate uncertainty or volatility, hedging instruments including swaps and forwards are used in the management of exposure to foreign exchange rate and interest rate fluctuations.

At the year end date, the Group's borrowings were primarily in HK\$ and US\$, bank loans in RMB were borrowed for property development projects on the Mainland and bank loans in AUD were borrowed for investments in infrastructure and utility assets in Australia. The Group derives its revenue from property sales and rental mainly in HK\$ and RMB and maintains cash balances substantially in HK\$ and RMB. Income in other foreign currencies is generated by the Group's overseas projects and investments, and cash in these foreign currencies is maintained for operational requirements.

Charges on Assets

At the year end date, (i) properties amounting to HK\$15,512 million (2016 – HK\$15,089 million) were charged to secure bank loans arranged for property projects on the Mainland; and (ii) aircraft amounting to HK\$12,075 million (2016 – HK\$12,733 million) were charged to secure bank loans arranged for aircraft acquisitions.

Contingent Liabilities

At the year end date, the Group provided guarantees to (i) land owner of a hotel project for its share of revenue amounting to HK\$552 million (2016 – HK\$564 million); and (ii) banks for mortgage loans provided to purchasers of properties developed and sold by the Group on the Mainland amounting to HK\$4,103 million (2016 – HK\$5,385 million).

Employees

At the year end date, the Group (including its subsidiaries) employed approximately 20,200 employees and remuneration for the year (excluding directors' emoluments) amounted to approximately HK\$5,860 million. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis, together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions within the general framework of the Group's salary and bonus system. The Group does not have any share option scheme for employees.

Directors' Biographical Information



LI Ka-shing

LI Tzar Kuoi, Victor

KAM Hing Lam

IP Tak Chuen, Edmond

LI Ka-shing, GBM, KBE, Commandeur de la Légion d'Honneur, Grand Officer of the Order Vasco Nunez de Balboa, Commandeur de l'Ordre de Léopold, aged 89, is the founder of the CK Group. He has been the Chairman and an Executive Director of the Company and a member of the Remuneration Committee of the Company since February 2015. He is the Chairman of CK Hutchison Holdings Limited ("CK Hutchison"), a listed company, and a member of the Remuneration Committee of CK Hutchison. He is also the Chairman of Li Ka Shing Foundation Limited, Li Ka Shing (Overseas) Foundation and Li Ka Shing (Canada) Foundation. He has been engaged in many major commercial developments in Hong Kong for more than 60 years. Mr. Li served as a member of the Hong Kong Special Administrative Region's Basic Law Drafting Committee, Hong Kong Affairs Adviser and the Preparatory Committee for the Hong Kong Special Administrative Region. He is also an Honorary Citizen of a number of cities on the Mainland and overseas. Mr. Li is a keen supporter of community service organisations, and has served as honorary chairman of many such groups over the years. Mr. Li has received Honorary Doctorates from Peking University, the University of Hong Kong, The Hong Kong University of Science and Technology, The Chinese University of Hong Kong, City University of Hong Kong, The Open University of Hong Kong, University of Calgary in Canada and University of Cambridge in the United Kingdom. Mr. Li has been awarded Entrepreneur of the Millennium, the Carnegie Medal of Philanthropy and The Berkeley Medal. He is the recipient of many other major honors and awards from renowned institutions on the Mainland and abroad. Mr. Li Ka-shing is the father of Mr. Li Tzar Kuoi, Victor, the Managing Director and Deputy Chairman and the Chairman of the Executive Committee of the Company, and the brother-in-law of Mr. Kam Hing Lam, Deputy Managing Director and a Member of the Executive Committee of the Company. Mr. Li Ka-shing also holds directorships in certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

LI Tzar Kuoi, Victor, aged 53, joined the CK Group in 1985, and has been a Director since January 2015, the Managing Director and Deputy Chairman and an Executive Director of the Company since February 2015 and the Chairman of the Executive Committee of the Company since June 2015. Mr. Victor Li is the Group Co-Managing Director and Deputy Chairman of CK Hutchison Holdings Limited. He is also the Chairman of CK Infrastructure Holdings Limited and CK Life Sciences Int'l., (Holdings) Inc., a Non-executive Director of Power Assets Holdings Limited and HK Electric Investments Manager Limited ("HKEIM") which is the trustee-manager of HK Electric Investments, a Non-executive Director and the Deputy Chairman of HK Electric Investments Limited and Co-Chairman of Husky Energy Inc. Except for HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong or overseas. Mr. Victor Li is also the Deputy Chairman of Li Ka Shing Foundation Limited, Li Ka Shing (Overseas) Foundation and Li Ka Shing (Canada) Foundation, and a Director of The Hongkong and Shanghai Banking Corporation Limited. He serves as a member of the Standing Committee of the 13th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He is also a member of the Chief Executive's Council of Advisers on Innovation and Strategic Development of the Hong Kong Special Administrative Region and Vice Chairman of the Hong Kong General Chamber of Commerce. Mr. Victor Li is the Honorary Consul of Barbados in Hong Kong. He holds a Bachelor of Science degree in Civil Engineering, a Master of Science degree in Civil Engineering and an honorary degree, Doctor of Laws, honoris causa (LL.D.). Mr. Victor Li is a son of Mr. Li Ka-shing, the Chairman of the Company and a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), and a nephew of Mr. Kam Hing Lam, Deputy Managing Director and a Member of the Executive Committee of the Company. Mr. Victor Li is also a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company.

KAM Hing Lam, aged 71, joined the CK Group in 1993, and has been an Executive Director and Deputy Managing Director of the Company since February 2015 and a Member of the Executive Committee of the Company since June 2015. He is Deputy Managing Director of CK Hutchison Holdings Limited. He is also the Group Managing Director of CK Infrastructure Holdings Limited and the President and Chief Executive Officer of CK Life Sciences Int'l., (Holdings) Inc. All the companies mentioned above are listed companies. Mr. Kam is also the Chairman of Hui Xian Asset Management Limited as the manager of Hui Xian REIT (listed in Hong Kong). He was an Advisor of the 12th Beijing Municipal Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration. Mr. Kam is the brother-in-law of Mr. Li Ka-shing, the Chairman of the Company and a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance, and an uncle of Mr. Li Tzar Kuoi, Victor, the Managing Director and Deputy Chairman and the Chairman of the Executive Committee of the Company.



CHUNG Sun Keung, Davy **CHIU Kwok Hung, Justin** **CHOW Wai Kam** **PAU Yee Wan, Ezra** **WOO Chia Ching, Grace**

IP Tak Chuen, Edmond, aged 65, joined the CK Group in 1993, and has been a Director since January 2015, Deputy Managing Director and an Executive Director of the Company since February 2015 and a Member of the Executive Committee of the Company since June 2015. He is Deputy Managing Director of CK Hutchison Holdings Limited. He is also an Executive Director and Deputy Chairman of CK Infrastructure Holdings Limited, and the Senior Vice President and Chief Investment Officer of CK Life Sciences Int'l., (Holdings) Inc. All the companies mentioned above are listed companies. Mr. Ip is also a Non-executive Director of Hui Xian Asset Management Limited as the manager of Hui Xian REIT (listed in Hong Kong). He holds a Bachelor of Arts degree in Economics and a Master of Science degree in Business Administration. Mr. Ip is a director of certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

CHUNG Sun Keung, Davy, aged 66, joined the CK Group in 1978, and has been an Executive Director of the Company since February 2015 and a Member of the Executive Committee of the Company since June 2015. Mr. Chung is a Registered Architect. He was a member of the 11th Guangzhou Committee of the Chinese People's Political Consultative Conference of the People's Republic of China.

CHIU Kwok Hung, Justin, aged 67, joined the CK Group in 1997, and has been an Executive Director of the Company since February 2015 and a Member of the Executive Committee of the Company since June 2015. He is the Chairman of ARA Asset Management (Prosperity) Limited as the manager of Prosperity REIT (listed in Hong Kong). Mr. Chiu is also a Non-executive Director of ARA Asset Management (Fortune) Limited as the manager of Fortune REIT (listed in Hong Kong and Singapore). He is also a Director of ARA Fund Management (Asia Dragon) Limited as the manager of the ARA Asia Dragon Fund. Mr. Chiu has more than 30 years of international experience in real estate in Hong Kong and various countries. Mr. Chiu is a Council Member and a Fellow of The Hong Kong Institute of Directors, a Fellow of Hong Kong Institute of Real Estate Administrators, a Vice Chairman of the Board of Governors of Hong Kong Baptist University Foundation, an Honorary Associate Member of Business of Trent University, Canada, a Senior Visiting Fellow of the Department of Land Economy at University of Cambridge and an Honorary Professor of School of Pharmaceutical Sciences of Sun Yat-sen University. He was a member of the Standing Committee of the 12th Shanghai Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He holds Bachelor of Arts degree in Sociology and Economics, and was conferred with the degree of Doctor of Social Sciences, honoris causa by Hong Kong Baptist University and the degree of Doctor of Laws, honoris causa by Trent University, Canada. Mr. Chiu is a director of a company controlled by a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

CHOW Wai Kam, JP, aged 70, has been an Executive Director of the Company since February 2015 and a Member of the Executive Committee of the Company since June 2015. He joined the Hutchison Group in July 1995 and before his appointment on the Board, he was previously the Group Managing Director of the property and hotels divisions of the Hutchison Group. Mr. Chow is currently the Group Managing Director of Hutchison Property Group Limited, a wholly owned subsidiary of the Company. He is also a Non-executive Director of AVIC International Holding (HK) Limited, a listed company. He has over 40 years of experience in project management and architectural design for various developments, including hotel, residential, commercial, industrial and school projects in Hong Kong, the Mainland and overseas. He holds a Bachelor of Arts degree in Architectural Studies and a Bachelor of Architecture degree from the University of Hong Kong. He is an Authorised Person (List of Architects) and a Registered Architect. He was also admitted as a Fellow of The Hong Kong Institute of Architects since August 2001.

PAU Yee Wan, Ezra, aged 62, joined the CK Group in 1982, and has been an Executive Director of the Company since February 2015 and a Member of the Executive Committee of the Company since June 2015. Ms. Pau is a director of certain substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance, and a director of certain companies controlled by certain substantial shareholders of the Company.

WOO Chia Ching, Grace, aged 61, joined the CK Group in 1987, and has been an Executive Director of the Company since February 2015 and a Member of the Executive Committee of the Company since June 2015. She holds a Bachelor of Arts degree from the University of Pennsylvania, U.S.A. and a Master's degree in City and Regional Planning from Harvard University, U.S.A. Ms. Woo is a director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Directors' Biographical Information (continued)



CHEONG Ying Chew, Henry, aged 70, has been an Independent Non-executive Director, the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company since February 2015. Mr. Cheong is also an Independent Non-executive Director of CK Infrastructure Holdings Limited, CNNC International Limited, Greenland Hong Kong Holdings Limited, Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH"), New World Department Store China Limited, Skyworth Digital Holdings Limited and TOM Group Limited, an Independent Director of BTS Group Holdings Public Company Limited, and an Alternate Director to Dr. Wong Yick-ming, Rosanna, an Independent Non-executive Director of HTHKH. Mr. Cheong is an Executive Director and Deputy Chairman of Worldsec Limited. All companies mentioned above are listed companies. Mr. Cheong holds a Bachelor of Science degree in Mathematics and a Master of Science degree in Operational Research and Management.

CHOW Nin Mow, Albert, aged 68, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since February 2015. Mr. Chow is the Chairman and Managing Director of Wah Yip (Holdings) Limited.

HUNG Siu-lin, Katherine, aged 70, joined the CK Group in March 1972, and has been an Independent Non-executive Director, the Chairman of the Remuneration Committee and a member of the Audit Committee of the Company since February 2015. Ms. Hung is a member of the Supervisory Board of Hong Kong Housing Society, a Governing Committee Member of The Hong Kong Polytechnic University Foundation, an Honorary Court Member of The Hong Kong Polytechnic University, an Honorary Court Member of Lingnan University, President Consultant of Tianjin University and Honorary Vice Chairman of Chinese Academy of Governance (HK) Industrial and Commercial Professionals Alumni Association. She was a member of the Tianjin Committee of the 12th and 13th Chinese People's Political Consultative Conference of the People's Republic of China from January 2008 to January 2018, a Court Member of The Hong Kong University of Science and Technology for the period from 2011 to May 2016, an Executive Committee Member of Hong Kong Housing Society from September 2008 to August 2014, a Member of Estate Agents Authority during the period from November 2006 to October 2012, and a Steering Committee Member of the Institute for Enterprise of The Hong Kong Polytechnic University from April 2000 to August 2011. Ms. Hung is a University Fellow of The Hong Kong Polytechnic University.

YEH Yuan Chang, Anthony, aged 94, has been an Independent Non-executive Director of the Company since February 2015. Mr. Yeh holds a Master's degree in Science (Mechanical Engineering). He is the Honorary Life President of Tai Ping Carpets International Limited, a listed company.

Colin Stevens RUSSEL, aged 77, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since March 2017. He is also an Independent Non-executive Director of CK Infrastructure Holdings Limited, CK Life Sciences Int'l., (Holdings) Inc. and Husky Energy Inc. All the companies mentioned above are listed companies. Mr. Russel is the founder and Managing Director of Emerging Markets Advisory Services Ltd., a company which provides advisory services to organisations on business strategy and planning, market development, competitive positioning and risk management. He is also Managing Director of EMAS (HK) Limited. He was the Canadian Ambassador to Venezuela, Consul General for Canada in Hong Kong, Director for China of the Department of Foreign Affairs, Ottawa, Director for East Asia Trade in Ottawa, Senior Trade Commissioner for Canada in Hong Kong, Director for Japan Trade in Ottawa, and was in the Trade Commissioner Service for Canada in Spain, Hong Kong, Morocco, the Philippines, London and India. He was Project Manager for RCA Ltd in Liberia, Nigeria, Mexico and India and electronic equipment development engineer in Canada with RCA Ltd and in Britain with Associated Electrical Industries. Mr. Russel received his Bachelor's degree in electronics engineering and Master's degree in Business Administration from McGill University, Canada. He is a Qualified Commercial Mediator.

Donald Jeffrey ROBERTS, aged 66, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since March 2017. He is also an Independent Non-executive Director of HK Electric Investments Manager Limited, which is the trustee-manager of HK Electric Investments ("HKEI"), and HK Electric Investments Limited, a company listed together with HKEI in Hong Kong. He is also a Director of The Hongkong Electric Company, Limited. Mr. Roberts joined the Hutchison Whampoa Limited ("HWL") Group in 1988 and was the Group Deputy Chief Financial Officer of HWL from 2000 until his retirement in 2011. Mr. Roberts is a Member of the Listing Committee of the Main Board and Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. He was previously a member of the Executive Committee of The Canadian Chamber of Commerce (the "Chamber") in Hong Kong and is currently Governor of the Chamber. He has previously served as a Governor of the Canadian International School of Hong Kong for 12 years and also a member on its finance committee. Mr. Roberts is currently the Deputy Chairman of the Professional Conduct Committee of the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Mr. Roberts holds a Bachelor of Commerce degree. He is a Chartered Accountant with the Chartered Professional Accountants of Canada, Alberta and British Columbia, and also a Fellow of the HKICPA.

Key Personnel's Biographical Information

Accounts Department

Man Ka Keung, Simon, aged 60, Member of Executive Committee & General Manager, Accounts Department, joined the CK Group in December 1987. He is the Alternate Director to Mr. Ip Tak Chuen, Edmond, Deputy Chairman and Executive Director of CK Infrastructure Holdings Limited and a Director of Harbour Plaza Hotel Management Limited. He has over 36 years of experience in accounting, auditing, tax and finance. He holds a Bachelor's degree in Economics and is a member of Chartered Accountants Australia and New Zealand.

Lee Shu Yan, Simon, aged 54, Deputy Chief Manager, joined the CK Group in October 1987. He has over 35 years of experience in accounting. He holds a Postgraduate Diploma in Management Studies. He is a fellow member of The Association of Chartered Certified Accountants, a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, a non-practising member of The Chinese Institute of Certified Public Accountants, and a fellow member and Certified Tax Adviser of The Taxation Institute of Hong Kong.

Lee King Hang, Delfen, aged 48, Deputy Chief Manager, joined the CK Group in June 1996. He has over 26 years of experience in accounting and auditing. He holds a Bachelor of Arts degree with Honours in Accountancy and a Postgraduate Diploma in Business Administration. He is a fellow member of The Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Ng Yuet Fong, Betty, aged 69, Senior Manager, joined the CK Group in September 1993. She has over 45 years of experience in accounting and treasury. She holds a Bachelor of Business Administration degree in Accounting.

Lau Chi Ho, Elton, aged 37, Manager, joined the CK Group in September 2013. He has over 15 years of experience in accounting and auditing. He holds a Bachelor of Business Administration degree with Honours in Accounting. He is a fellow member of The Association of Chartered Certified Accountants.

Wong Ling, Suki, aged 34, Manager, joined the CK Group in June 2014. She has over 12 years of experience in accounting and auditing. She holds a Bachelor of Business Administration degree with Honours in Accounting. She is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Ng Wai Ling, Carrie, aged 49, Manager, joined the CK Group in October 2005. She has over 25 years of experience in accounting and auditing. She holds a Master of Science degree in Financial Management. She is a fellow member of The Association of Chartered Certified Accountants.

Cheung Wan Tung, Walter, aged 35, Manager, joined the CK Group in February 2013. He has over 13 years of experience in accounting and auditing. He holds a Bachelor of Business Administration degree with Honours in Accounting. He is a fellow member of The Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Administration Department

Pau Shiu Yung, Anita, aged 61, Senior Manager, joined the CK Group in December 1977. She has over 40 years of experience in office administration management. She is a professional member of The Hong Kong Institute of Human Resource Management.

Ng Po Lung, aged 56, Manager, joined the CK Group in November 1993. He has over 33 years of experience in office administration management. He holds a Diploma in Legal Studies, a Bachelor of Social Science degree with Honours and a Master's degree in Business Administration.

Yu Wing Han, Jessica, aged 51, Manager, joined the CK Group in August 2014. She has over 22 years of experience in office administration management. She holds a Bachelor of Science degree with Honours, a Postgraduate Diploma in Professional Accounting and a Master's degree in Business Administration.

Building Cost & Contract Department

Kwan Chi Kin, Anthony, aged 62, Member of Executive Committee & General Manager, Building Cost & Contract Department, joined the CK Group in May 1990. He has over 40 years of experience in building construction and quantity surveying. He holds a Higher Diploma in Building Technology and Management. He is a Registered Professional Surveyor, a Registered Professional Engineer, a professional member of the Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors, a member of The Chartered Institute of Building, a member of The Hong Kong Institution of Engineers, a member of Hong Kong Institute of Construction Managers and a member of Chartered Management Institute.

Chee Chun Kit, aged 55, Chief Manager, joined the CK Group in December 1991. She has over 29 years of experience in quantity surveying. She holds an Associateship in Building Technology and Management and a Master of Laws degree in International and Commercial Law. She is a Registered Professional Surveyor, a professional member of the Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors, a member of Hong Kong Institute of Construction Managers and possesses the qualification of PRC Cost Engineer.

Cheung Wai Hung, Kevin, aged 51, Contracts Manager, joined the CK Group in March 1998. He has over 32 years of experience in quantity surveying. He holds a Bachelor of Science degree with Honours in Construction Economics and Management. He is a Registered Professional Surveyor, a professional member of the Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors.

Lam Man Na, Mana, aged 52, Contracts Manager, joined the CK Group in April 1996. She has over 28 years of experience in quantity surveying. She holds a Higher Diploma in Building and a Diploma in Surveying (Quantity Surveying). She is a Registered Professional Surveyor, a professional member of the Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors and possesses the qualification of PRC Cost Engineer.

Key Personnel's Biographical Information (continued)

To Wing, Karen, aged 41, Contracts Manager, joined the CK Group in August 2011. She has over 16 years of experience in quantity surveying. She holds a Bachelor of Science degree with Honours in Quantity Surveying, a Bachelor's degree in Chinese Laws and a Postgraduate Diploma in Arbitration and Mediation. She is a professional member of the Royal Institution of Chartered Surveyors and a member of The Chartered Institute of Arbitrators.

Chairman's Office

Au Siu Yin, Amy, aged 55, Manager, joined the CK Group in February 1990. She has over 33 years of experience in office and charity project management. She holds a Bachelor of Arts degree with Honours and a Master's degree in Business Administration. She is an associate member of The Institute of Chartered Secretaries and Administrators.

Yue Shuk Chun, Jennie, aged 57, Manager & Secretary to Chairman, joined the CK Group in March 1993. She has over 38 years of experience in secretarial and office management. She holds a Bachelor of Social Sciences degree.

Hung Hiu King, Denise, aged 47, Manager, Secretarial Section, joined the Group in May 2016. She has over 21 years of experience in reporting, editing and external affairs. She holds a Bachelor of Social Science degree with Honours in Communication and a Master of Arts degree in Cultural Management.

China Department

Beijing

Chan Yuet Ming, Louis, aged 58, Senior Project Manager, joined the CK Group in October 1992. He is the General Manager of CKH (China) Investment Company Limited, Beijing Po Garden Real Estates Development Company Limited, Beijing Chang Le Real Estates Development Company Limited and Dalian Dalian Property Development Company Limited. He has over 33 years of experience in property development. He holds a Bachelor of Science degree in Architecture, a Bachelor's degree in Architecture and an Executive Master's degree in Business Administration. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of The Hong Kong Institute of Architects.

Yeung Shun Kiu, Eva, aged 41, Finance Manager, Beijing Project, joined the CK Group in September 2008. She has over 19 years of experience in accounting. She holds a Bachelor of Business Administration degree with Honours in Accounting. She is an associate member of The Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Beijing Office

Wong K, James, aged 54, Manager, Business Development, joined the CK Group in September 1991. He has over 29 years of experience in business development. He is the Chief Representative of the Beijing Office of the Company, and is also the Director, Deputy General Manager and Chief Corporate Affairs Officer of Beijing Oriental Plaza Company Limited. He holds a Master's degree in Management Science and a Postgraduate Diploma in Global Operations and Management.

Dalian

Lai Yun Leung, Joseph, aged 51, Finance Manager, Dalian Project, joined the CK Group in May 2008. He has over 25 years of experience in accounting. He holds a Bachelor of Laws degree with Honours and a Honours Diploma in Accountancy. He is a fellow of the Hong Kong Institute of Certified Public Accountants.

Ng Kai Chi, Paul, aged 63, Project Manager, Dalian Project, joined the CK Group in March 2013. He has over 44 years of experience in electrical and mechanical engineering, and project management. He holds a Master of Design Science degree in Building Services. He is a Chartered Engineer, a member of The Chartered Institution of Building Services Engineers (UK), a member of The Hong Kong Institution of Engineers, a member of The Chartered Institute of Plumbing and Heating Engineering, a member of American Society of Plumbing Engineers and a member of The Association of Hydraulic Services Consultants Australia.

Guangzhou

Tang Sek Wai, Max, aged 58, Senior Project Manager, joined the CK Group in November 1986. He is the General Manager of Regal Lake Property Development Limited Guangzhou. He has over 32 years of experience in project management. He holds a Master's degree in Environmental Engineering Management and a Master's degree in Business Administration (Executive). He is a Chartered Builder, a member of The Hong Kong Institution of Engineers and a member of Hong Kong Institute of Construction Managers.

Lam Ka Keung, aged 60, Project Manager, Guangzhou Project, joined the CK Group in June 1994. He has over 40 years of experience in project management. He holds a Higher Certificate in Construction Technology.

Shanghai

Lam Yuk, Bruce, aged 49, Senior Project Manager, joined the CK Group in June 1998. He is the General Manager of Shanghai Changrun Jianghe Property Development Company Limited. He has over 24 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies, a Master's degree in Architecture, a Master's degree in Business Administration and a Postgraduate Diploma in Project Management. He is a Registered Architect, a member of The Hong Kong Institute of Architects and possesses the qualification of PRC Class 1 Registered Architect.

Ma Ching Che, Christina, aged 59, Senior Project Manager, joined the CK Group in August 2007. She is the General Manager of Shanghai Lianya Investment Consultancy Limited (上海聯雅投資諮詢有限公司) and Shanghai Heya Property Development Company Limited (上海和雅房地產開發有限公司). She has over 31 years of experience in project management. She holds a Bachelor of Science degree with Honours in Architectural Studies and Structural Design and a Diploma in Architecture. She is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region, a member of The Royal Institute of British Architects and a member of The Hong Kong Institute of Architects.

Chan Wing Fai, Eric, aged 51, Leasing Manager, Shanghai Project, joined the CK Group in July 2012. He is also the Chief Leasing Manager of our project Company in Shanghai. He has over 25 years of experience in property leasing. He holds a Bachelor of Science degree in Land Management and a Master of Science degree in International Real Estate. He is a professional member of the Royal Institution of Chartered Surveyors.

Fung Chun Man, Raymond, aged 40, Leasing Manager, Shanghai Project, joined the Group in May 2016. He is also the Chief Leasing Manager of our project Company in Shanghai. He has over 16 years of experience in property leasing. He holds a Bachelor of Arts degree in Public Administration and Management and a Master's degree in Business Administration.

Shum Kam Yiu, Richard, aged 42, Finance Manager, Shanghai Project, joined the Group in September 2017. He is also the Financial Controller of our project Companies in Shanghai. He has over 17 years of experience in accounting. He holds a Bachelor of Arts degree with Honours in Accountancy. He is a fellow member of The Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

China Property

Lee Chi Kin, Casey, aged 55, Business Development Manager, China Property, joined the CK Group in August 1998. He is also an Executive Director, the Chief Operating Officer and a Responsible Officer of Hui Xian Asset Management Limited. He has over 33 years of experience in accounting, hotel management and property development. He holds a Bachelor of Social Sciences degree with Honours. He is a member of The Chinese Institute of Certified Public Accountants, a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, and a fellow of The Institute of Chartered Accountants in England and Wales.

Chu Yu Fai, Kenneth, aged 65, Business Development Manager, China Property, joined the CK Group in July 1994. He is also the General Manager of Chongqing Metropolitan Oriental Plaza Company Limited. He has over 39 years of experience in finance, accounting, auditing, hotel management and business development. He holds a Bachelor of Arts degree in Economics and a Bachelor of Commerce degree in Business Administration.

Cheung Sau Ying, Dorothy, aged 56, Business Development Manager, China Property, joined the CK Group in August 2000. She is also the Deputy General Manager of Chengdu Chang Tian Company Limited and Deputy General Manager of Sheraton Chengdu Lido Hotel. She has over 35 years of experience in accounting. She holds a Higher Certificate in Company Secretaries and Administration. She is an associate member of The Institute of Chartered Secretaries and Administrators and an associate member of The Hong Kong Institute of Chartered Secretaries.

Ng Hok Leung, Sidney, aged 62, Project Manager, China Property, joined the CK Group in June 1998. He is also the Project Manager of Shenyang Lido Business Company Limited. He has over 43 years of experience in hotel construction, E & M engineering and property management.

Company Secretarial Department

Yeung, Eirene, aged 57, a Member of the Executive Committee, the Company Secretary and General Manager of Company Secretarial Department. She joined the CK Group in August 1994. She is also the Company Secretary and the Alternate Director to Mr. Kam Hing Lam, the Group Managing Director, of CK Infrastructure Holdings Limited. She is also the Company Secretary of CK Life Sciences Int'l., (Holdings) Inc. and a Non-executive Director of ARA Asset Management (Fortune) Limited. She is a member of the Financial Reporting Council, a member of the SFC (HKEC Listing) Committee of the Securities and Futures Commission of Hong Kong, a member of the Listing Committee of the Main Board and Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, a member of the Advisory Committee on Corruption of the Independent Commission Against Corruption and Vice Chairman of the General Committee of The Chamber of Hong Kong Listed Companies. She is a solicitor of the High Court of the Hong Kong Special Administrative Region and a non-practising solicitor of the Senior Courts of England and Wales. She is also a fellow member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. She holds a Master of Science degree in Finance, a Master's degree in Business Administration and a Bachelor's degree in Laws.

Cheung Yuen Sang, aged 58, Deputy Chief Group General Counsel, joined the CK Group in January 2015. He has over 29 years of experience in the legal field. He holds a Bachelor of Laws degree with Honours, a Master of Laws degree and a Master's degree in Business Administration. He is a solicitor of the Senior Courts of England & Wales and of the High Court of the Hong Kong Special Administrative Region.

Tse Kin Keung, Augustine, aged 48, Deputy Chief Group General Counsel, joined the CK Group in October 2010. He has over 25 years of experience in the legal field. He holds a Bachelor's degree with Honours in Laws, a Postgraduate Certificate in Laws and a Master's degree in Business Administration. He is a solicitor of the High Court of the Hong Kong Special Administrative Region.

Lo Hoi Pang, Alvin, aged 43, Deputy Chief Group General Counsel, joined the Group in December 2016. He has over 18 years of experience in the legal field. He holds a Bachelor of Commerce degree, a Bachelor's degree in Laws and a Postgraduate Certificate in Laws. He is a solicitor of the Senior Courts of England & Wales, the High Court of Australia, the High Court of New Zealand and the High Court of the Hong Kong Special Administrative Region.

Chan Siu Yin, Bomie, aged 47, Assistant General Manager, Company Secretarial Department, joined the CK Group in August 2012. She has over 22 years of experience in company secretarial, accounting, finance and the auditing field. She holds a Master of Science degree in Accountancy and a Graduate Diploma in China Business Law. She is a fellow member of The Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Key Personnel's Biographical Information (continued)

Cheng Shuk Chi, Bridie, aged 46, Assistant General Manager, Company Secretarial Department, joined the CK Group in September 2004. She has over 22 years of experience in the company secretarial field. She holds a Bachelor's degree with Honours in Business Administration. She is an associate member of The Hong Kong Institute of Chartered Secretaries and an associate member of The Institute of Chartered Secretaries and Administrators.

Chan Cho Mui, Jo, aged 49, Senior Manager, joined the CK Group in November 2003. She has over 25 years of experience in the company secretarial field. She is an associate member of The Hong Kong Institute of Chartered Secretaries and an associate member of The Institute of Chartered Secretaries and Administrators.

Wong Yee Wah, Eva, aged 49, Senior Copywriting Manager, joined the CK Group in March 1997. She has extensive translation and copywriting experience in areas of finance, economics and commerce. She holds a Bachelor of Arts degree with Honours in Business Studies and a Master of Arts degree in China Development Studies.

Chen Sai Lung, Brian, aged 43, Group General Counsel, joined the Group in January 2016. He has over 14 years of experience in the legal field. He holds a Bachelor of Arts degree with Honours in Economics, a Bachelor of Laws degree with Honours and a Postgraduate Certificate in Laws. He is a solicitor of the High Court of the Hong Kong Special Administrative Region.

Lee Ming Hua, Pauline, aged 46, Group General Counsel, joined the Group in July 2017. She has over 12 years of experience in the legal field. She holds a Bachelor of Commerce degree, a Bachelor of Laws degree, a Postgraduate Certificate in Laws and a Master of Laws degree. She is a solicitor of the High Court of the Hong Kong Special Administrative Region, and a non-practising solicitor of the Supreme Court of Victoria and the Supreme Court of New South Wales. She is also an associate member of The Institute of Chartered Secretaries and Administrators.

Chu Pui Shan, Sarah, aged 38, Manager, joined the Group in February 2018. She has over 16 years of experience in the company secretarial field. She holds a Bachelor of Business Administration degree and a Master's degree in Corporate Governance. She is an associate member of The Hong Kong Institute of Chartered Secretaries and an associate member of The Institute of Chartered Secretaries and Administrators.

Leung Sze Man, Alice, aged 48, Manager, joined the Group in April 2016. She has over 24 years of experience in the company secretarial field. She holds a Higher Certificate in Company Secretaryship and Administration and a Bachelor of Laws degree with Honours. She is a fellow member of The Hong Kong Institute of Chartered Secretaries and a fellow member of The Institute of Chartered Secretaries and Administrators.

Construction Audit & Quality Assurance Department

Tsui Ying Kit, Simon, aged 58, Deputy Chief Manager, joined the CK Group in March 1976. He has over 37 years of experience in electrical and mechanical engineering and building quality management. He holds a Master of Science degree in Facility Management and is a professional member of International Facility Management Association.

Chung Chi Kin, Leo, aged 47, Maintenance Manager, joined the CK Group in April 2002. He has over 24 years of experience in building maintenance. He holds a Bachelor of Science degree with Honours in Building Surveying and a Master's degree in Business Administration. He is a Registered Professional Surveyor, an Authorized Person (List of Surveyors) of the Hong Kong Special Administrative Region, a Registered Inspector (List of Surveyors) of the Hong Kong Special Administrative Region, a professional member of the Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors, an associate member of Hong Kong Institute of Arbitrators, a Voluntary Building Assessment Scheme Assessor (List 1) of the Voluntary Building Assessment Scheme, a Qualified Person of the Mandatory Window Inspection Scheme and a member of Hong Kong Institute of Construction Managers.

Construction Management Department

Shen Wai Yee, Grace, aged 65, Member of Executive Committee & General Manager, Construction Management Department, joined the CK Group in September 1989. She has over 36 years of experience in project management. She holds a Bachelor of Arts degree in Sociology and a Bachelor of Architecture degree. She is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of The Hong Kong Institute of Architects.

Mak Kwok Keung, Charles, aged 56, Senior Executive Manager, joined the CK Group in January 1994. He has over 35 years of experience in construction management. He holds a Postgraduate Diploma in Construction Management.

Cheng Kin Chi, Eddy, aged 42, Senior Manager, joined the CK Group in July 2009. He has over 18 years of experience in construction management. He holds a Bachelor of Science degree with Honours in Building Technology and Management and a Master of Science degree in Project Management. He is a member of The Chartered Institute of Building and a member of The Hong Kong Institution of Engineers.

Law Chi Hang, Tony, aged 43, Senior Manager, joined the CK Group in July 2008. He has over 25 years of experience in construction management. He holds a Diploma in Surveying and a Master of Science degree in Project Management. He is a member of The Chartered Institute of Building.

Chan Wai Shing, Vincent, aged 45, Manager, joined the CK Group in September 2007. He has over 20 years of experience in construction management. He holds a Bachelor of Engineering degree with Honours in Building Services Engineering. He is a Chartered Engineer, a Registered Professional Engineer, a member of The Chartered Institution of Building Services Engineers (UK) and a member of The Hong Kong Institution of Engineers.

Lo Wai Keung, Jacky, aged 46, Manager, Construction Management Department, joined the CK Group in October 2008. He has over 19 years of experience in construction management. He holds a Bachelor of Science degree with Honours in Building Technology and Management and a Master of Science degree in Project Management. He is a member of The Chartered Institute of Building.

Yeung Sim Fong, aged 48, Manager, joined the CK Group in August 2004. She has over 23 years of experience in construction management. She holds a Bachelor of Science degree in Building Technology and Management and a Master's degree in Construction Engineering and Management. She is a member of The Chartered Institute of Building and a member of Hong Kong Institute of Construction Managers.

Corporate Affairs Department

Tong Barnes Wai Che, Wendy, aged 57, Chief Corporate Affairs Officer, joined the CK Group in March 1999. She is also the Chief Corporate Affairs Officer of CK Infrastructure Holdings Limited and CK Life Sciences Int'l., (Holdings) Inc. as well as the Deputy Chief Executive Officer of Hui Xian Asset Management Limited. Mrs. Barnes is also a board member of the Community Chest of Hong Kong. She holds a Bachelor's degree in Business Administration.

Tsui Sau Yuen, Anita, aged 54, Deputy Chief Manager, Marketing Communications, joined the CK Group in August 2005. She has over 29 years of experience in advertising and marketing communications. She holds a Diploma in Journalism.

Cheong Yuen Mei, Winnie, aged 49, Deputy Chief Manager, Corporate Affairs, joined the CK Group in March 1999. She is also the Deputy Chief Manager, Corporate Affairs of CK Infrastructure Holdings Limited. She has over 27 years of experience in public relations and corporate affairs. She holds a Bachelor of Arts degree with Honours in Philosophy.

Chan Siu Wah, Susana, aged 48, Senior Corporate Affairs Manager, joined the Group in February 2017. She has over 23 years of experience in public relations and corporate affairs. She holds a Bachelor of Arts degree with Honours and a Diploma in Human Resource Management.

Huen Ka Lee, Carrie, aged 47, Senior Corporate Affairs Manager, joined the CK Group in April 2014. She has over 25 years of experience in public relations and corporate affairs. She holds a Bachelor of Arts degree with Honours.

Lai Man Yee, Emily, aged 50, Senior Marketing Communications Manager, joined the CK Group in April 1995. She has over 26 years of experience in advertising and marketing communications. She holds a Bachelor of Business Administration degree with Honours.

Yim Wai Fan, Abby, aged 43, Senior Marketing Communications Manager, joined the CK Group in November 2009. She has over 19 years of experience in the marketing communications field. She holds a Bachelor of Science degree with Honours in Sociology.

Cheung Shung Yin, Veronica, aged 41, Marketing Communications Manager, joined the CK Group in January 2010. She has over 17 years of experience in the marketing communications field. She holds a Bachelor of Social Science degree with Honours.

Lau Yuk Ha, Loretta, aged 54, Marketing Communications Manager, joined the CK Group in November 1995. She has over 25 years of experience in the marketing communications field. She holds a Honours Diploma in Communication and a Master of Arts degree in Economics.

Yuen Pui Shan, Chloe, aged 39, Marketing Communications Manager, joined the CK Group in January 2015. She has over 14 years of experience in marketing communications. She holds a Bachelor of Business Administration degree.

Corporate Business Development Department

Ma Lai Chee, Gerald, aged 50, Member of Executive Committee & General Manager, Corporate Business Development Department, joined the CK Group in February 1996. He is a Non-Executive Director of ARA Asset Management (Fortune) Limited as the manager of Fortune Real Estate Investment Trust (listed in Hong Kong and Singapore) and ARA Asset Management (Prosperity) Limited as the manager of Prosperity Real Estate Investment Trust (listed in Hong Kong). He is also an Alternate Director to Mr. Lai Kai Ming, Dominic, Non-Executive Director of Hutchison Telecommunications Hong Kong Holdings Limited (listed in Hong Kong), and a Director of aircraft leasing companies, Accipiter Holdings Designated Activity Company (formerly known as Accipiter Holdings Limited), Accipiter Investments Holdings Designated Activity Company and Vermillion Aviation Holdings Limited, members of CK Asset Holdings Limited. He has over 28 years of experience in finance, investment and portfolio management, real estate development and marketing, and managing IT related ventures and services. He holds a Bachelor of Commerce degree in Finance and a Master of Arts degree in Global Business Management. He is a member of the Hospitality Services Committee of Caritas Hong Kong. He is also a member of the President's Circle, the Dean's Advisory Board for the Faculty of Arts and the Faculty Advisory Board of the UBC Sauder School of Business of the University of British Columbia, Canada.

Lee Kwong Wang, Francis, aged 47, Chief Manager, joined the CK Group in August 2000. He is a Director of e-Smart System Inc., iMarkets Limited and Beijing Net-Infinity Technology Development Company Limited. He has over 25 years of experience in banking, investment and managing technology related ventures. He holds a Bachelor of Science degree with Honours and a Master's degree in Business Administration. He is a Chartered Financial Analyst, a member of The CFA Institute and a member of The Hong Kong Society of Financial Analysts Limited.

Chan Cheuk Man, Curley, aged 46, Deputy Chief Manager, joined the CK Group in July 2000. He has over 23 years of experience in finance, investment and business development. He holds a Bachelor of Arts degree with Honours in Accountancy and a Master of Science degree in Accounting and Finance. He is a fellow member of The Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Kiang Shin Ping, Lillian, aged 40, Deputy Chief Manager, joined the CK Group in October 2014. She has over 15 years of experience in finance, investment and business development. She holds a Bachelor of Science degree in Management Science and a Master's degree in Business Administration.

Chow Ping Leung, Ruskin, aged 48, Senior Manager, Group Risk Management and Project Administration, joined the Group in July 2016. He has over 22 years of experience in risk management. He holds a Bachelor of Sciences degree with Honours in Engineering and a Master's degree in Business Administration.

Key Personnel's Biographical Information (continued)

Lau Chun Yu, Sophia, aged 38, Senior Manager, joined the CK Group in August 2000. She has over 17 years of experience in business development. She holds a Bachelor of Science degree, a Bachelor of Commerce degree and a Master's degree in International and Public Affairs. She is an associate member of The Chartered Institute of Management Accountants and a Chartered Global Management Accountant.

Lau Yuen Sun, aged 53, Senior Manager, Project Management, joined the CK Group in August 2001. He has over 27 years of experience in project management. He holds a Bachelor of Engineering degree with Honours, a Master of Science degree and a Diploma in Professional Project Management.

Au Chi Pun, Esmond, aged 51, Manager, Group Risk Management and Project Administration, joined the Group in July 2016. He has over 22 years of experience in mortgage underwriting. He holds a Master's degree in Business Administration.

Chan Chuen Kit, Dickie, aged 46, Manager, Engineering, joined the CK Group in August 1995. He has over 22 years of experience in networking & system engineering. He holds a Bachelor of Science degree in Computer Science and a Master of Science degree in E-Commerce.

Chu Hiu Yee, Connie, aged 32, Manager, Finance & Administration, joined the CK Group in November 2011. She has over 10 years of experience in accounting. She holds a Bachelor of Business Administration degree with Honours in Professional Accountancy.

Kwok Stephen Joseph, aged 47, Manager, Engineering, joined the CK Group in May 2001. He has over 22 years of experience in networking & system engineering. He holds a Bachelor of Arts degree in Economics.

Lau Wai Kuen, Aden, aged 51, Manager, Group Risk Management and Project Administration, joined the Group in July 2016. He has over 24 years of experience in insurance. He holds a Master's degree and a Doctor's degree in Business Administration. He is a Senior Associate of Australian and New Zealand Institute of Insurance and Finance.

Leigh Zen Way, Eric, aged 48, Manager, Group Risk Management and Project Administration, joined the CK Group in April 2003. He has over 20 years of experience in sales & marketing. He holds a Bachelor of Science degree.

Luk Ting Chung, Mike, aged 45, Manager, Group Risk Management and Project Administration, joined the CK Group in February 1998. He has over 27 years of experience in sales & marketing. He holds a Bachelor's degree with Honours in Management Studies.

To Kwok Fai, Steve, aged 45, Manager, Project Management, joined the CK Group in July 2004. He has over 21 years of experience in project management. He holds a Bachelor of Science degree in Mechanical Engineering and a Postgraduate Certificate in Multimedia and Internet Technology.

Wu Cheuk Ying, Ivy, aged 41, Manager, Finance & Administration, joined the CK Group in April 2008. She has over 18 years of experience in accounting and auditing. She holds a Bachelor of Business Administration degree with Honours in Accountancy and a Master of Corporate Governance degree. She is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Yip Lai On, Maggie, aged 39, Manager, Finance & Administration, joined the CK Group in May 2008. She has over 17 years of experience in accounting. She holds a Bachelor of Arts degree with Honours in Accountancy and a Master of Professional Accounting degree. She is a fellow member of The Association of Chartered Certified Accountants.

Yu Lok Lun, Lawrence, aged 28, Manager, joined the CK Group in January 2015. He has over 6 years of experience in investment banking and business development. He holds a Bachelor of Science degree in Economics.

Design & Promotion Department

Leung Yuen Kwan, Josephine, aged 49, Deputy Chief Manager, joined the CK Group in July 1995. She has over 24 years of experience in design, promotion, market research and property sales. She holds a Bachelor of Commerce degree in Marketing and Finance.

Tsui Man Wai, Fanny, aged 39, Promotion Manager, joined the CK Group in March 2006. She has over 15 years of experience in promotion and production management. She holds a Bachelor of Social Science degree with Honours in China Studies (History).

Development Department

Chan Ho Kei, Kevin, aged 45, Senior Project Manager, joined the CK Group in June 2003. He has over 19 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies and a Master's degree in Architecture. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of The Hong Kong Institute of Architects.

Chan Hon Shing, aged 56, Senior Project Manager, joined the CK Group in December 1995. He has over 31 years of experience in architectural profession and project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies and a Bachelor of Architecture degree. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of The Hong Kong Institute of Architects.

Chan Kwok Keung, Dennis, aged 50, Senior Project Manager, joined the CK Group in May 1997. He has over 24 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architecture, a Master's degree in Architecture, and a Master's degree in Business Administration in Digital Technologies Management. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region, a member of The Hong Kong Institute of Architects, and a member of The Chartered Institute of Arbitrators.

Leung Chung Ping, Louis, aged 50, Senior Project Manager, joined the CK Group in November 2003. He is a Director of Property Enterprises Development (Singapore) Pte Limited. He has over 22 years of experience in project management. He holds a Bachelor of Science degree with Honours in Architecture and a Master's degree in Architecture. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of The Hong Kong Institute of Architects.

Lo Kin Yip, Terence, aged 54, Senior Project Manager, joined the CK Group in January 1999. He has over 28 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies and a Bachelor of Architecture degree. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region, a member of The Royal Institute of British Architects and The Hong Kong Institute of Architects and an associate member of The Chartered Institute of Arbitrators.

Pun Wing Chiu, Anthony, aged 54, Senior Project Manager, Structural, joined the CK Group in September 1999. He has over 30 years of experience in project/structural engineering management. He holds a Bachelor of Science degree with Honours in Civil Engineering. He is a Chartered Engineer, a Registered Professional Engineer, a Registered Structural Engineer, a member of The Hong Kong Institution of Engineers and a member of The Institution of Structural Engineers.

Lam Pui Yu, Eric, aged 45, Project Manager, joined the CK Group in November 2004. He has over 19 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies and a Master's degree in Architecture. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of The Hong Kong Institute of Architects.

E & M Department

Lo Kin Hing, Isaac, aged 56, Senior Manager, joined the CK Group in April 2003. He has over 31 years of experience in electrical & mechanical engineering. He holds a Master of Science degree in Construction Project Management. He is a Chartered Engineer, a Registered Professional Engineer, a fellow of The Chartered Institution of Building Services Engineers (UK), a fellow of The Institute of Engineering and Technology and a fellow of The Hong Kong Institution of Engineers.

Cheung Sau Hing, Belinda, aged 53, Manager, joined the CK Group in October 1999. She has over 30 years of experience in electrical & mechanical engineering. She holds a Higher Diploma in Building Services Engineering. She is a Chartered Engineer, a member of The Chartered Institution of Building Services Engineers (UK) and a member of The Hong Kong Institution of Engineers.

Lau Man Bun, Barry, aged 50, Manager, joined the CK Group in July 2003. He has over 26 years of experience in electrical & mechanical engineering. He holds a Bachelor of Engineering degree with Honours in Building Services Engineering and a Master of Science degree in Environmental Management. He is a Chartered Engineer, a Registered Professional Engineer, a member of The Chartered Institution of Building Services Engineers (UK) and a member of The Hong Kong Institution of Engineers.

Human Resources Department

Yip Kim Wing, Kim, aged 54, Senior Manager, joined the CK Group in November 2003. He has over 28 years of experience in human resources and administration management. He holds a Bachelor's degree in Business Administration and a Postgraduate Diploma in Corporate Administration.

Tsang Chi Lun, Alan, aged 49, Senior Manager, joined the CK Group in April 2002. He has over 25 years of experience in human resources management. He holds a Bachelor of Arts degree with Honours in Hospitality Management and a Master's degree in Business Administration. He is a professional member of The Hong Kong Institute of Human Resource Management.

Information Technology Department

Lum Man Fai, Brian, aged 50, Deputy Chief Manager, joined the CK Group in August 2000. He has over 26 years of experience in information technology and telecommunication. He holds a Bachelor of Science degree with Honours in Electronics and a Master's degree in Business Administration.

Yung Wing Hung, Nelson, aged 47, Senior Manager, System Development, joined the CK Group in November 1994. He has over 23 years of experience in information technology management. He holds a Bachelor of Science degree with Honours in Computer Science and a Master of Finance degree. He is a member of The Hong Kong Computer Society, a Certified Information Systems Auditor of Information Systems Audit & Control Association and a Project Management Professional of Project Management Institute.

Lau Yau Keung, Sam, aged 52, Manager, Networking & Operations, joined the CK Group in July 2005. He has over 26 years of experience in information technology management and network operations. He holds a Bachelor of Science degree with Honours in Mathematics Science and a Bachelor of Science degree with Honours in Computing and Information Systems. He is a member of The Hong Kong Computer Society.

Leung Chun Wai, aged 48, Manager, System Development, joined the Group in July 2016. He has over 22 years of experience in information technology management. He holds a Bachelor of Arts degree with Honours in Computing Studies.

Internal Audit Department

Lee King Yuen, Albert, aged 62, Senior Manager, joined the CK Group in November 1987. He has over 40 years of experience in auditing. He holds a Bachelor of Science degree in Business Administration. He is a fellow member of The Association of Chartered Certified Accountants and a fellow of the Hong Kong Institute of Certified Public Accountants.

Tse Chun Wai, Richard, aged 51, Senior Manager, joined the CK Group in January 2009. He is the Internal Audit Manager of Hui Xian Asset Management Limited. He has over 26 years of experience in auditing. He holds a Master's degree in Business Administration, a Master of Science degree in Information Systems Management, a Master of Science degree in Investment Management, a Master of Laws degree in Common Law and a Juris Doctor degree. He is a fellow member of The Association of Chartered Certified Accountants, an associate member of The Chartered Institute of Management Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Chau Wai Keung, Allen, aged 63, Manager, joined the CK Group in November 1994. He has over 38 years of experience in auditing. He holds a Bachelor of Business Administration degree and a Master's degree in Business Administration.

Key Personnel's Biographical Information (continued)

Chu Kai Wah, Richard, aged 55, Manager, joined the CK Group in August 1995. He has over 29 years of experience in auditing. He holds a Professional Diploma in Accountancy and a Master of Business degree in Electronic Commerce. He is a fellow member of The Association of Chartered Certified Accountants, an associate member of The Institute of Chartered Accountants in England and Wales and a fellow of the Hong Kong Institute of Certified Public Accountants.

Hon Che Shing, Wilson, aged 64, Manager, joined the CK Group in March 1994. He has over 39 years of experience in auditing. He holds a Bachelor of Business degree. He is a Certified Practising Accountant of CPA Australia and a fellow of the Hong Kong Institute of Certified Public Accountants.

Leasing Department

Wong See Hang, Resina, aged 54, Deputy Chief Manager, Leasing, joined the CK Group in June 1990. She is a Director of Cheung Kong Real Estate Limited and E-Park Parking Management Limited. She has over 31 years of experience in property leasing. She holds a Bachelor of Arts degree with Honours in History and a Master of Science degree in Facilities Management.

Lee Po Chu, Eileen, aged 57, Assistant Chief Manager, Leasing, joined the CK Group in October 2003. She has over 36 years of experience in property leasing. She holds a Diploma in Business.

Wong Ling Fei, Mable, aged 55, Assistant Chief Manager, Leasing, joined the CK Group in September 2002. She has over 29 years of experience in property leasing.

Fung Kam Sun, Kam, aged 57, Senior Leasing Manager, joined the CK Group in June 2007. He has over 31 years of experience in property leasing. He holds a Bachelor of Arts degree in Business Administration and a Master's degree of Housing Management. He is a Registered Professional Housing Manager, a member of The Chartered Institute of Marketing, a chartered member of Chartered Institute of Housing, a member of The Hong Kong Institute of Housing and an ordinary member of Hong Kong Institute of Real Estate Administrators.

Leung Po Ki, Ronald, aged 52, Senior Leasing Manager, joined the Group in December 2017. He has over 25 years of experience in property leasing. He holds a Master of Science degree in E-Commerce for Executives. He is a Registered Professional Surveyor and a member of The Hong Kong Institute of Surveyors.

Ng Kwok Leung, Christopher, aged 56, Senior Manager, E-Park, joined the CK Group in October 2007. He has over 24 years of experience in car park management. He holds a Bachelor of Science degree with Honours in Engineering and a Postgraduate Diploma in Business Administration.

Chan Chun Kwok, Boris, aged 45, Leasing Manager, joined the CK Group in March 2007. He has over 22 years of experience in property leasing. He holds a Bachelor of Business Administration degree with Honours in Finance and a Postgraduate Diploma in Surveying (Real Estate Development). He is an associate member of Hong Kong Institute of Real Estate Administrators and a senior professional member of The Hong Kong Institute of Real Estate.

Chong Kwan Yi, Charles, aged 42, Leasing Manager, joined the CK Group in January 2006. He has over 19 years of experience in property leasing. He holds a Bachelor of Science degree with Honours in Mathematics, a Master of Science degree in Real Estate, a Master of Arts degree in Quantitative Analysis for Business and a Master of Science degree in China Business Studies. He is a professional member of the Royal Institution of Chartered Surveyors, a member of China Institute of Real Estate Appraisers and Agents and possesses the qualification of PRC Real Estate Agent.

Deng Chi Yung, Jonathan, aged 47, Leasing Manager, joined the CK Group in April 2008. He has over 21 years of experience in property leasing. He holds a Bachelor of Business degree in Property and a Master's degree in Business Administration. He is an associate member of Australian Property Institute and a member of The Hong Kong Institute of Surveyors.

Law Mei Chun, Sandy, aged 56, Manager, Leasing Administration, joined the CK Group in February 2009. She has over 15 years of experience in leasing administration. She holds a Bachelor of Business Administration degree.

Leung Ho Shan, Susana, aged 49, Leasing Manager, joined the CK Group in March 1996. She has over 29 years of experience in property leasing. She holds a Bachelor of Science degree with Honours in Estate Management and a Master's degree in Business Administration.

Yao Jie Ning, Maxine, aged 41, Leasing Manager, joined the Group in May 2017. She has over 15 years of experience in property leasing. She holds a Bachelor of Arts degree with Honours in Public and Social Administration and a Master of Science degree in Real Estate.

Legal Department

Yip Kin Ming, Emmanuel, aged 65, Member of Executive Committee & General Manager, Legal Department, joined the CK Group in July 1985. He has over 34 years of experience in the legal field. He holds a Diploma in Economics.

Wong Fung King, Amy, aged 58, Assistant Chief Manager, joined the CK Group in June 1998. She has over 33 years of experience in the legal field. She holds a Bachelor of Laws degree with Honours and a Postgraduate Certificate in Laws. She is a solicitor of the High Court of the Hong Kong Special Administrative Region.

Cheung Kam Heung, Bella, aged 49, Assistant Chief Manager, joined the CK Group in December 2002. She has over 26 years of experience in the legal field. She holds a Bachelor of Laws degree with Honours and a Postgraduate Certificate in Laws. She is a solicitor of the High Court of the Hong Kong Special Administrative Region.

Ching Mei Yee, Elisa, aged 49, Legal Manager, joined the CK Group in June 2006. She has over 26 years of experience in the legal field. She holds a Bachelor of Laws degree with Honours and a Postgraduate Certificate in Laws. She is a solicitor of the High Court of the Hong Kong Special Administrative Region.

Property Investment & Valuation Department

Chiu Siu Kam, Selene, aged 51, Assistant Chief Manager, joined the CK Group in February 1997. She has over 28 years of experience in property development & investment, land management and property valuation. She holds a Bachelor of Science degree with Honours in Estate Management and a Master's degree in Business Administration. She is a Registered Professional Surveyor and a member of The Hong Kong Institute of Surveyors.

Chan Man Wai, Anthony, aged 55, Assistant Chief Manager, joined the CK Group in January 1994. He has over 28 years of experience in property development & investment, land management and property valuation. He holds a Bachelor of Science degree with Honours in Electrical Engineering, a Master's degree in Business Administration and a Master of Science degree in Land Management. He is a Registered Professional Surveyor and a member of The Hong Kong Institute of Surveyors.

Ho Kwong Ngai, Eric, aged 54, Senior Manager, joined the CK Group in July 2005. He has over 27 years of experience in property development & investment, land management and property valuation. He holds a Bachelor of Science degree with Honours in Estate Management and a Master of Science degree in International Real Estate. He is a Registered Professional Surveyor, a professional member of the Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors.

Leung Hon Man, Alex, aged 46, Senior Manager, joined the CK Group in May 1996. He has over 23 years of experience in property development & investment, land management and property valuation. He holds a Bachelor of Social Science degree with Honours. He is a Registered Professional Surveyor, a professional member of the Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors.

Fung Sing Tak, Patrick, aged 44, Manager, joined the CK Group in January 2008. He has over 22 years of experience in property development & investment, land management and property valuation. He holds a Bachelor of Science degree with Honours in Surveying. He is a Registered Professional Surveyor and a member of The Hong Kong Institute of Surveyors.

Sales Department

Lau Kai Man, Joseph, aged 59, Deputy Chief Manager, Sales, joined the CK Group in June 1981. He is a Director of Cheung Kong Real Estate Limited, Goodwell-Fortune Property Services Limited and Goodwell-Prosperity Property Services Limited. He has over 39 years of experience in property sales.

Kwok Tze Wai, William, aged 52, Deputy Chief Manager, Sales, joined the CK Group in May 1989. He is a Director of Cheung Kong Real Estate Limited. He has over 29 years of experience in property sales. He holds a Bachelor of Science degree in Business Administration Marketing.

Wong See Chung, Francis, aged 56, Deputy Chief Manager, Sales, joined the CK Group in January 1994. He is a Director of Cheung Kong Real Estate Limited and Property Enterprises Development (Singapore) Pte Limited. He has over 22 years of experience in property sales. He holds a Master's degree in Business Administration.

Ho Ka Yan, Cannas, aged 40, Assistant Chief Manager, Sales, joined the CK Group in April 2007. She has over 18 years of experience in property sales. She holds a Bachelor of Science degree with Honours in Surveying and a Master of Science degree in Marketing. She is a professional member of the Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors.

Fung Hoi Lun, Helen, aged 47, Senior Sales Manager, joined the CK Group in March 2001. She has over 24 years of experience in property sales. She holds a Higher Diploma in Hotel and Catering Management.

Ng Chui Ha, Fiona, aged 54, Senior Manager, Sales Administration, joined the CK Group in December 1990. She has over 31 years of experience in sales administration. She holds a Bachelor of Arts degree in History.

Tai Mei Ling, Marinda, aged 59, Senior Manager, Customer Service, joined the CK Group in August 1985. She has over 32 years of experience in customer service.

Yeung Kwai Ling, Moni, aged 47, Senior Sales Manager, joined the CK Group in February 2013. She has over 17 years of experience in property sales. She holds a Bachelor of Arts degree with Honours, a Master of Science degree with Honours in Marketing and a Master of Science degree in Real Estate.

Cho Kau Ming, Iris, aged 49, Sales Manager, joined the CK Group in May 1995. She has over 23 years of experience in property sales. She holds a Bachelor of Science degree in Business Administration.

Nee Tak Sum, Sam, aged 46, Sales Manager, joined the CK Group in September 1995. He has over 22 years of experience in property sales. He holds a Bachelor of Social Science degree with Honours.

Sales Department – Building Management

Tang Shuk Fan, Shirley, aged 51, Assistant Chief Manager, Building Management, joined the CK Group in April 2012. She is a Director of Goodwell-Fortune Property Services Limited and Goodwell-Prosperity Property Services Limited. She has over 32 years of experience in building management. She holds a Professional Diploma in Housing Management, a Postgraduate Diploma in Cultural Heritage Management and a Master of Science Degree in Facilities Management. She is an ordinary member of Hong Kong Institute of Real Estate Administrators, a professional member of International Facility Management Association, a chartered member of Chartered Institute of Housing, a member of The Hong Kong Institute of Housing and a professional member of the Royal Institution of Chartered Surveyors.

Tse Ka Li, Gary, aged 56, Senior Manager, Building Management, joined the CK Group in September 2014. He has over 28 years of experience in building management. He holds a Bachelor of Science degree in Civil Engineering and a Bachelor of Arts degree with Honours in Housing Studies. He is a Registered Professional Housing Manager, a chartered member of Chartered Institute of Housing, a member of The Hong Kong Institute of Housing, an ordinary member of Hong Kong Institute of Real Estate Administrators and a corporate member of Building Services Operation and Maintenance Executives Society.

Key Personnel's Biographical Information (continued)

Wong Wo Muk, Philip, aged 58, Manager, Building Management, joined the CK Group in May 1987. He is a Director of E-Park Parking Management Limited, Goodwell-Fortune Property Services Limited and Goodwell-Prosperity Property Services Limited. He has over 35 years of experience in building management. He holds a Bachelor of Arts degree with Honours in Business Studies and a Postgraduate Diploma in Surveying (Real Estate Development).

Hutchison Property Group Limited

Tsui Kin Tung, Tony, aged 58, Deputy Managing Director, Hutchison Property Group Limited, joined the CK Group in June 1990. He has over 30 years of experience in property sales and leasing in Hong Kong, the PRC and the United Kingdom. He is a Registered Professional Surveyor, a professional member of the Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors.

Tam, Raymond, aged 64, Director – Finance, Hutchison Property Group Limited, joined the CK Group in May 1982. He has over 40 years of experience in accounting, auditing and finance in Hong Kong, the PRC and overseas. He holds a Master's degree in Business Administration. He is a fellow member of The Association of Chartered Certified Accountants, a fellow of the Hong Kong Institute of Certified Public Accountants, a fellow member of The Taxation Institute of Hong Kong and a fellow member of Institute of Chartered Accountants in England & Wales.

Tsui Ching Sang, Stephen, aged 57, Director – Projects, Hutchison Property Group Limited, joined the CK Group in April 1990. He has over 30 years of experience in project management and architectural design for various developments in Hong Kong, the PRC and the United Kingdom. He holds a Bachelor of Arts degree in Architectural Studies and a Bachelor's degree in Architecture. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of The Hong Kong Institute of Architects.

Tam Kin Yuk, Jason, aged 47, Director – Marketing and Director – Corporate Business Development, Hutchison Property Group Limited, joined the CK Group in August 2000. He has over 25 years of experience in property sales and leasing in the PRC. He holds a Bachelor of Science degree in Surveying.

Chan Ching Man, Janice, aged 57, Director – Cost Control, Hutchison Property Group Limited, joined the CK Group in December 1994. She has over 30 years of experience in contract management and quantity surveying in Hong Kong, the PRC and the United Kingdom. She holds a Master's degree in Construction Project Management. She is a Registered Professional Surveyor, a fellow member of the Royal Institution of Chartered Surveyors and a fellow member of The Hong Kong Institute of Surveyors.

Shu Yee Loon, Wilson, aged 65, Deputy Director – Projects, Hutchison Property Group Limited, joined the CK Group in September 2007. He has over 30 years of experience in project management and architectural design for various developments in Hong Kong, the PRC and Canada. He holds a Bachelor's degree in Environmental Studies and a Master's degree in Architecture. He is a member of the Royal Architectural Institute of Canada and a licensed member of the Ontario Association of Architects, Canada.

Mak Kin Wo, Kenneth, aged 52, Deputy Director – Projects, Hutchison Property Group Limited, joined the CK Group in October 2004. He has almost 30 years of experience in project management and architectural design for various developments in Hong Kong and the PRC. He holds a Bachelor's degree in Architecture. He is a Registered Architect and a member of The Hong Kong Institute of Architects.

Harbour Plaza Hotel Management Limited

Koh Poh Chan, aged 69, Finance Director of Harbour Plaza Hotel Management Limited, joined the CK Group in January 1991. She is also a Member of the Executive Committee of CK Asset Holdings Limited and a Director of Harbour Plaza Hotel Management Limited and Husky Energy Inc. She has over 37 years of experience in accounting, auditing, tax and finance. She graduated from the London School of Accountancy. She is also a fellow member of The Institute of Chartered Accountants in England and Wales, an associate member of the Canadian Institute of Chartered Accountants as well as of the Chartered Institute of Taxation in the United Kingdom.

Report of the Directors

The Directors have pleasure in presenting to shareholders their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2017 on pages 140 to 178.

Principal Activities

The Group has diverse capabilities with activities encompassing property development and investment, hotel and serviced suite operation, property and project management, joint ventures in infrastructure and utility asset operation and aircraft leasing.

Business Review

A fair review of the Group's business, an indication of likely future development in the Group's business and an analysis using financial key performance indicators are provided in the Report of the Chairman and the Managing Director and the Management Discussion and Analysis respectively from pages 10 to 15 and pages 16 to 29 of this Annual Report. A description of the principal risks and uncertainties facing the Group can be found in the Risk Factors from pages 190 to 199. A discussion on the Group's environmental policies and performance and an account of the Group's key relationships with its stakeholders are included in the Environmental, Social and Governance Report from pages 95 to 117. The above discussions form part of this Report of the Directors.

In connection with the Group's property business in Hong Kong, the Residential Properties (First-hand Sales) Ordinance regulates the sales of first-hand uncompleted and completed residential properties and sets out detailed requirements in relation to, among other things, sales brochures, price lists, show flats, viewing of properties in completed developments, disclosures of transaction information, sales arrangements, the mandatory provision for the preliminary agreement for sale and purchase and agreement for sale and purchase for the sales of first-hand residential properties, advertisements and promotional materials. The Group strives to and has taken special care and all necessary steps and reasonable precautions and exercised all due diligence to comply with the said Ordinance including developing internal compliance procedures, familiarising its employees with the specific requirements of the said Ordinance by internal seminars and issuing internal memoranda with updates of the requirements of the said Ordinance and seeking external professional advice to ensure, among other things, accuracy of information made available to public so that transparency and consumer protection of sales of first-hand residential properties can be enhanced.

In connection with the Group's property business on the Mainland, save as the compliance matters as disclosed in the listing document of the Company dated 8 May 2015 where measures have been undertaken to closely monitor the status, the Group has complied with all applicable laws and regulations, including the Law of the Administration of Urban Real Estate, Property Rights Law, Law of Urban and Rural Planning and Civil Air Defence Law, and will seek legal and/or technical advice from external professional consultants, wherever required, to ensure compliance.

Report of the Directors (*continued*)

In connection with the Group's hotel, restaurant and catering business in Hong Kong, the Group ensures it complies with the Hotel and Guesthouse Accommodation Ordinance, the Public Health and Municipal Services Ordinance, the Food Business Regulations and the Dutiable Commodities (Liquor) Regulations. The Group has maintained requisite licences such as hotel and guesthouse licence, hotel television (transmission) licence, restaurant and liquor licence and water pollution control licence from the relevant regulatory bodies if required for its operations.

Coming into effect on 14 December 2015, the Competition Ordinance is likely to have a significant impact on the business landscapes in Hong Kong. The Group is committed to the compliance with the said Ordinance and it has been working with external professionals to develop internal guidelines and educating its employees so as to ensure that the Group and its employees will adopt business practices that are compliant with the relevant laws from time to time.

Results and Dividends

Results of the Group for the year ended 31 December 2017 are set out in the consolidated income statement on page 140.

The Directors recommend the payment of a final dividend of HK\$1.28 per share which, together with the interim dividend of HK\$0.42 per share paid on 14 September 2017, makes a total dividend of HK\$1.70 per share for the year.

Group Financial Summary

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

Directors

The Directors of the Company in office at the date of this Annual Report are listed on page 200. The Directors' biographical information is set out on pages 30 to 32.

Mr. Li Ka-shing will, with effect from the conclusion of the annual general meeting of the Company to be held on 10 May 2018 ("2018 AGM"), retire from his position as Chairman and Executive Director of the Company. The Board of Directors has requested and Mr. Li has agreed to serve as Senior Advisor of the Company and in that capacity to continue to contribute to the Group on significant matters.

The Board of Directors would like to express their sincere gratitude to Mr. Li for his invaluable contributions to the Group. For the past 46 years, Mr. Li has led the CK Group as Chairman on a steady path of diversification and globalisation through organic growth, mergers and acquisitions, and timely strategic reviews and reorganisations at appropriate junctures in order to maximise value and returns for shareholders.

The Board has also proposed and elected with effect from the conclusion of the 2018 AGM, Mr. Li Tzar Kuo, Victor, who has worked at the CK Group for 33 years, to succeed as Chairman whilst continuing with his present role as Managing Director of the Company.

In accordance with the Company's Amended and Restated Articles of Association, the Directors of the Company (including Independent Non-executive Directors) shall be subject to retirement by rotation at each annual general meeting. Mr. Ip Tak Chuen, Edmond, Mr. Chiu Kwok Hung, Justin, Mr. Chow Wai Kam, Mr. Chow Nin Mow, Albert and Ms. Hung Siu-lin, Katherine will retire by rotation and, being eligible, offer themselves for re-election at the 2018 AGM.

Mr. Colin Stevens Russel and Mr. Donald Jeffrey Roberts were appointed as Independent Non-executive Directors of the Company by the Board of Directors with effect from 29 March 2017. In accordance with the Amended and Restated Articles of Association of the Company, they held office only until annual general meeting of the Company held on 11 May 2017 ("2017 AGM") and, being eligible, offered themselves for re-election and were re-elected at that meeting.

Mr. Simon Murray retired as an Independent Non-executive Director of the Company with effect from the conclusion of the 2017 AGM.

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

Arrangement to Purchase Shares or Debentures

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

Directors' Interests in Transactions, Arrangements or Contracts

Save for otherwise disclosed under the section "Continuing Connected Transactions and Connected Transactions", there were no other transactions, arrangements or contracts of significance in relation to the businesses of the Company and its subsidiaries to which the Company or any of its subsidiary was a party and in which a Director of the Company or his/her connected entity had a material interest, whether directly or indirectly, subsisted at any time during the year 2017 and as at the date of this Report.

Directors' Service Contracts

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

Report of the Directors (*continued*)

Permitted Indemnity Provision

The Amended and Restated Articles of Association of the Company provides that every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his/her favour, or in which he/she is acquitted. A Directors Liability Insurance is in place to protect the Directors against potential costs and liabilities arising from claims brought against the Directors.

Disclosure of Interests

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

As at 31 December 2017, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company ("Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

Long Positions in Shares

(a) The Company

| Name of Director | Capacity | Number of Ordinary Shares | | | | Total | Approximate % of Shareholding |
|-------------------------|--|---------------------------|-----------------|-------------------------|---------------------------|---------------|-------------------------------|
| | | Personal Interest | Family Interest | Corporate Interest | Other Interest | | |
| Li Ka-shing | Interest of controlled corporations & founder of discretionary trusts | - | - | 133,150,256 (Note 1) | 1,028,753,254 (Note 2) | 1,161,903,510 | 31.42% |
| Li Tzar Kuoi, Victor | Beneficial owner, interest of child or spouse, interest of controlled corporations & beneficiary of trusts | 220,000 | 405,200 | 3,572,350 (Note 3) | 1,028,753,254 (Note 2) | 1,032,950,804 | 27.94% |
| Kam Hing Lam | Beneficial owner & interest of child or spouse | 51,040 | 57,360 | - | - | 108,400 | 0.0029% |
| Chow Nin Mow, Albert | Beneficial owner | 66 | - | - | - | 66 | ≈ 0% |
| Hung Siu-lin, Katherine | Beneficial owner | 43,256 | - | - | - | 43,256 | 0.0012% |
| Yeh Yuan Chang, Anthony | Interest of child or spouse | - | 91,920 | - | - | 91,920 | 0.0025% |
| Donald Jeffrey Roberts | Beneficial owner | 167,396 | - | - | - | 167,396 | 0.0045% |

(b) Associated Corporations

| Name of Company | Name of Director | Capacity | Number of Ordinary Shares | | | | Total | Approximate % of Shareholding |
|-------------------------------|----------------------|---------------------------------|---------------------------|-----------------|--------------------|---------------------|---------|-------------------------------|
| | | | Personal Interest | Family Interest | Corporate Interest | Other Interest | | |
| Precise Result Global Limited | Li Ka-shing | Founder of discretionary trusts | - | - | - | 15 (Note 4) | 15 | 15% |
| | Li Tzar Kuoi, Victor | Beneficiary of trusts | - | - | - | 15 (Note 4) | 15 | 15% |
| Jabrin Limited | Li Ka-shing | Founder of discretionary trusts | - | - | - | 2,000 (Note 4) | 2,000 | 20% |
| | Li Tzar Kuoi, Victor | Beneficiary of trusts | - | - | - | 2,000 (Note 4) | 2,000 | 20% |
| Mightycity Company Limited | Li Ka-shing | Founder of discretionary trusts | - | - | - | 168,375 (Note 4) | 168,375 | 1.53% |
| | Li Tzar Kuoi, Victor | Beneficiary of trusts | - | - | - | 168,375 (Note 4) | 168,375 | 1.53% |

Report of the Directors (*continued*)

Notes:

- (1) The 133,150,256 shares of the Company comprise:
- (a) 131,850,256 shares held by certain companies of which Mr. Li Ka-shing is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.
 - (b) 1,300,000 shares held by Li Ka Shing Foundation Limited (“LKSF”). By virtue of the terms of the constituent documents of LKSF, Mr. Li Ka-shing may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF.
- (2) The two references to 1,028,753,254 shares of the Company relate to the same block of shares comprising:
- (a) 936,462,744 shares held by Li Ka-Shing Unity Trustee Company Limited (“TUT1”) as trustee of The Li Ka-Shing Unity Trust (“UT1”) and its related companies in which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings (“TUT1 related companies”). Mr. Li Ka-shing is the settlor of each of The Li Ka-Shing Unity Discretionary Trust (“DT1”) and another discretionary trust (“DT2”). Each of Li Ka-Shing Unity Trustee Corporation Limited (“TDT1”, which is the trustee of DT1) and Li Ka-Shing Unity Trustcorp Limited (“TDT2”, which is the trustee of DT2) holds units in UT1 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT1 and DT2 are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard.

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

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

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

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

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

- (c) 84,427,246 shares held by a company controlled by TDT3 as trustee of DT3.
- (3) The 3,572,350 shares of the Company comprise:
- (a) 2,272,350 shares held by certain companies of which Mr. Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.
- (b) 1,300,000 shares held by LKSF. By virtue of the terms of the constituent documents of LKSF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF.
- (4) These are subsidiaries of the Company and such shares are held through TUT1 as trustee of UT1. Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, as Directors, by virtue of their deemed interests in TUT1 as trustee of UT1 as described in Note (2)(a) above, are taken to have a duty of disclosure in relation to such shares under the SFO.

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 31 December 2017, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Report of the Directors (*continued*)

Interests and Short Positions of Shareholders

So far as is known to any Director or chief executive of the Company, as at 31 December 2017, shareholders of the Company (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

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

| Name of Shareholder | Capacity | Number of Ordinary Shares | Approximate % of Shareholding |
|---|-------------------------------------|---------------------------|-------------------------------|
| Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust | Trustee | 936,462,744 (Note 1) | 25.33% (Note 5) |
| Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust | Trustee & beneficiary of a trust | 936,462,744 (Note 1) | 25.33% (Note 5) |
| Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust | Trustee & beneficiary of a trust | 936,462,744 (Note 1) | 25.33% (Note 5) |

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

| Name of Shareholder | Capacity | Number of Shares/ Underlying Shares | Total | Approximate % of Shareholding |
|---------------------------|--|--|------------------------------|----------------------------------|
| JPMorgan Chase & Co. | (i) Beneficial owner | 17,113,067) | 226,900,193 (Notes 2 & 3) | 5.97% (Note 3) |
| | (ii) Investment manager | 51,170,945) | | |
| | (iii) Trustee | 27,364) | | |
| | (iv) Custodian corporation/ approved lending agent | 158,588,817) | | |
| JPMorgan Chase Bank, N.A. | (i) Investment manager | 2,998,249) | 201,408,652 (Note 4) | 5.45% (Note 5) |
| | (ii) Trustee | 27,364) | | |
| | (iii) Custodian corporation/ approved lending agent | 198,383,039) | | |
| BlackRock, Inc. | Interest of controlled corporations | 187,239,059 | 187,239,059 (Note 6) | 5.06% (Note 5) |

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

| Name of Shareholder | Capacity | Number of Shares/ Underlying Shares | Total | Approximate % of Shareholding |
|----------------------|-------------------------------------|--|-----------------------------|----------------------------------|
| JPMorgan Chase & Co. | Beneficial owner | 15,406,410 | 15,406,410 (Notes 3 & 7) | 0.40% (Note 3) |
| BlackRock, Inc. | Interest of controlled corporations | 343,500 | 343,500 (Note 8) | 0.01% (Note 5) |

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

| Name of Shareholder | Capacity | Number of Shares/ Underlying Shares | Total | Approximate % of Shareholding |
|---------------------------|--|--|-------------------------|----------------------------------|
| JPMorgan Chase & Co. | Custodian corporation/ approved lending agent | 158,588,817 | 158,588,817 (Note 3) | 4.17% (Note 3) |
| JPMorgan Chase Bank, N.A. | Custodian corporation/ approved lending agent | 198,383,039 | 198,383,039 (Note 4) | 5.37% (Note 5) |

Notes:

- (1) The three references to 936,462,744 shares relate to the same block of shares in the Company. Of these 936,462,744 shares of the Company, 913,378,704 shares of the Company are held by TUT1 as trustee of UT1 and 23,084,040 shares of the Company are held by companies controlled by TUT1 as trustee of UT1. Each of TUT1 as trustee of UT1, TDT1 as trustee of DT1 and TDT2 as trustee of another discretionary trust is taken to have a duty of disclosure in relation to the said shares of the Company as described in Note (2) under the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" under the SFO.
- (2) Such long position includes derivative interests in 4,627,358 underlying shares of the Company of which 456,000 underlying shares are derived from listed and physically settled derivatives, 12,059 underlying shares are derived from unlisted and physically settled derivatives and 4,159,299 underlying shares are derived from unlisted and cash settled derivatives.
- (3) Such disclosure of interest was made in the form of notice pursuant to Part XV of the SFO submitted by JPMorgan Chase & Co. to the Company on 4 April 2017, based on the then issued share capital of the Company (i.e. 3,800,194,500 shares).
- (4) Such long position and lending pool reported by JPMorgan Chase Bank, N.A., were based on the notice filed on 9 June 2015 by JPMorgan Chase Bank, N.A. to the Company. JPMorgan Chase Bank, N.A. is a wholly-owned subsidiary of JPMorgan Chase & Co.
- (5) The approximate percentages of shareholding were based on the issued share capital of the Company as at 31 December 2017 (i.e. 3,697,498,500 shares).

Report of the Directors (*continued*)

- (6) Such long position includes derivative interests in 2,500 underlying shares of the Company derived from unlisted and cash settled derivatives.
- (7) Such short position includes derivative interests in 15,406,410 underlying shares of the Company of which 396,000 underlying shares are derived from listed and physically settled derivatives, 557,000 underlying shares are derived from listed and cash settled derivatives, 744,830 underlying shares are derived from unlisted and physically settled derivatives and 13,708,580 underlying shares are derived from unlisted and cash settled derivatives.
- (8) Such short position includes derivative interests in 166,500 underlying shares of the Company derived from unlisted and cash settled derivatives.

Save as disclosed above, as at 31 December 2017, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Continuing Connected Transactions and Connected Transactions

Each of CK Hutchison Holdings Limited ("CK Hutchison", together with its subsidiaries, "CK Hutchison Group") and the Company has been deemed by the Stock Exchange to be a connected person of the other after completion of the listing of the ordinary shares in the share capital of the Company by way of introduction (the "Listing") on 3 June 2015 (the "Listing Date"), notwithstanding that CK Hutchison does not fall within the scope of connected persons of the Company pursuant to the Listing Rules. Accordingly, transactions entered into between members of the Group and members of the CK Hutchison Group following the Listing would constitute connected transactions of the Company under the Listing Rules.

1. Continuing Connected Transactions

The following transactions constituted continuing connected transactions of the Company ("Continuing Connected Transactions") under the Listing Rules during the financial year ended 31 December 2017:

(a) Leasing and licensing of premises by the Group to the CK Hutchison Group

On 5 May 2015, the Company entered into an agreement with CK Hutchison to set out the framework terms governing the leasing transactions between the Group and the CK Hutchison Group (the "Leasing Transactions") to be entered into during the period from the Listing Date to 31 December 2017 (the "Term") (the "Master Leasing Agreement"). Pursuant to the Master Leasing Agreement, the Company agrees to lease or license or to procure its subsidiaries to lease or license various premises (including office space, car parks and building areas but excluding hotel premises) owned by the Group to members of the CK Hutchison Group as and when reasonably requested by members of the CK Hutchison Group from time to time during the Term, at a rental or licence fee to be negotiated on a case-by-case and an arm's length basis, and shall be on normal commercial terms.

The aggregate rental or licence fees of the Leasing Transactions are subject to the annual caps of HK\$683 million, HK\$763 million and HK\$856 million for the period ended 31 December 2015, and for the years ended 31 December 2016 and 31 December 2017 respectively. During the year ended 31 December 2017, HK\$680 million has been paid/payable by the CK Hutchison Group to the Group for the Leasing Transactions.

(b) Purchases of goods and services by the Group from the CK Hutchison Group for use in connection with the Group's property development projects

On 5 May 2015, the Company entered into an agreement with CK Hutchison to set out the framework terms governing the purchases of goods and services by the Group from the CK Hutchison Group for use in connection with the Group's property development projects (the "Project Related Supplies Transactions") to be entered into during the Term (the "Master Purchase Agreement"). Pursuant to the Master Purchase Agreement, CK Hutchison agrees to provide, or to procure its subsidiaries to provide, the Project Related Supplies Transactions to members of the Group as and when reasonably requested by the members of the Group from time to time during the Term, at a fee or charge to be negotiated on a case-by-case and an arm's length basis, and shall be on normal commercial terms.

The aggregate fees and charges of the Project Related Supplies Transactions are subject to the annual caps of HK\$86 million, HK\$160 million and HK\$160 million for the period ended 31 December 2015, and for the years ended 31 December 2016 and 31 December 2017 respectively. During the year ended 31 December 2017, HK\$37 million has been paid/payable by the Group to the CK Hutchison Group for the Project Related Supplies Transactions.

(c) Provision of Internet and telecommunication products and services by the CK Hutchison Group to the Group

On 5 May 2015, the Company entered into an agreement with CK Hutchison to set out the framework terms governing the provision of Internet and telecommunication products and services by the CK Hutchison Group to the Group (the "Internet and Telecommunication Supplies Transactions") to be entered into during the Term (the "Master Internet and Telecommunication Supplies Agreement"). Pursuant to the Master Internet and Telecommunication Supplies Agreement, CK Hutchison agrees to provide, or to procure its subsidiaries to provide, the Internet and Telecommunication Supplies Transactions to members of the Group as and when reasonably requested by members of the Group from time to time during the Term, at a fee or charge to be negotiated on a case-by-case and an arm's length basis, and shall be on normal commercial terms.

Report of the Directors (continued)

The aggregate fees or charges of the Internet and Telecommunication Supplies Transactions are subject to the annual caps of HK\$76 million, HK\$91 million and HK\$97 million for the period ended 31 December 2015, and for the years ended 31 December 2016 and 31 December 2017 respectively. During the year ended 31 December 2017, HK\$21 million has been paid/payable by the Group to the CK Hutchison Group for the Internet and Telecommunication Supplies Transactions.

The Stock Exchange has granted to the Company a waiver from strict compliance with the announcement requirements under Chapter 14A of the Listing Rules with respect to the Continuing Connected Transactions provided that the annual aggregate transaction amounts in respect of each category of the Continuing Connected Transactions do not exceed the relevant annual cap amount set out above.

The Continuing Connected Transactions have been reviewed by the Independent Non-executive Directors. The Independent Non-executive Directors have confirmed that for the year 2017 the Continuing Connected Transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged the auditor of the Company to report the Continuing Connected Transactions of the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has reported to the Board of Directors and confirmed that for the year 2017 nothing has come to their attention that causes them to believe that the Continuing Connected Transactions (i) have not been approved by the Board of Directors of the Company; (ii) were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services by the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (iv) have exceeded the annual caps as set by the Company.

2. Connected Transactions

The following transactions constituted connected transactions of the Company under the Listing Rules during the financial year ended 31 December 2017 and up to the date of this Report:

- (a) On 14 January 2017, the Company, CK Infrastructure Holdings Limited (“CKI”, formerly known as “Cheung Kong Infrastructure Holdings Limited”) and Power Assets Holdings Limited (“PAH”) (together, the “Consortium Members”) entered into a consortium formation agreement, pursuant to which, subject to obtaining the necessary independent shareholders’ approvals (“Approval(s)”), the relevant Consortium Members would become indirect owners of CK William UK Holdings Limited (“JV Co”) and fund the JV Co and its subsidiaries for the proposed acquisition of all of the stapled securities in issue of the DUET Group (the “Target”) by way of schemes of arrangement and a trust scheme (the “Schemes”) as described in the Company’s announcement of 16 January 2017 (the “Acquisition”), and enter into a shareholders’ agreement to govern the shareholder relationship in JV Co as well as the downstream business of the Target (the “Joint Venture Transaction”). On 14 January 2017, the Company together with CKI, PAH, CK William Australia Bidco Pty Ltd and the Target entered into a scheme implementation agreement in relation to the Acquisition. The Target, whose securities were at the time listed on the Australian Securities Exchange, is an owner and operator of energy utility assets in Australia, the United States, Canada and the United Kingdom. Completion of the Acquisition would be subject to, among other things, the approval of the Target’s securityholders and other governmental approvals. As CK Hutchison holds approximately 71.93% of the issued share capital of CKI, CKI may be regarded as a connected person of the Company by virtue of it being a subsidiary of CK Hutchison. The necessary Approvals for the Joint Venture Transaction were obtained at the respective general meetings of the Company, CKI and PAH held on 14 March 2017. As the Schemes became effective in May 2017, the Joint Venture Transaction proceeded between, and the Target would become indirectly held by, the Company, CKI and PAH as to 40%, 40% and 20% respectively upon completion of the Acquisition, and the maximum financial commitment of the Company in relation to the Joint Venture Transaction would be up to approximately AUD3,012 million (equivalent to approximately HK\$17,259 million). Each of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor has or may be regarded as having a material interest in the Joint Venture Transaction, each of them has voluntarily abstained from voting on the Board resolutions of the Company for approving the Joint Venture Transaction. The Acquisition was completed in May 2017.

Report of the Directors (continued)

- (b) On 14 July 2017, Rich Heights Limited as vendor ("RHL", an indirect wholly-owned subsidiary of the Company), Canadian Household Infrastructure Limited as purchaser ("CHIL", formerly known as Roaring Victory Limited, an indirect wholly-owned subsidiary of CKI) and CKI as guarantor of CHIL entered into a share purchase, assignment and assumption agreement (the "SPA"), pursuant to which, conditional upon obtaining of the approval of the independent shareholders of the Company, RHL agreed to dispose of 25% equity interest in CKP (Canada) Holdings Limited ("Project Company", an indirect wholly-owned subsidiary of the Company) to CHIL by (i) the sale and purchase of 2,500 common shares of the Project Company, representing 25% of the entire issued shares of the Project Company (the "Shares Transfer"), and (ii) assignment of a promissory note (the "Note") issued by the Project Company to RHL in respect of the advances made by RHL in the principal amount of C\$428.95 million, representing 25% of the aggregate principal amount of all loans advanced to Project Company as of the date of the SPA, with an interest rate of 7.5% per annum (the "Transaction"). The aggregate consideration of the Transaction was approximately C\$714.92 million (equivalent to approximately HK\$4,386.03 million) which comprised (i) an approximate amount of C\$285.97 million (equivalent to approximately HK\$1,754.43 million), being the consideration for the Shares Transfer; and (ii) an approximate amount of C\$428.95 million (equivalent to approximately HK\$2,631.61 million), being the principal amount of the Note with any accrued and unpaid interest, net of any applicable taxes, on the Note as of the closing date that is five business days after fulfilment of the conditions under the SPA or such other date as agreed by RHL and CHIL. It is also a term in the SPA that RHL, CHIL, the Company, CKI and the Project Company would enter into a shareholders' agreement to govern the operation and management of the Project Company and its subsidiaries and the relationship between the Group and CKI and its subsidiaries therein upon completion of the Transaction. Project Company holds a group of companies which is principally engaged in the building equipment services sector providing water heaters, HVAC (heating, ventilation and air conditioning) equipment, comfort protection plan and other services to homeowners primarily in Ontario, Canada, under the consumer brand identity of "Reliance Home Comfort". As CK Hutchison holds approximately 71.93% of the issued share capital of CKI, CKI may be regarded as a connected person of the Company by virtue of it being a subsidiary of CK Hutchison. The independent shareholders' approval was obtained at the general meeting of the Company held on 24 August 2017. Each of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor has or may be regarded as having a material interest in the Transaction, each of them has voluntarily abstained from voting on the Board resolutions of the Company for approving the Transaction. The Transaction was completed in September 2017.

- (c) On 27 July 2017, the Company, CKI and Sky Master Ventures Limited (a direct wholly-owned subsidiary of the Company) entered into a joint venture formation agreement, pursuant to which, subject to the obtaining of the necessary approval of the independent shareholders of each of the Company and CKI and closing of ista Acquisition (as defined below), the Company and CKI would, among other things, indirectly own 65% and 35% of the shares in Sarvana S.à r.l. (“ista JV Co”) respectively and partly fund the proposed acquisition of all of the shares and preferred equity certificates of ista Luxemburg GmbH (“ista”, together with its subsidiaries, the “ista Group”) as described in the Company’s announcement on 27 July 2017 from Trius Holdings S.C.A. (the “Seller”) (the “ista Acquisition”) and enter into a shareholders’ agreement under which the parties would agree on rights and obligations in respect of their ongoing investment in the ista Group through ista JV Co (the “ista JV Transaction”). On 27 July 2017, Lamarillo S.à r.l. as purchaser (a direct wholly-owned subsidiary of ista JV Co) and the Seller entered into a sale and purchase agreement in relation to the ista Acquisition. ista Group is one of the world’s leading fully integrated energy management services providers with strong market positions in Europe. As CK Hutchison holds approximately 71.93% of the issued share capital of CKI, CKI may be regarded as a connected person of the Company by virtue of it being a subsidiary of CK Hutchison. The necessary independent shareholders’ approvals of the Company and CKI were obtained at the respective general meetings of the Company and CKI held on 11 October 2017, ista would be (upon completion of the ista Acquisition) indirectly held by the Company and CKI as to 65% and 35% respectively, and the maximum financial commitment of the Company in relation to the ista JV Transaction would be EUR2,925 million (equivalent to approximately HK\$26,910 million). Each of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor has or may be regarded as having a material interest in the ista JV Transaction, each of them has voluntarily abstained from voting on the Board resolutions of the Company for approving the ista JV Transaction. The ista Acquisition and ista JV Transaction were completed in October 2017.

All of the above transactions were subject to the announcement, reporting and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Major Customers and Suppliers

During the year, the Group’s revenue from sales of goods or rendering of services attributable to the Group’s five largest customers was less than 30% and the Group’s purchases attributable to the Group’s five largest suppliers was less than 30%.

Report of the Directors (*continued*)

Directors' Interests in Competing Businesses

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

1. Principal Business Activities of the Group

- (1) Property development and investment
- (2) Hotel and serviced suite operation
- (3) Property and project management
- (4) Interests in Real Estate Investment Trusts
- (5) Ownership and leasing of movable assets
- (6) Joint ventures in infrastructure and utility asset operation

2. Interests in Competing Business

| Name of Director | Name of Company | Nature of Interest | Competing Business (Note) |
|------------------------|---|--|---------------------------|
| Li Ka-shing | CK Hutchison Holdings Limited | Chairman | (6) |
| Li Tzar Kuoi, Victor | CK Hutchison Holdings Limited | Group Co-Managing Director and Deputy Chairman | (6) |
| | CK Infrastructure Holdings Limited | Chairman | (5) & (6) |
| | CK Life Sciences Int'l., (Holdings) Inc. | Chairman | (1) |
| | HK Electric Investments and HK Electric Investments Limited | Non-executive Director and Deputy Chairman | (6) |
| | Husky Energy Inc. | Co-Chairman | (6) |
| | Power Assets Holdings Limited | Non-executive Director | (6) |
| Kam Hing Lam | CK Hutchison Holdings Limited | Deputy Managing Director | (6) |
| | CK Infrastructure Holdings Limited | Group Managing Director | (5) & (6) |
| | CK Life Sciences Int'l., (Holdings) Inc. | President and Chief Executive Officer | (1) |
| | Hui Xian Asset Management Limited | Chairman | (1), (2), (3) & (4) |
| Ip Tak Chuen, Edmond | ARA Asset Management Limited | Non-executive Director * | (3) & (4) |
| | CK Hutchison Holdings Limited | Deputy Managing Director | (6) |
| | CK Infrastructure Holdings Limited | Deputy Chairman | (5) & (6) |
| | CK Life Sciences Int'l., (Holdings) Inc. | Senior Vice President and Chief Investment Officer | (1) |
| | Hui Xian Asset Management Limited | Non-executive Director | (1), (2), (3) & (4) |
| Chiu Kwok Hung, Justin | ARA Asset Management Limited | Director ** | (3) & (4) |
| | ARA Asset Management (Fortune) Limited | Non-executive Director *** | (3) & (4) |
| | ARA Asset Management (Prosperity) Limited | Chairman | (3) & (4) |
| Chow Wai Kam | AVIC International Holding (HK) Limited | Non-executive Director | (1) |

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

- * With effect from 20 April 2017, Mr. Ip Tak Chuen, Edmond resigned as a Non-executive Director of ARA Asset Management Limited, whose shares were withdrawn from listing on 19 April 2017.
- ** With effect from 20 April 2017, Mr. Chiu Kwok Hung, Justin has stepped down as Chairman of Board but remain as a Director of ARA Asset Management Limited, whose shares were withdrawn from listing on 19 April 2017.
- *** With effect from 1 January 2017, Mr. Chiu Kwok Hung, Justin has stepped down as Chairman of Board but remain as a Non-executive Director of ARA Asset Management (Fortune) Limited.

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

Pre-Emptive Rights

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

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

During the year ended 31 December 2017, the Company bought back a total of 126,501,000 shares of a nominal value of HK\$1.00 each in the capital of the Company ("Share") on the Stock Exchange, with the aggregate consideration paid (before expenses) amounting to HK\$6,981,950,600. All the Shares bought back were subsequently cancelled during the year. As at 31 December 2017, the total number of Shares in issue was 3,697,498,500.

Particulars of the share buy-backs during the year are as follows:

| Month | Number of Shares bought back | Purchase price per Share | | Aggregate consideration (before expenses) (HK\$) |
|--------------|------------------------------|--------------------------|---------------|--|
| | | Highest (HK\$) | Lowest (HK\$) | |
| January 2017 | 23,805,000 | 52.40 | 49.15 | 1,218,199,525 |
| March 2017 | 23,749,500 | 54.50 | 52.80 | 1,281,750,825 |
| April 2017 | 33,925,500 | 55.45 | 52.35 | 1,818,529,225 |
| May 2017 | 20,806,000 | 58.10 | 55.70 | 1,182,354,750 |
| June 2017 | 24,215,000 | 61.85 | 59.10 | 1,481,116,275 |
| | 126,501,000 | | | 6,981,950,600 |

Save as disclosed above, during the year ended 31 December 2017, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

The Directors believed that the above share buy-backs should reflect the underlying value of the Company, and signify the Group's confidence in its long term growth prospects.

Report of the Directors (*continued*)

Equity-Linked Agreements

For the year ended 31 December 2017, the Company has not entered into any equity-linked agreement, and there did not subsist any equity-linked agreement entered into by the Company as at 31 December 2017.

Management Contracts

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

Sufficiency of Public Float

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

Donations

During the year, the Group supported a wide variety of charitable activities of the community. Donations of approximately HK\$7 million were made by the Group to various charitable organisations.

Disclosure Under Chapter 13 of the Listing Rules

The following information is disclosed in accordance with Rule 13.22 of Chapter 13 of the Listing Rules:

As at 31 December 2017, the Group's financial assistance given to affiliated companies (as defined under Rule 13.11(2)(a) of the Listing Rules) exceeded 8% of the relevant percentage ratio under the Listing Rules. A combined statement of financial position of the affiliated companies as at 31 December 2017 is set out below:

| HK\$ million | |
|---------------------------|-----------|
| Non-current assets | 232,328 |
| Current assets | 30,441 |
| Current liabilities | (23,190) |
| Non-current liabilities | (166,340) |
| Net assets | 73,239 |
| Share capital | 23,635 |
| Reserves | 49,416 |
| Non-controlling interests | 188 |
| Total equity | 73,239 |

As at 31 December 2017, the consolidated attributable interest of the Group in these affiliated companies amounted to HK\$30,713 million.

Audit Committee

The Group's Annual Report for the year ended 31 December 2017 has been reviewed by the audit committee of the Company (the "Audit Committee"). Information on the work of Audit Committee and its composition are set out in the Code Provision C.3 of the Corporate Governance Report on pages 82 to 84.

Auditor

The consolidated financial statements for the year have been audited by Messrs. Deloitte Touche Tohmatsu who will retire and offer themselves for re-appointment at the 2018 AGM.

On behalf of the Board

Li Ka-shing

Chairman

Hong Kong, 16 March 2018

Corporate Governance Report

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

Save as disclosed below, the Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Corporate Governance Code (“CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) throughout the year ended 31 December 2017. In respect of code provisions A.5.1 to A.5.4 of the CG Code, the Company does not have a nomination committee. At present, the full Board is responsible for reviewing the structure, size and composition of the Board and the appointment of new Directors from time to time to ensure that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company, and the Board as a whole is also responsible for reviewing the succession plan for the Directors, in particular the Chairman of the Board (“Chairman”) and the Managing Director. In respect of code provision A.6.7 of the CG Code, two Independent Non-executive Directors were not in a position to attend the extraordinary general meeting of the Company (“EGM”) held on 14 March 2017 (“March EGM”) due to an overseas commitment and indisposition respectively; two Independent Non-executive Directors were not in a position to attend the annual general meeting of the Company held on 11 May 2017 (“2017 AGM”) due to indisposition; three Independent Non-executive Directors were not in a position to attend the EGM held on 24 August 2017 (“August EGM”) due to overseas commitments and indisposition respectively; and an Independent Non-executive Director was not in a position to attend the EGM held on 11 October 2017 (“October EGM”) due to indisposition while an Independent Non-executive Director attended October EGM via telephone conference.

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

I. Code Provisions

| Code Ref. | Code Provisions | Comply (“C”)/ Explain (“E”) | Corporate Governance Practices | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|--------------------------------|---|----------------------|------------|----------------------------|--|---------------------------------|-----|---|-----|--|-----|--|-----|-----------------------|-----|------------------------|-----|--------------|-----|-------------------|-----|-----------------------|-----|--|--|-------------------------|-----|----------------------|-----|-------------------------|-----|---------------------------|-----|-------------------------|-----|-----------------------|-----|-------------------------|-----|
| A. | DIRECTORS | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A.1 | The Board | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <i>Corporate Governance Principle</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <i>The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company’s affairs.</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <i>The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether he is spending sufficient time performing them.</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A.1.1 | Regular board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of majority of directors. | C | <ul style="list-style-type: none"> The Board meets regularly and held meetings in March, May, August and November of 2017. Directors’ attendance records in 2017 are as follows: <table border="1"> <thead> <tr> <th>Members of the Board</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td colspan="2">Executive Directors</td> </tr> <tr> <td>LI Ka-shing (<i>Chairman</i>)</td> <td>4/4</td> </tr> <tr> <td>LI Tzar Kuoi, Victor (<i>Managing Director and Deputy Chairman</i>)</td> <td>4/4</td> </tr> <tr> <td>KAM Hing Lam (<i>Deputy Managing Director</i>)</td> <td>4/4</td> </tr> <tr> <td>IP Tak Chuen, Edmond (<i>Deputy Managing Director</i>)</td> <td>4/4</td> </tr> <tr> <td>CHUNG Sun Keung, Davy</td> <td>4/4</td> </tr> <tr> <td>CHIU Kwok Hung, Justin</td> <td>4/4</td> </tr> <tr> <td>CHOW Wai Kam</td> <td>4/4</td> </tr> <tr> <td>PAU Yee Wan, Ezra</td> <td>4/4</td> </tr> <tr> <td>WOO Chia Ching, Grace</td> <td>4/4</td> </tr> <tr> <td colspan="2">Independent Non-executive Directors</td> </tr> <tr> <td>CHEONG Ying Chew, Henry</td> <td>4/4</td> </tr> <tr> <td>CHOW Nin Mow, Albert</td> <td>4/4</td> </tr> <tr> <td>HUNG Siu-lin, Katherine</td> <td>4/4</td> </tr> <tr> <td>Simon MURRAY[^]</td> <td>0/2</td> </tr> <tr> <td>YEH Yuan Chang, Anthony</td> <td>2/4</td> </tr> <tr> <td>Colin Stevens RUSSEL*</td> <td>3/3</td> </tr> <tr> <td>Donald Jeffrey ROBERTS*</td> <td>3/3</td> </tr> </tbody> </table> <p>* Appointed as an Independent Non-executive Director and member of Audit Committee with effect from 29 March 2017.</p> <p>[^] Retired as an Independent Non-executive Director with effect from the conclusion of the 2017 AGM.</p> <ul style="list-style-type: none"> The Directors may attend meetings in person, by phone or through means of electronic communication or by their alternate directors (if applicable) or proxies in accordance with the Company’s Amended and Restated Articles of Association (“Articles”). An updated and consolidated version of the Company’s Amended and Restated Memorandum and Articles of Association (both English and Chinese versions) are available on the websites of the Company and Hong Kong Exchanges and Clearing Limited (“HKEx”). There were no significant changes in the Company’s constitutional documents during the year 2017. | Members of the Board | Attendance | Executive Directors | | LI Ka-shing (<i>Chairman</i>) | 4/4 | LI Tzar Kuoi, Victor (<i>Managing Director and Deputy Chairman</i>) | 4/4 | KAM Hing Lam (<i>Deputy Managing Director</i>) | 4/4 | IP Tak Chuen, Edmond (<i>Deputy Managing Director</i>) | 4/4 | CHUNG Sun Keung, Davy | 4/4 | CHIU Kwok Hung, Justin | 4/4 | CHOW Wai Kam | 4/4 | PAU Yee Wan, Ezra | 4/4 | WOO Chia Ching, Grace | 4/4 | Independent Non-executive Directors | | CHEONG Ying Chew, Henry | 4/4 | CHOW Nin Mow, Albert | 4/4 | HUNG Siu-lin, Katherine | 4/4 | Simon MURRAY [^] | 0/2 | YEH Yuan Chang, Anthony | 2/4 | Colin Stevens RUSSEL* | 3/3 | Donald Jeffrey ROBERTS* | 3/3 |
| Members of the Board | Attendance | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Executive Directors | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| LI Ka-shing (<i>Chairman</i>) | 4/4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| LI Tzar Kuoi, Victor (<i>Managing Director and Deputy Chairman</i>) | 4/4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| KAM Hing Lam (<i>Deputy Managing Director</i>) | 4/4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IP Tak Chuen, Edmond (<i>Deputy Managing Director</i>) | 4/4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CHUNG Sun Keung, Davy | 4/4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CHIU Kwok Hung, Justin | 4/4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CHOW Wai Kam | 4/4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PAU Yee Wan, Ezra | 4/4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| WOO Chia Ching, Grace | 4/4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Independent Non-executive Directors | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CHEONG Ying Chew, Henry | 4/4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CHOW Nin Mow, Albert | 4/4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| HUNG Siu-lin, Katherine | 4/4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Simon MURRAY [^] | 0/2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| YEH Yuan Chang, Anthony | 2/4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Colin Stevens RUSSEL* | 3/3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Donald Jeffrey ROBERTS* | 3/3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Code Ref. | Code Provisions | Comply ("C")/ Explain ("E") | Corporate Governance Practices |
|-----------|--|--------------------------------|--|
| A.1.2 | All directors are given an opportunity to include matters in the agenda for regular board meetings. | C | <ul style="list-style-type: none"> All Directors are consulted as to whether they may wish to include any matter in the agenda before the agenda for each regular Board meeting is issued. |
| A.1.3 | <ul style="list-style-type: none"> At least 14 days notice for regular board meetings. Reasonable notice for other board meetings. | C C | <ul style="list-style-type: none"> Regular Board meetings in a particular year are usually scheduled towards the end of the immediately preceding year to give all Directors adequate time to plan their schedules to attend the meetings. At least 14 days formal notice would be given before each regular meeting. |
| A.1.4 | Minutes of board meetings and meetings of board committees should be kept by a duly appointed secretary of the meeting and should be open for inspection at any reasonable time on reasonable notice by any director. | C | <ul style="list-style-type: none"> The Company Secretary prepares written resolutions or minutes and keeps records of substantive matters discussed and decisions resolved at all Board and Board Committee meetings. Board and Board Committee minutes are sent to all Directors/Board Committee members within a reasonable time after each Board and Board Committee meeting. Board and Board Committee minutes/resolutions are available for inspection by Directors/Board Committee members. |
| A.1.5 | <ul style="list-style-type: none"> Minutes of board meetings and meetings of board committees should record in sufficient detail the matters considered and decisions reached. Draft and final versions of minutes for all directors to comment and to keep records within a reasonable time after the board meeting. | C C | <ul style="list-style-type: none"> Minutes record in sufficient detail the matters considered by the Board/Board Committees and decisions reached. Directors are given an opportunity to comment on draft Board minutes. Final version of Board minutes is placed on record within a reasonable time after the Board meeting. |
| A.1.6 | <ul style="list-style-type: none"> A procedure agreed by the board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the company's expense. The board should resolve to provide separate independent professional advice to directors to assist them perform their duties to the company. | C C | <ul style="list-style-type: none"> Directors have been advised that the Company Secretary can arrange independent professional advice at the expense of the Company should such advice be considered necessary by any Director. |
| A.1.7 | <ul style="list-style-type: none"> If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. Independent non-executive directors who, and whose close associates, have no material interest in the transaction should be present at that board meeting. | C C | <ul style="list-style-type: none"> Important matters are usually dealt with by way of written resolutions so that all Directors (including Independent Non-executive Directors) can note and comment, as appropriate, the matters before approval is granted. Director must declare his/her interest in the matters to be passed in the resolution, if applicable. If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with in accordance with applicable rules and regulations and, if appropriate, an independent Board Committee will be set up to deal with the matter. |
| A.1.8 | Arrange appropriate insurance cover in respect of legal action against the directors. | C | <ul style="list-style-type: none"> The Company has arranged appropriate Directors and Officers liability insurance coverage for its Directors and officers since 3 June 2015 including the year 2017/2018. |

Corporate Governance Report (continued)

| Code Ref. | Code Provisions | Comply ("C")/ Explain ("E") | Corporate Governance Practices | | | | | | | | | | | | | | | | | | | | | | |
|--|---|--------------------------------|---|--|-------------------|-----------------|--|-------------|-----|--|--|-------------------------|-----|----------------------|-----|-------------------------|-----|---------------------------|-----|-------------------------|-----|-----------------------|-----|-------------------------|-----|
| A.2 | <p>Chairman and Chief Executive</p> <p><i>Corporate Governance Principle</i></p> <p><i>There should be a clear division of responsibilities between the Chairman and the Managing Director of the Company to ensure a balance of power and authority.</i></p> | | | | | | | | | | | | | | | | | | | | | | | | |
| A.2.1 | <ul style="list-style-type: none"> – Separate roles of chairman and chief executive not to be performed by the same individual. – Division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. | <p>C</p> <p>C</p> | <ul style="list-style-type: none"> • The positions of the Chairman and the Managing Director were held by separate individuals during the year 2017. • During the year 2017, the Chairman determined the broad strategic direction of the Company and its subsidiaries (collectively, the "Group") in consultation with the Board and was responsible for the high-level oversight of management. • The Managing Director, with the support of the Executive Directors, was responsible for strategic planning of different business functions and day-to-day management and operation of the Group in 2017. • With effect from the conclusion of the annual general meeting of the Company to be held on 10 May 2018 ("2018 AGM"), the positions of the Chairman and the Managing Director will be held by the same individual, namely, Mr. Li Tzar Kuoi, Victor, following the retirement of Mr. Li Ka-shing as Chairman and Executive Director of the Company. <p>Although the positions of the Chairman and the Managing Director are not separate, the Board of Directors are of the view that this is the most appropriate arrangement in the interest of the shareholders as a whole, especially given that Mr. Li Tzar Kuoi, Victor, has worked side-by-side with Mr. Li Ka-shing at the CK Group for 33 years.</p> <p>All major decisions will, in accordance with current practice, be continued to be made in consultation with members of the Board and relevant board committees and key personnel of the Group after thorough discussions.</p> <p>In addition, Mr. Li Ka-shing has at the request of the Board agreed to serve as Senior Advisor of the Company and in that capacity to continue to contribute to the Group on significant matters.</p> <p>Furthermore, the Board of Directors comprises of six Independent Non-executive Directors who will continue to provide their views and comments to Mr. Li Tzar Kuoi, Victor as Chairman and Managing Director, as they have done so previously.</p> | | | | | | | | | | | | | | | | | | | | | | |
| A.2.2 | The chairman should ensure that all directors are properly briefed on issues arising at board meetings. | C | <ul style="list-style-type: none"> • With the support of the Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information on a timely basis. • In addition to regular Board meetings, the Chairman met with the Independent Non-executive Directors without the presence of the Executive Directors in May and November of 2017. Attendance record of the meetings are as follows: <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"></th> <th style="text-align: right;">Attendance</th> </tr> </thead> <tbody> <tr> <td colspan="2">Chairman</td> </tr> <tr> <td>Li Ka-shing</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td colspan="2">Independent Non-executive Directors</td> </tr> <tr> <td>CHEONG Ying Chew, Henry</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>CHOW Nin Mow, Albert</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>HUNG Siu-lin, Katherine</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>Simon MURRAY[^]</td> <td style="text-align: right;">0/1</td> </tr> <tr> <td>YEH Yuan Chang, Anthony</td> <td style="text-align: right;">0/2</td> </tr> <tr> <td>Colin Stevens RUSSEL*</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>Donald Jeffrey ROBERTS*</td> <td style="text-align: right;">2/2</td> </tr> </tbody> </table> <p>* Appointed as an Independent Non-executive Director and member of Audit Committee with effect from 29 March 2017.</p> <p>[^] Retired as an Independent Non-executive Director with effect from the conclusion of the 2017 AGM.</p> | | Attendance | Chairman | | Li Ka-shing | 2/2 | Independent Non-executive Directors | | CHEONG Ying Chew, Henry | 2/2 | CHOW Nin Mow, Albert | 2/2 | HUNG Siu-lin, Katherine | 2/2 | Simon MURRAY [^] | 0/1 | YEH Yuan Chang, Anthony | 0/2 | Colin Stevens RUSSEL* | 2/2 | Donald Jeffrey ROBERTS* | 2/2 |
| | Attendance | | | | | | | | | | | | | | | | | | | | | | | | |
| Chairman | | | | | | | | | | | | | | | | | | | | | | | | | |
| Li Ka-shing | 2/2 | | | | | | | | | | | | | | | | | | | | | | | | |
| Independent Non-executive Directors | | | | | | | | | | | | | | | | | | | | | | | | | |
| CHEONG Ying Chew, Henry | 2/2 | | | | | | | | | | | | | | | | | | | | | | | | |
| CHOW Nin Mow, Albert | 2/2 | | | | | | | | | | | | | | | | | | | | | | | | |
| HUNG Siu-lin, Katherine | 2/2 | | | | | | | | | | | | | | | | | | | | | | | | |
| Simon MURRAY [^] | 0/1 | | | | | | | | | | | | | | | | | | | | | | | | |
| YEH Yuan Chang, Anthony | 0/2 | | | | | | | | | | | | | | | | | | | | | | | | |
| Colin Stevens RUSSEL* | 2/2 | | | | | | | | | | | | | | | | | | | | | | | | |
| Donald Jeffrey ROBERTS* | 2/2 | | | | | | | | | | | | | | | | | | | | | | | | |

| Code Ref. | Code Provisions | Comply ("C")/ Explain ("E") | Corporate Governance Practices |
|-----------|--|--------------------------------|--|
| A.2.3 | The chairman should be responsible for ensuring that directors receive, in a timely manner, adequate information which must be accurate, clear, complete and reliable. | C | <ul style="list-style-type: none"> The Board papers including supporting analysis and related background information are normally sent to the Directors at least three days before Board meetings. Communications between Independent Non-executive Directors on the one hand, and the Company Secretary as co-ordinator for the other business units of the Group on the other, is a dynamic and interactive process to ensure that queries raised and clarification sought by the Directors are dealt with and further supporting information and/or documentation is provided as appropriate. |
| A.2.4 | <ul style="list-style-type: none"> The chairman to provide leadership for the board The chairman should ensure that the board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner. The chairman should be primarily responsible for drawing up and approving the agenda for each board meeting. He should take into account, where appropriate, any matters proposed by the other directors for inclusion in the agenda. The chairman may delegate this responsibility to a designated director or the company secretary. | <p>C</p> <p>C</p> <p>C</p> | <ul style="list-style-type: none"> The Chairman is an Executive Director who is responsible for the leadership and effective running of the Board. The Chairman determines the broad strategic direction of the Group in consultation with the Board and is responsible for the high-level oversight of management. The Board meets regularly and held meetings in March, May, August and November of 2017. With the support of the Executive Directors and the Company Secretary, the Chairman ensures that all Directors are properly briefed on all key and appropriate issues on a timely manner. The Company Secretary assists the Chairman in preparing the agenda for each Board meeting and ensures that, where applicable, matters proposed by other Directors are included in the agenda; and that all applicable rules and regulations are followed. |
| A.2.5 | The chairman should take primary responsibility for ensuring that good corporate governance practices and procedures are established. | C | <ul style="list-style-type: none"> The Board as a whole and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. |
| A.2.6 | <ul style="list-style-type: none"> The chairman should encourage all directors to make a full and active contribution to the board's affairs and take the lead to ensure that it acts in the best interests of the company. The chairman should encourage directors with different views to voice their concerns, allow sufficient time for discussion of issues and ensure that board decisions fairly reflect board consensus. | <p>C</p> <p>C</p> | <ul style="list-style-type: none"> Please refer to A.2.3 and A.2.4 above for the details. |

Corporate Governance Report (continued)

| Code Ref. | Code Provisions | Comply ("C")/ Explain ("E") | Corporate Governance Practices |
|------------|--|--------------------------------|---|
| A.2.7 | The chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. | C | <ul style="list-style-type: none"> In addition to regular Board meetings, the Chairman met with the Independent Non-executive Directors without the presence of the Executive Directors in May and November of 2017. Please refer to A.2.2 above for the attendance record. |
| A.2.8 | The chairman should ensure that appropriate steps are taken to provide effective communication with shareholders and that their views are communicated to the board as a whole. | C | <ul style="list-style-type: none"> The Company establishes different communication channels with shareholders and investors, including (i) printed copies of corporate communications (including but not limited to annual reports, interim reports, notices of meetings, circulars and proxy forms) required under the Listing Rules, and shareholders can choose to receive such documents using electronic means through the Company's website; (ii) the annual general meeting provides a forum for shareholders to raise comments and exchange views with the Board; (iii) updated and key information on the Group is available on the website of the Company; (iv) the Company's website offers a communication channel between the Company and its shareholders and stakeholders; (v) press conferences and briefing meetings with analysts are arranged from time to time to update on the performance of the Group; (vi) the Company's Hong Kong Share Registrar deals with shareholders for share registration and related matters; and (vii) the Corporate Affairs Department of the Company handles enquiries from shareholders and investors generally. In February 2015, the Board has established a shareholders communication policy and in June 2015, the Board has made it available on the Company's website. The policy is subject to review on a regular basis to ensure its effectiveness. |
| A.2.9 | The chairman should promote a culture of openness and debate by facilitating the effective contribution of non-executive directors in particular and ensuring constructive relations between executive and non-executive directors. | C | <ul style="list-style-type: none"> The Chairman promotes a culture of openness and actively encourages Directors with different views to voice their opinion and be fully engaged in the Board's affairs so as to contribute to the Board's functions. |
| A.3 | Board composition Corporate Governance Principle <i>The Board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and should include a balanced composition of Executive and Non-executive Directors so that independent judgement can effectively be exercised.</i> | | |
| A.3.1 | Independent non-executive directors should be identified in all corporate communications that disclose the names of directors. | C | <ul style="list-style-type: none"> The composition of the Board, by category and position of Directors including the names of the Chairman, the Executive Directors and the Independent Non-executive Directors, is disclosed in all corporate communications. The Board consists of a total of fifteen Directors, comprising nine Executive Directors and six Independent Non-executive Directors. One-third of the Board are Independent Non-executive Directors of which more than one have appropriate professional qualifications, or accounting or related financial management expertise. Details of the composition of the Board are set out on page 200. The Directors' biographical information and the relationships among the Directors are set out on pages 30 to 32. Review of the Board composition is made regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. |
| A.3.2 | The company should maintain on its website and on HKEx's website an updated list of its directors identifying their role and function and whether they are independent non-executive directors. | C | <ul style="list-style-type: none"> The Company maintains on its website an updated list of its Directors identifying their respective roles and functions together with their biographical information, and whether they are independent non-executive directors. Since June 2015, the updated list of Directors has been posted on the website of HKEx which has been revised from time to time. The Company has also posted on its website and/or the website of HKEx the Terms of Reference of its Board Committees to enable the shareholders to understand the roles played by those Independent Non-executive Directors who serve on the relevant Board Committees. |

| Code Ref. | Code Provisions | Comply ("C")/ Explain ("E") | Corporate Governance Practices |
|------------|--|--------------------------------|--|
| A.4 | Appointments, re-election and removal Corporate Governance Principle <i>There should be a formal, considered and transparent procedure for the appointment of new Directors and plans in place for orderly succession for appointments. All Directors should be subject to re-election at regular intervals.</i> | | |
| A.4.1 | Non-executive directors should be appointed for a specific term, subject to re-election. | C | <ul style="list-style-type: none"> All Directors (including Independent Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Articles and the CG Code. |
| A.4.2 | <ul style="list-style-type: none"> All directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. | C C | <ul style="list-style-type: none"> In accordance with the Articles, newly appointed Directors are required to offer themselves for re-election at the next following general meeting (in the case of filling a casual vacancy) or at the next following annual general meeting (in the case of an addition to the Board) following their appointment. The Board as a whole is responsible for the appointment of new Directors and Directors' nomination for re-election by shareholders at the general meeting of the Company. Under the Articles, the Board may from time to time appoint a Director either to fill a casual vacancy or as an addition to the Board. Any such new Director shall hold office until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board) and shall then be eligible for re-election at the same general meeting. All Directors (including Independent Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Articles and the CG Code. The structure, size and composition of the Board are reviewed from time to time to ensure the Board has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company. The independence of the Independent Non-executive Directors is assessed according to the relevant rules and requirements under the Listing Rules. Each of the Independent Non-executive Directors makes an annual confirmation of independence pursuant to the requirements of the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in the relevant requirements of the Listing Rules and are independent in accordance with the terms of the guidelines. The Company has published the procedures for shareholders to propose a person for election as a Director on its website. |
| A.4.3 | <ul style="list-style-type: none"> If an independent non-executive director serves more than 9 years, his further appointment should be subject to a separate resolution to be approved by shareholders. The papers to shareholders accompanying that resolution should include the reasons why the board believes he is still independent and should be re-elected. | C C | <ul style="list-style-type: none"> Each Independent Non-executive Director who is subject to retirement by rotation will be appointed by a separate resolution in the Company's annual general meeting. Each Independent Non-executive Director who is eligible for re-election at the annual general meeting will make a confirmation of independence pursuant to Rule 3.13 of the Listing Rules. Currently, there is no Independent Non-executive Director who has served more than nine years. The Company has expressed the view in its circular for the 2018 AGM that each Independent Non-executive Director who is eligible for re-election has met the independence guidelines set out in Rule 3.13 of the Listing Rules and is independent in accordance with the terms of the guidelines. In accordance with the CG Code, the Company has to include its own recommendation in the circular to explain why a particular candidate should be re-elected. As their relevant credentials have been included in the circular for the shareholders' information, the Company opines that it is more important for the shareholders themselves to make their own independent decision on whether to approve a particular re-election or not. |

Corporate Governance Report (continued)

| Code Ref. | Code Provisions | Comply ("C")/ Explain ("E") | Corporate Governance Practices |
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| A.5 | <p>Nomination Committee</p> <p><i>Corporate Governance Principle</i></p> <p><i>In carrying out its responsibilities, the nomination committee should give adequate consideration to the principles under Sections A.3 and A.4 in the CG Code.</i></p> | | |
| A.5.1 – A.5.4 | <ul style="list-style-type: none"> – The company should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors. – The nomination committee should be established with specific written terms of reference which deal clearly with its authority and duties. – It should perform the following duties: <ul style="list-style-type: none"> (a) review the structure, size and composition (including the skills, knowledge and experience) of the board at least annually and make recommendations on any proposed changes to the board to complement the company's corporate strategy; | E | <ul style="list-style-type: none"> • The Company does not have a nomination committee. The Board as a whole is responsible for the appointment of new Directors and the nomination of Directors for re-election by shareholders at the general meeting of the Company. Under the Articles, the Board may from time to time appoint a Director either to fill a casual vacancy or as an addition to the Board. Any such new Director shall hold office until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board) and shall then be eligible for re-election at the same general meeting. • At present, the full Board itself is responsible for reviewing the structure, size and composition of the Board from time to time to ensure that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company, and the Board as a whole is also responsible for reviewing the succession plan for the Directors, in particular the Chairman and the Managing Director. • The Company adopts a formal, considered and transparent procedure for the appointment of new Directors. Before a prospective Director's name is formally proposed, the opinions of the existing Directors (including the Independent Non-executive Directors) are sought. After considering the proposal for the appointment of a new Director, the Board as a whole will make the final decision. • The Board as a whole is responsible for assessing the independence of the Independent Non-executive Directors according to the relevant rules and requirements under the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in the relevant requirements of the Listing Rules and are independent in accordance with the terms of the guidelines. |

| Code Ref. | Code Provisions | Comply ("C")/ Explain ("E") | Corporate Governance Practices |
|------------------------------|--|--------------------------------|--|
| A.5.1 – A.5.4 (cont'd) | <p>(b) identify individuals suitably qualified to become board members and select or make recommendations to the board on the selection of individuals nominated for directorships;</p> <p>(c) assess the independence of independent non-executive directors; and</p> <p>(d) make recommendations to the board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive.</p> <p>– The nomination committee should make available its terms of reference explaining its role and the authority delegated to it by the board by including them on HKEx's website and the company's website.</p> <p>– The company should provide the nomination committee sufficient resources to perform its duties. Where necessary, the nomination committee should seek independent professional advice, at the company's expense, to perform its responsibilities.</p> | | |
| A.5.5 | Where the board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why they believe he should be elected and the reasons why they consider him to be independent. | C | <ul style="list-style-type: none"> Please refer to A.4.3 above for the details. |
| A.5.6 | The nomination committee (or the board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the Corporate Governance Report. | C | <ul style="list-style-type: none"> In February 2015, the Company has established a policy concerning diversity of Board members ("Board Diversity Policy") and in June 2015, the Company has made it available on the Company's website. In the Board Diversity Policy:– <ol style="list-style-type: none"> The Company recognises the benefits of having a Board that has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's businesses. The Company maintains that appointments to the Board should be based on merit that complements and expands the skills and experience of the Board as a whole, and after due regard to factors which include but not limited to gender, age, cultural and educational background, and/or professional experience, and any other factors that the Board may consider relevant and applicable from time to time towards achieving a diverse Board. |

Corporate Governance Report (continued)

| Code Ref. | Code Provisions | Comply ("C")/ Explain ("E") | Corporate Governance Practices |
|-------------------|--|--------------------------------|--|
| A.5.6 (cont'd) | | | <p>3. The full Board of the Company is responsible for reviewing the structure, size and composition of the Board and the appointment of new Directors of the Company from time to time to ensure that it has a balanced composition of skills and experience appropriate to the requirements of the Company's businesses, with due regard to the benefits of diversity on the Board. The Board as a whole is also responsible for reviewing the succession plan for the Directors of the Company, in particular, for the Chairman and the Managing Director.</p> <ul style="list-style-type: none"> • Selection of Board members is based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and other factors that the Board may consider relevant and applicable from time to time. The ultimate decision is based on merit and contribution that the selected Board members could bring to the Board. • The Board has, from time to time, reviewed and monitored the implementation of the policy to ensure its effectiveness. It will at appropriate time set measurable objectives for achieving diversity on the Board. |
| A.6 | Responsibilities of directors | | |
| | Corporate Governance Principle | | |
| | <i>Every Director must always know his responsibilities as a Director of the Company and its conduct, business activities and development.</i> | | |
| A.6.1 | Every newly appointed director of the company should receive a comprehensive, formal and tailored induction on appointment. Subsequently he should receive any briefing and professional development necessary to ensure that he has a proper understanding of the company's operations and business and is fully aware of his responsibilities under statute and common law, the Listing Rules, legal and other regulatory requirements and the company's business and governance policies. | C | <ul style="list-style-type: none"> • The Company Secretary and key officers of the Company Secretarial Department liaise closely with newly appointed Directors both immediately before and after his/her appointment to acquaint them with the duties and responsibilities as a Director of the Company and the business operation of the Company. • A package, which has been compiled and reviewed by the Company's legal advisers, setting out the duties and responsibilities of directors under the Listing Rules and relevant regulatory requirements is provided to each newly appointed Director. Further information package comprising the latest developments in laws, rules and regulations relating to the duties and responsibilities of directors will be forwarded to each Director from time to time for his/her information and ready reference. Guidelines for directors have also been forwarded to each Director for his/her information and ready reference. • During the year, the Company had arranged at the cost of the Company, Directors' seminar sessions conducted by qualified professionals experienced on topics relating to the roles, functions and duties of the Directors. Attendance certificates were issued to Directors who had attended the seminar sessions and requested the said certificates. • In addition, the Company has from time to time provided information and briefings to Directors on the latest developments in the laws, rules and regulations relating to Directors' duties and responsibilities. The Company had also, on an individual basis, advised Directors on queries raised or issues which arise in the performance of their duties as directors. |
| A.6.2 | The functions of non-executive directors include: | | |
| | – bring independent judgement on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct at board meetings | C | <ul style="list-style-type: none"> • The Independent Non-executive Directors exercise their independent judgement and advise on the future business direction and strategic plans of the Company. • The Independent Non-executive Directors review the financial information and operational performance of the Company on a regular basis. • The Independent Non-executive Directors are invited to serve on the Audit Committee and Remuneration Committee of the Company. |
| | – take the lead on potential conflicts of interests | C | |
| | – serve on the audit, remuneration, nomination and other governance committees, if invited | C | |
| | – scrutinise the company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting | C | |

| Code Ref. | Code Provisions | Comply ("C")/ Explain ("E") | Corporate Governance Practices |
|-----------|--|--------------------------------|--|
| A.6.3 | Every director should ensure that he can give sufficient time and attention to the company's affairs and should not accept the appointment if he cannot do so. | C | <ul style="list-style-type: none"> • There is satisfactory attendance at Board meetings during the year. Please refer to A.1.1 above for the attendance records. • Every Executive Director has hands-on knowledge and expertise in the areas and operation in which he/she is charged with. Appropriate attention to the affairs of the Company is measured in terms of time as well as the quality of such attention and the ability of the Directors to contribute with reference to his/her area of knowledge and expertise, and his/her global perspective. |
| A.6.4 | The board should establish written guidelines no less exacting than the Model Code for relevant employees. | C | <ul style="list-style-type: none"> • The Company had adopted the model code for securities transactions by directors of listed issuers set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions effective from 3 June 2015 ("Model Code"). The Model Code has been reviewed by the Company from time to time to comply with the new requirements set out in Appendix 10 to the Listing Rules. • Confirmation has been received from all Directors that they have complied with the required standards set out in the Model Code for the year ended 31 December 2017. • Written guidelines no less exacting than the Model Code relating to securities transactions for employees are set out in the Employee Handbook of the Company. • Since February 2015, the Company has established a policy on handling of confidential information, information disclosure and securities dealing for all employees of the Group to comply with when they are in possession of confidential or inside information in relation to the Group. Such policy has complied with the requirements set out in Part XIVA of the Securities and Futures Ordinance. Such policy has been posted on Company's intranet and disseminated to all employees of the Company. |
| A.6.5 | All directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the board remains informed and relevant. The company should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of a listed company director. | C | <ul style="list-style-type: none"> • A package, which has been compiled and reviewed by the Company's legal advisers, setting out the duties and responsibilities of directors under the Listing Rules and relevant regulatory requirements, is provided to each newly appointed Director. Further information package comprising the latest developments in laws, rules and regulations relating to the duties and responsibilities of directors will be forwarded to each Director from time to time for his/her information and ready reference. Guidelines for directors have also been forwarded to each Director for his/her information and ready reference. • In addition, the Company has from time to time provided information and briefings to Directors on the latest developments in the laws, rules and regulations relating to Directors' duties and responsibilities. The Company had also, on an individual basis, advised Directors on queries raised or issues which arise in the performance of their duties as directors. • The Directors have provided to the Company their records of continuous professional development during the year 2017. • During the year, the Company had arranged at the cost of the Company, Directors' seminar sessions conducted by qualified professionals experienced on topics relating to the roles, functions and duties of the Directors. Attendance certificates were issued to Directors who had attended the seminar sessions and requested the said certificates. Directors have also participated in continuous professional training organised by professional bodies and/or government authorities. <p>The Directors' knowledge and skills are continuously developed and refreshed by, inter alia, the following means:</p> <ol style="list-style-type: none"> (1) Reading memoranda issued or materials provided (for example, in-house directors' seminar) from time to time by the Company to Directors, and as applicable, briefings and reports by the Company Secretary, as regards legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties with the latest developments in public consultations, laws, rules and regulations relating to the duties and responsibilities of directors and corporate governance; (2) Participation in continuous professional training seminars/conferences/courses/workshops on subjects relating to directors' duties and corporate governance, etc. organised by the Company and/or professional bodies and/or government authorities; and |

Corporate Governance Report (continued)

| Code Ref. | Code Provisions | Comply ("C")/ Explain ("E") | Corporate Governance Practices | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--------------------------------|---|----------------------|-------------------|----------------------------|--|---------------------------------|----------------|---|----------------|--|-----------|--|----------------|-----------------------|-----|------------------------|-----|--------------|-----------|-------------------|-----------|-----------------------|-----------|--|--|-------------------------|----------------|----------------------|-----------|-------------------------|-----------|---------------------------|-----|-------------------------|-----|-----------------------|-----------|-------------------------|-----------|
| A.6.5 (cont'd) | | | <p>(3) Reading news/journal/magazine/other reading materials as regards legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties.</p> <ul style="list-style-type: none"> Records of the Directors' training during 2017 are as follows: <table border="1"> <thead> <tr> <th>Members of the Board</th> <th>Training received</th> </tr> </thead> <tbody> <tr> <td colspan="2">Executive Directors</td> </tr> <tr> <td>LI Ka-shing (<i>Chairman</i>)</td> <td>(1), (2) & (3)</td> </tr> <tr> <td>LI Tzar Kuoi, Victor (<i>Managing Director and Deputy Chairman</i>)</td> <td>(1), (2) & (3)</td> </tr> <tr> <td>KAM Hing Lam (<i>Deputy Managing Director</i>)</td> <td>(1) & (3)</td> </tr> <tr> <td>IP Tak Chuen, Edmond (<i>Deputy Managing Director</i>)</td> <td>(1), (2) & (3)</td> </tr> <tr> <td>CHUNG Sun Keung, Davy</td> <td>(1)</td> </tr> <tr> <td>CHIU Kwok Hung, Justin</td> <td>(1)</td> </tr> <tr> <td>CHOW Wai Kam</td> <td>(1) & (2)</td> </tr> <tr> <td>PAU Yee Wan, Ezra</td> <td>(1) & (2)</td> </tr> <tr> <td>WOO Chia Ching, Grace</td> <td>(1) & (2)</td> </tr> <tr> <td colspan="2">Independent Non-executive Directors</td> </tr> <tr> <td>CHEONG Ying Chew, Henry</td> <td>(1), (2) & (3)</td> </tr> <tr> <td>CHOW Nin Mow, Albert</td> <td>(1) & (2)</td> </tr> <tr> <td>HUNG Siu-lin, Katherine</td> <td>(1) & (2)</td> </tr> <tr> <td>Simon MURRAY[^]</td> <td>N/A</td> </tr> <tr> <td>YEH Yuan Chang, Anthony</td> <td>(1)</td> </tr> <tr> <td>Colin Stevens RUSSEL*</td> <td>(1) & (2)</td> </tr> <tr> <td>Donald Jeffrey ROBERTS*</td> <td>(1) & (2)</td> </tr> </tbody> </table> <p>* Appointed as an Independent Non-executive Director and member of Audit Committee with effect from 29 March 2017.</p> <p>[^] Retired as an Independent Non-executive Director with effect from the conclusion of the 2017 AGM.</p> | Members of the Board | Training received | Executive Directors | | LI Ka-shing (<i>Chairman</i>) | (1), (2) & (3) | LI Tzar Kuoi, Victor (<i>Managing Director and Deputy Chairman</i>) | (1), (2) & (3) | KAM Hing Lam (<i>Deputy Managing Director</i>) | (1) & (3) | IP Tak Chuen, Edmond (<i>Deputy Managing Director</i>) | (1), (2) & (3) | CHUNG Sun Keung, Davy | (1) | CHIU Kwok Hung, Justin | (1) | CHOW Wai Kam | (1) & (2) | PAU Yee Wan, Ezra | (1) & (2) | WOO Chia Ching, Grace | (1) & (2) | Independent Non-executive Directors | | CHEONG Ying Chew, Henry | (1), (2) & (3) | CHOW Nin Mow, Albert | (1) & (2) | HUNG Siu-lin, Katherine | (1) & (2) | Simon MURRAY [^] | N/A | YEH Yuan Chang, Anthony | (1) | Colin Stevens RUSSEL* | (1) & (2) | Donald Jeffrey ROBERTS* | (1) & (2) |
| Members of the Board | Training received | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Executive Directors | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| LI Ka-shing (<i>Chairman</i>) | (1), (2) & (3) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| LI Tzar Kuoi, Victor (<i>Managing Director and Deputy Chairman</i>) | (1), (2) & (3) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| KAM Hing Lam (<i>Deputy Managing Director</i>) | (1) & (3) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IP Tak Chuen, Edmond (<i>Deputy Managing Director</i>) | (1), (2) & (3) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CHUNG Sun Keung, Davy | (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CHIU Kwok Hung, Justin | (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CHOW Wai Kam | (1) & (2) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PAU Yee Wan, Ezra | (1) & (2) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| WOO Chia Ching, Grace | (1) & (2) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Independent Non-executive Directors | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CHEONG Ying Chew, Henry | (1), (2) & (3) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CHOW Nin Mow, Albert | (1) & (2) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| HUNG Siu-lin, Katherine | (1) & (2) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Simon MURRAY [^] | N/A | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| YEH Yuan Chang, Anthony | (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Colin Stevens RUSSEL* | (1) & (2) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Donald Jeffrey ROBERTS* | (1) & (2) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A.6.6 | Each director should disclose to the company at the time of his appointment, and in a timely manner for any change, the number and nature of offices held in public companies or organisations and other significant commitments. The identity of the public companies or organisations and an indication of the time involved should also be disclosed. The board should determine for itself how frequently this disclosure should be made. | C | <ul style="list-style-type: none"> The Directors have disclosed to the Company at the time of their appointment and from time to time thereafter the number and nature of offices held in public companies or organisations and other significant commitments, identifying the public companies or organisations involved. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A.6.7 | Independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders. | E | <ul style="list-style-type: none"> There is satisfactory attendance at Board meetings, Board Committee meetings and the meetings between the Chairman and the Independent Non-executive Directors and the general meetings during the year except that two Independent Non-executive Directors were not in a position to attend the March EGM due to an overseas commitment and indisposition respectively; two Independent Non-executive Directors were not in a position to attend the 2017 AGM due to indisposition; three Independent Non-executive Directors were not in a position to attend the August EGM due to overseas commitments and indisposition respectively; and an Independent Non-executive Director was not in a position to attend the October EGM due to indisposition while an Independent Non-executive Director attended October EGM via telephone conference. Please refer to A.1.1, A.2.2, B.1.2, C.3.1 and E.1.2 for the attendance records. Extent of participation and contribution should be viewed both quantitatively and qualitatively. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A.6.8 | Independent non-executive directors and other non-executive directors should make a positive contribution to the development of the company's strategy and policies through independent, constructive and informed comments. | C | <ul style="list-style-type: none"> Please refer to A.6.7 above. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Code Ref. | Code Provisions | Comply ("C")/ Explain ("E") | Corporate Governance Practices |
|------------|---|--------------------------------|---|
| A.7 | Supply of and access to information | | |
| | Corporate Governance Principle <i>Directors should be provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities.</i> | | |
| A.7.1 | <ul style="list-style-type: none"> – Send agenda and full board papers to all directors at least 3 days before a regular board or board committee meeting – As far as practicable for other board or board committee meetings | C | <ul style="list-style-type: none"> • Board/Board Committee papers are circulated not less than three days before the regular Board/Board Committee meetings to enable the Directors/Board Committee members to make informed decisions on matters to be raised at the Board/Board Committee meetings. |
| A.7.2 | <ul style="list-style-type: none"> – Management has an obligation to supply the board and its committees with adequate and reliable information in a timely manner to enable it to make informed decisions. – The board and individual directors should have separate and independent access to the company's senior management for making further enquiries where necessary. | C | <ul style="list-style-type: none"> • The Company Secretary and the General Manager of the Accounts Department attend all regular Board meetings to advise on corporate governance, statutory compliance, and accounting and financial matters, as appropriate. • Communications between Directors on the one hand, and the Company Secretary, who acts as co-ordinator for the other business units of the Group on the other, is a dynamic and interactive process to ensure that queries raised and clarification sought by the Directors are dealt with and that further supporting information is provided if appropriate. |
| A.7.3 | <ul style="list-style-type: none"> – All directors are entitled to have access to board papers and related materials. – Queries raised by directors should receive a prompt and full response, if possible. | C | <ul style="list-style-type: none"> • Please refer to A.7.1 and A.7.2 above. |
| B. | REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND BOARD EVALUATION | | |
| B.1 | The level and make-up of remuneration and disclosure | | |
| | Corporate Governance Principle <i>The Company should disclose its Director's remuneration policy and other remuneration related matters. The procedure for setting policy on Executive Directors' remuneration and all Directors' remuneration packages should be formal and transparent.</i> | | |
| B.1.1 | The remuneration committee should consult the chairman and/or chief executive about their remuneration proposals for other executive directors and should have access to independent professional advice if necessary. | C | <ul style="list-style-type: none"> • The Remuneration Committee has consulted the Chairman and/or the Managing Director about proposals relating to the remuneration packages and other human resources issues of the Directors and senior management, including, without limitation, succession plan and key personnel movements as well as policies for recruiting and retaining qualified personnel. • The emoluments of Directors have been determined with reference to the skills, knowledge, involvement in the Company's affairs and the performance of each Director, and to the profitability of the Company and prevailing market conditions during the year. • To enable them to better advise on the Group's future remuneration policy and related strategies, the Remuneration Committee has been advised of the Group's existing remuneration policy and succession plan, including the corporate philosophy in formulating employees' remuneration packages, and market trends and related information. • The Remuneration Committee is satisfied that there is in place a clear system for determining remuneration, which is reasonable and has been followed consistently in its application. |

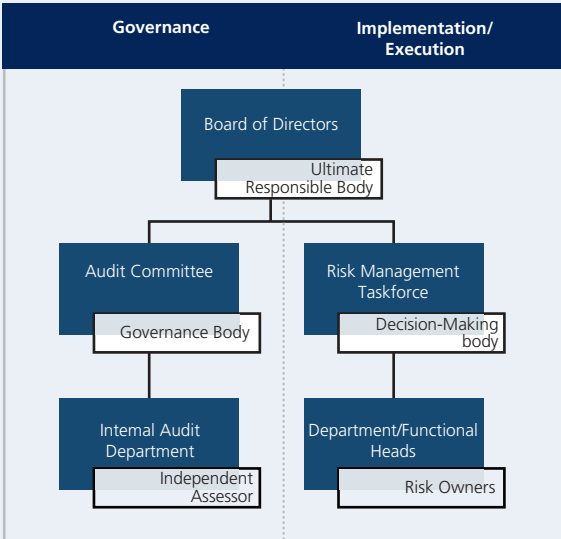
Corporate Governance Report (continued)

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| B.1.2 | <p>The remuneration committee's terms of reference should include:</p> <ul style="list-style-type: none"> – recommend to the board on the company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy – review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives – either to determine, with delegated responsibility, or to make recommendations to the board on the remuneration packages of individual executive directors and senior management – recommend to the board on the remuneration of non-executive directors – consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group – review and approve compensation payable on loss or termination of office or appointment – review and approve compensation arrangements relating to dismissal or removal of directors for misconduct – ensure that no director or any of his associates is involved in deciding his own remuneration | C | <ul style="list-style-type: none"> • The Company established its remuneration committee ("Remuneration Committee") on 26 February 2015. A majority of the members are Independent Non-executive Directors. • The Remuneration Committee comprises the Chairman, Mr. Li Ka-shing, and two Independent Non-executive Directors, namely, Ms. Hung Siu-lin, Katherine (Chairman of the Remuneration Committee) and Mr. Cheong Ying Chew, Henry. • The terms of reference of the Remuneration Committee (both English and Chinese versions) follow closely the requirements of the CG Code. The same as modified from time to time and adopted by the Board, are posted on the websites of the Company and HKEx. • The Remuneration Committee, with delegated responsibility, determines the remuneration packages of individual Executive Directors and senior management, and reviews the remuneration of Independent Non-executive Directors. • Since the publication of the Annual Report 2016 in April 2017, meeting of the Remuneration Committee was held in January 2018. Attendance record of the members of the Remuneration Committee is as follows: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Members of the Remuneration Committee</th> <th style="text-align: right;">Attendance</th> </tr> </thead> <tbody> <tr> <td>HUNG Siu-lin, Katherine (<i>Chairman of the Remuneration Committee</i>)</td> <td style="text-align: right;">1/1</td> </tr> <tr> <td>LI Ka-shing*</td> <td style="text-align: right;">1/1</td> </tr> <tr> <td>CHEONG Ying Chew, Henry</td> <td style="text-align: right;">1/1</td> </tr> </tbody> </table> <p>* Mr. Li Ka-shing will, with effect from the conclusion of the 2018 AGM, retire as a member of the Remuneration Committee of the Company. Mr. Li Tzar Kuoi, Victor will, with effect from the conclusion of the 2018 AGM, become a member of the Remuneration Committee of the Company.</p> <ul style="list-style-type: none"> • The following is a summary of the work of the Remuneration Committee during the said meeting: <ol style="list-style-type: none"> 1. Review the remuneration policy for 2017/2018; 2. Recommend to the Board the Company's policy and structure for the remuneration of Directors and the management; 3. Review the remuneration packages of Executive Directors and the management with reference to the established system of the Company for determining the remuneration review; 4. Review and approve the remuneration of Independent Non-executive Directors; and 5. Review the annual bonus policy. • No Director or any of his/her associates is involved in deciding his/her own remuneration at the meeting of the Remuneration Committee held in January 2018. | Members of the Remuneration Committee | Attendance | HUNG Siu-lin, Katherine (<i>Chairman of the Remuneration Committee</i>) | 1/1 | LI Ka-shing* | 1/1 | CHEONG Ying Chew, Henry | 1/1 |
| Members of the Remuneration Committee | Attendance | | | | | | | | | | |
| HUNG Siu-lin, Katherine (<i>Chairman of the Remuneration Committee</i>) | 1/1 | | | | | | | | | | |
| LI Ka-shing* | 1/1 | | | | | | | | | | |
| CHEONG Ying Chew, Henry | 1/1 | | | | | | | | | | |
| B.1.3 | <p>The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board by including them on HKEx's website and the company's website.</p> | C | <ul style="list-style-type: none"> • The terms of reference of the Remuneration Committee are posted on the websites of the Company and HKEx. • The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for the remuneration of Directors and the management, and reviewing the remuneration packages of all Executive Directors and the management with reference to the corporate goals and objectives of the Board resolved from time to time. | | | | | | | | |
| B.1.4 | <p>The remuneration committee should be provided with sufficient resources to perform its duties.</p> | C | <ul style="list-style-type: none"> • The Human Resources Department provides administrative support and implements the approved remuneration packages and other human resources related decisions approved by the Remuneration Committee. | | | | | | | | |
| B.1.5 | <p>The company should disclose details of any remuneration payable to members of senior management by band in the annual reports.</p> | C | <ul style="list-style-type: none"> • The Board has resolved that the senior management of the Company comprises only the Executive Directors of the Company. Please refer to note 4 in the Notes to Consolidated Financial Statements for details of the remuneration payable to the Directors. | | | | | | | | |

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| C. | ACCOUNTABILITY AND AUDIT | | |
| C.1 | Financial reporting <i>Corporate Governance Principle</i> <i>The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.</i> | | |
| C.1.1 | Management should provide sufficient explanation and information to the board to enable it to make an informed assessment of financial and other information put before it for approval. | C | <ul style="list-style-type: none"> Directors are provided with a review of the Group's major business activities and key financial information on a quarterly basis. |
| C.1.2 | Management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the company's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties. | C | <ul style="list-style-type: none"> Monthly updates had been provided to all members of the Board since 3 June 2015, for the purpose of providing a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail and to enable the Board as a whole and each Director to discharge their duties. |
| C.1.3 | <ul style="list-style-type: none"> The directors should acknowledge in the Corporate Governance Report their responsibility for preparing the accounts. There should be a statement by the auditors about their reporting responsibilities in the auditor's report on the financial statements. Unless it is inappropriate to assume that the company will continue in business, the directors should prepare the accounts on a going concern basis, with supporting assumptions or qualifications as necessary. Where the directors are aware of material uncertainties relating to events or conditions that may cast significant doubt on the company's ability to continue as a going concern, they should be clearly and prominently disclosed and discussed at length in the Corporate Governance Report. | <p>C</p> <p>C</p> <p>C</p> <p>N/A</p> | <ul style="list-style-type: none"> The Directors acknowledged in writing on an annual basis their responsibility for preparing the financial statements of the Group. Directors are not aware of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern as referred to in C.1.3 of the CG Code. With the assistance of the Company's Accounts Department which is under the supervision of the General Manager who is a professional accountant, the Directors ensure the preparation of the consolidated financial statements of the Group are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the publication of the consolidated financial statements of the Group is in a timely manner. The statement by the auditor of the Company regarding its reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 179 to 183. |
| C.1.4 | The directors should include in the separate statement containing a discussion and analysis of the group's performance in the annual report, an explanation of the basis on which the company generates or preserves value over the longer term (the business model) and the strategy for delivering the company's objectives. | C | <ul style="list-style-type: none"> The Board has included the separate statement containing a discussion and analysis of the Group's sustainable development strategy in the Management Discussion and Analysis of Annual Report 2017. |

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| Code Ref. | Code Provisions | Comply ("C")/ Explain ("E") | Corporate Governance Practices |
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| C.1.5 | The board should present a balanced, clear and understandable assessment in annual and interim reports, and other financial disclosures required by the Listing Rules. It should also do so for reports to regulators and information disclosed under statutory requirements. | C | <ul style="list-style-type: none"> The Board aims to present a clear, balanced and understandable assessment of the Group's performance and position in all shareholder communications. The Board is aware of and updated with the requirements under the applicable rules and regulations about timely disclosure of information or matters regarding the Company and will authorise the publication of such announcements as and when the occasion arises. The Company Secretary and key officers of the Company Secretarial Department work closely and in consultation with legal advisers to review the materiality and sensitivity of transactions and proposed transactions and advise the Board accordingly. |
| C.2 | <p>Risk management and internal control</p> <p><i>Corporate Governance Principle</i></p> <p><i>The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board should oversee management in the design, implementation and monitoring of the risk management and internal control systems, and management should provide a confirmation to the Board on the effectiveness of these systems.</i></p> | | |
| C.2.1 – C.2.5 | <p>The board to oversee the company's risk management and internal control systems on an ongoing basis, to review the effectiveness of the company's and its subsidiaries' risk management and internal control systems has been conducted at least annually and to report that they have done so in the Corporate Governance Report.</p> <ul style="list-style-type: none"> The review should cover all material controls, including financial, operational and compliance controls. The board's annual review should, in particular, ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the company's accounting, internal audit and financial reporting functions. The board's annual review should, in particular, consider: <ul style="list-style-type: none"> (a) the changes, since the last annual review, in the nature and extent of significant risks, and the company's ability to respond to changes in its business and the external environment; | C | <p>INTRODUCTION</p> <p>The Group strives to maintain high standards of corporate governance. It also maintains a robust internal controls system that is designed to provide reasonable, but not absolute, assurance regarding the prevention, detection and handling of any material misstatement or loss and to manage, rather than eliminate, the risk of failure in operating systems and in the achievement of its objectives. The main features of this system, which continue to operate, are described as below.</p> <p>Throughout the 2017 financial year, the Group has complied with the Provisions of the CG Code, as set out in Appendix 14 of the Listing Rules.</p> <p>In view of the implementation of the Consultation Conclusions on Risk Management and Internal Control, relating to Section C.2.1 of the CG Code, issued by The Stock Exchange of Hong Kong Limited in December 2014 ("Consultation Conclusions"), the Group has reviewed its risk management framework and processes and has implemented relevant measures resulting from this exercise that aim to enhance these. In particular, the Group has developed, approved and implemented an enterprise risk management ("ERM") system ("ERM System"), which is defined in and supported by a risk management policy ("RM Policy"). The RM Policy has been endorsed by the Audit Committee.</p> <p>The terms of reference of the Audit Committee, which were approved by the Board, include responsibility for the oversight of the Group's risk management and internal controls systems, as delegated by the Board. In addition, a Risk Management Taskforce ("RMTF") has been established and is the decision-making body for the operation of the ERM System.</p> <p>The ERM System defines the roles and responsibilities within the Group for risk management activity and describes the methodology and approach to risk identification and assessment that the Group has adopted. It also contains the established protocols for the communication of risks and measures to address them. The Board is ultimately responsible for determining and evaluating the risks it is willing to take in achieving the Group's objectives, ensuring it establishes and maintains effective risk management and internal controls systems, and overseeing these systems on an ongoing basis. The Group's management is responsible for designing, implementing and monitoring its risk management and internal controls systems.</p> |


| Code Ref. | Code Provisions | Comply ("C")/ Explain ("E") | Corporate Governance Practices |
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| C.2.1 – C.2.5 (cont'd) | <p>(b) the scope and quality of management's ongoing monitoring of risks and of the internal control system, and where applicable, the work of its internal audit function and other assurance providers;</p> <p>(c) the extent and frequency of communication of monitoring results to the board (or board committee(s)) which enables it to assess control of the company and the effectiveness of risk management;</p> <p>(d) significant control failings or weaknesses that have been identified during the period. Also, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the company's financial performance or condition; and</p> <p>(e) the effectiveness of the company's processes for financial reporting and Listing Rule compliance.</p> <p>– The company should disclose, in the Corporate Governance Report, a narrative statement on how they have complied with the risk management and internal control code provisions during the reporting period. In particular, they should disclose:</p> <p>(a) the process used to identify, evaluate and manage significant risks;</p> <p>(b) the main features of the risk management and internal control systems;</p> | | <p>Other than achieving compliance with the Consultation Conclusions, the Group strives to enhance the communication of information on risk and controls between different levels and departments/functions within the Group for the purpose of obtaining practical business benefit.</p> <p>In addition, the RM Policy provides direction to management within the Group for applying consistent risk management practices in which its significant risks are identified, prioritized and addressed. It also serves to provide continuity in the Group's risk management activities, as personnel may change over time, and to facilitate such transitioning.</p> <p>Overall, risk management activity is a key element of our corporate governance practices. We recognize that effective risk management is essential to the financial and operational success of the Group. The Group is committed to the continuous improvement of its risk management and internal control systems and will continue to conduct regular reviews to ensure that they are effective and appropriate, especially as business conditions and the organization develops.</p> <p>A "Top-Down" approach is adopted for the Group's risk management system. This is manifested by strong oversight exercised by the Board, the Audit Committee, the RMTF and senior management in the establishment and maintenance of the ERM System.</p> <p>GOVERNANCE STRUCTURE FOR ENTERPRISE RISK MANAGEMENT</p> <p>The governance structure for our ERM System is as shown below:</p>  <pre> graph TD subgraph Governance Board[Board of Directors] AC[Audit Committee] IAD[Internal Audit Department] Board --- AC Board --- IAD AC --- GB[Governance Body] IAD --- IA[Independent Assessor] end subgraph Implementation_Execution [Implementation/Execution] RMTF[Risk Management Taskforce] DFH[Department/Functional Heads] RMTF --- DM[Decision-Making body] DFH --- RO[Risk Owners] end Board --- RMTF </pre> |

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| C.2.1 – C.2.5 (cont'd) | <p>(c) an acknowledgement by the board that it is responsible for the risk management and internal control systems and reviewing their effectiveness; the board to explain that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss;</p> <p>(d) the process used to review the effectiveness of the risk management and internal control systems and to resolve material internal control defects; and</p> <p>(e) the procedures and internal controls for the handling and dissemination of inside information.</p> <p>– The company should have an internal audit function. The company without an internal audit function should review the need for one on an annual basis and should disclose the reasons for the absence of such a function in the Corporate Governance Report.</p> | | <p>The Board has overall responsibility for maintaining a sound and effective risk management and internal controls system for the Group including, but not limited to, the following tasks:</p> <ul style="list-style-type: none"> • Setting and communicating the Group's strategies and objectives; • Overseeing the Group's ERM System and activity, including internal controls, on an ongoing basis, having overall accountability for the effectiveness of these; • Evaluating and providing direction to the Group on the nature and extent of the risks that shall be taken to achieve its strategic objectives (i.e. setting the Risk Appetite); • Ensuring a review of the effectiveness of the Group's ERM System and material financial, operational and compliance controls is conducted at least annually, considering any significant failings or weaknesses identified in relation to these, their impact and how they are being addressed; • Reviewing changes in the nature and extent of significant risks from the last annual review and the Group's ability to respond to these and to changes in its business and external environment; and • Reviewing the scope and quality of management's ongoing monitoring of risks and internal controls, the extent and frequency of communication of the results of risk monitoring to the Board. <p>The Audit Committee also plays a vital role in overseeing the ERM System on behalf of the Board, including by way of the following:</p> <ul style="list-style-type: none"> • Reviewing and approving the RM Policy and changes to this that are requested or required; • On behalf of the Board, reviewing, on at least an annual basis, the Group's ERM System and internal controls with the RMTF and the Internal Audit Department to ensure that management has fulfilled its duties of establishing and maintaining an effective ERM system and internal controls; • Reviewing the results of the annual risk assessment, including changes in the nature, and extent of significant risks since the last review and the Group's ability to respond to changes in these, and in its business and the external environment; • Reviewing any enhancements to the ERM System proposed by the RMTF; • Assessing the extent and frequency of the communication of the monitoring results to the Board and the Audit Committee and the effectiveness of the ERM System, as well as processes for financial reporting and for achieving compliance with Listing Rules; • Considering the results of any investigation into the Group's risk management practices and internal controls, as delegated by the Board or that it performs on its own initiative, and management's responses to the findings of such investigations; • Identifying key risk issues that might require the Board's attention and reporting these accordingly; • Performing an annual review of the Internal Audit Department including the adequacy of its budget and resources, the qualifications and experience of its management and staff, and the quality of its training program, in order to ensure that it is able to provide sufficient coverage of the Group's key risk issues; and • Reviewing reports from the external auditor, Messrs. Deloitte Touche Tohmatsu ("Deloitte"), on internal controls and relevant financial reporting matters, in addition to management's review. |

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| C.2.1 – C.2.5 (cont'd) | | | <p>The RMTF is the decision-making body of the ERM System. It is chaired by an Executive Director of the Group and comprises of delegates of the Executive Directors and representatives from different functions of the Group, so as to provide effective coverage of the Group as a whole. The RMTF is responsible for the following:</p> <ul style="list-style-type: none"> • Assisting the Board and the Audit Committee with overseeing the ERM System and its implementation; • Making decisions relating to the design or modification of the ERM System, i.e. risk assessment approach/methodology; • Ensuring that a risk management culture is fostered and developed and that the ERM System is embedded over time into the Group's daily operations; • Performing ad hoc reviews of the ERM System, as needed; • Resolving and aligning any risk management practices and activities of different departments/functions that are inconsistent; • Ensuring that departments/functions of the Group commit sufficient resources to carrying out risk management activity in accordance with the RM Policy; • Reviewing and approving the Risk Inventory (which covered the operational, compliance, and environmental, social and governance risks) produced as part of the annual risk assessment process performed by Functional Heads and which summarizes all key strategic, financial, operational and compliance risks identified; • Reviewing the results of the annual risk assessment and submitting these to the Audit Committee for its own review; and • Proposing enhancements to the ERM System, including those required to fulfill any changes in regulatory requirements, and submitting these to the Audit Committee for review. <p>The Internal Audit Department acts as an independent assessor of the ERM System. In maintaining a sound ERM System, the Internal Audit Department's major responsibilities include but are not limited to the following:</p> <ul style="list-style-type: none"> • Carrying out independent assessments of the adequacy and effectiveness of the Group's ERM System; • Acting as an advisory member of the RMTF on such matters as the design, implementation and development of the ERM System, risk assessment practices, etc.; • Reporting to the Audit Committee on the results of its independent assessments, the scope, frequency and timing of which are subject to the discretion of the Audit Committee; and • Providing administrative support in relation to the Group's risk assessment process. <p>On top of the above responsibilities, Internal Audit Department also provides an independent appraisal of the Group's financial and operating activities, and makes constructive recommendations to relevant management regarding actions necessary to address any areas for improvement.</p> <p>The Internal Audit Department carries out an annual risk assessment of the Group's operations and derives a yearly audit plan based on the risk ratings of various auditable areas. The audit plan is reviewed and endorsed by the Audit Committee before execution. In addition to its agreed schedule of work derived from this plan, the Internal Audit Department conducts other review and investigative work as may be required. The results of internal audit reviews and agreed management action plans in response to the Internal Audit Department's recommendations are reported to the Executive Directors and Audit Committee periodically. The Internal Audit Department also follows up with management regarding the implementation of the agreed action plans, to ensure that internal controls are continuously enhanced.</p> |

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| Code Ref. | Code Provisions | Comply ("C")/ Explain ("E") | Corporate Governance Practices |
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| C.2.1 – C.2.5 (cont'd) | | | <p>Department/Functional Heads and their delegates are responsible for managing risks during their day-to-day operations. Their major responsibilities include, but are not limited to, the following:</p> <ul style="list-style-type: none"> • Operating in a manner that is consistent with the Group's risk appetite; • Embedding appropriate risk management processes and practices into day-to-day operations and fostering a risk culture within the departments/functions under their responsibility; • Supporting and participating in the implementation of the ERM System; • Attending meetings on risk assessment and other risk management-related meetings upon the request of the RMTF; • Identifying and assessing risks associated with business activities (including new business) within their own departments/functions; • Participating in the Group's control self-assessment process (which is performed at least annually), in order to assess the effectiveness of controls over the reliability of financial reporting, the effectiveness and efficiency of operations, compliance with applicable laws and regulations as well as mitigation of the Group's risks; • Preparing for and seeking the approval of the responsible Executive Director for operational budgets, as well as complying with processes for appraising, reviewing and approving major capital and recurrent expenditure; • Reporting the results of operations against budgets to the Executive Directors on a regular basis; and • Implementing risk action plans to address key risks for which systems, processes and controls are assessed as being ineffective. <p>ENTERPRISE RISK ASSESSMENT METHODOLOGY</p> <p>The Group adopted the Committee of Sponsoring Organizations of the Treadway Commission's ERM Framework in establishing the ERM System which illustrates the key components of any ERM system necessary for managing risks.</p> <p>Our ERM activity is integrated into our business and decision-making process, including with regards to the formulation of strategic objectives, business planning and development and daily operations.</p> <p>The Group's methodology for its risk assessment comprises four core stages that are shown below.</p> <div style="text-align: center;">  <p><i>Ongoing communication, monitoring and review</i></p> </div> <p>It mainly involves:</p> <ol style="list-style-type: none"> a) Risk Identification <p>Department/Functional Heads identify risks in the operations they are responsible for as well as risks they believe are relevant to the Group as a whole. All the identified risks are consolidated into a risk inventory.</p> b) Risk Assessment <p>Risks in the Risk Inventory are evaluated by assessment participants from the Group using predefined risk assessment criteria associated with two risk dimensions – (i) impact of each risk; and (ii) the Group's vulnerability to each risk. The risk scoring and prioritization process is then performed.</p> |

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| C.2.1 – C.2.5 (cont'd) | | | <p>c) Risk Response</p> <p>The prioritized risk ranking is then submitted to the Internal Audit Department and the RMTF for review. Risk Owners are assigned for each selected risk, with more significant risks being assigned to more senior individuals. Risk Owners also formulate risk mitigation plans for the significant risks identified and relating to their areas of responsibility.</p> <p>When determining appropriate risk mitigation plans, four types of risk response are generally adopted:</p> <ul style="list-style-type: none"> • Acceptance: Risks are considered immaterial and are therefore accepted, based on the Group's risk appetite. No action is considered necessary. • Reduction: Risks cannot be considered immaterial and actions, such as implementing more effective controls, have to be taken to reduce the potential impact of the risk, and the Group's vulnerability to it, to an acceptable level. • Sharing: Risks cannot be considered immaterial and the Group itself cannot effectively reduce the risk to an acceptably low level in isolation. Therefore, a portion of the risk has to be transferred to, or shared with, other parties (by insurance, outsourcing, etc.). • Avoidance: Risks are so significant that there are no means, either through reduction or sharing, of reducing them to acceptable levels without incurring excessive costs. Therefore, activities giving rise to such risks should be avoided. <p>Such plans are assessed by the Internal Audit Department and reviewed and approved by the RMTF. The Internal Audit Department takes the finalised risk ranking account into its internal audit plan and revises this plan as needed. The revised internal audit plan will then be submitted to the Audit Committee for approval.</p> <p>d) Risk Monitoring and Reporting</p> <p>Risk monitoring and reporting are key components of the ERM System as they enable the Board, the Audit Committee, the RMTF and Department/Functional Heads to determine whether it is functioning effectively. This includes ensuring that risks are identified, prioritized and communicated to those responsible for taking action to address them, and that such actions have been taken and are operating effectively.</p> <p>Risk Owners are responsible for monitoring the implementation and effectiveness of the risk mitigation plans they are responsible for. They provide periodic updates to the RMTF regarding the progress of the implementation of their risk mitigation plans and on the performance of these plans, according to the frequency specified in each plan. Risk management monitoring activities and the effectiveness of the implementation of risk mitigation plans are made subjects of review by the Internal Audit Department and are included in its internal audit plans.</p> <p>COMMUNICATION OF RISK EVENTS</p> <p>Where risk events arise, our communication, both within the Group and to external parties, is an integral part of the ERM System. To enable the Group to make appropriate decisions and responses to mitigate or address any risk event, relevant information on the incident is communicated by and to the right functions and individuals, completely and accurately, and in a timely manner.</p> <p>The Group has written procedures relating to the handling of confidential and inside information, including Price Sensitive Information in accordance with Hong Kong regulations, that meet many of the requirements for communication of information on risk events specified above. These procedures are posted on the Group's intranet and disseminated to all employees of the Group.</p> <p>In addition, various functions in the Group have established practices and protocols for the escalation and handling of crisis level events, involving the Executive Directors, senior management, the Corporate Affairs Department, etc., as appropriate. Group personnel refer to their functional/departmental leadership if they require further information or guidance relating to the crisis management practices and protocols that are relevant to them.</p> |

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| C.2.1 – C.2.5 (cont'd) | | | <p>REVIEW OF THE EFFECTIVENESS OF ENTERPRISE RISK MANAGEMENT SYSTEM AND INTERNAL CONTROL</p> <p>As mentioned above, the Board is ultimately responsible for the Group's risk management and internal controls system and for reviewing its effectiveness. The Internal Audit Department conducts ongoing independent assessments of the Group's risk management and internal controls systems, including those of its subsidiaries, and reports on these to the Audit Committee. The Audit Committee also reviewed the effectiveness of the Group's risk management and internal controls systems and reported on these to the Board for the financial year.</p> <p>For the year ended 31 December 2017, the Board has received a confirmation from management on the effectiveness of the risk management and internal controls systems. The Board and its Audit Committee considered the risk management and internal controls system to be effective and adequate. They also considered the adequacy of resources, staff qualifications and experience, training and budget of its accounting, internal audit and financial reporting functions. No significant areas of concern that might affect our stakeholders, including our shareholders, were identified during the captioned period.</p> | | | | | | | | | | | | |
| C.3 | Audit Committee | | | | | | | | | | | | | | |
| | Corporate Governance Principle | | | | | | | | | | | | | | |
| | <i>The Board should establish formal and transparent arrangements to consider how it will apply financial reporting, risk management and internal control principles and maintain an appropriate relationship with the Company's auditors.</i> | | | | | | | | | | | | | | |
| C.3.1 | <ul style="list-style-type: none"> – Full minutes of audit committee meetings should be kept by a duly appointed secretary of the meeting. – Draft and final versions of minutes should be sent to all committee members for their comment and records, within a reasonable time after the meeting. | <p>C</p> <p>C</p> | <ul style="list-style-type: none"> • Minutes drafted by the Company Secretary are circulated to members of the Audit Committee within a reasonable time after each meeting. • Audit Committee meetings were held in March and August 2017. Attendance records of members of the Audit Committee are as follows: <table border="1"> <thead> <tr> <th>Members of the Audit Committee</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td>CHEONG Ying Chew, Henry (<i>Chairman of the Audit Committee</i>)</td> <td>2/2</td> </tr> <tr> <td>CHOW Nin Mow, Albert</td> <td>2/2</td> </tr> <tr> <td>HUNG Siu-lin, Katherine</td> <td>2/2</td> </tr> <tr> <td>Colin Stevens RUSSEL*</td> <td>1/1</td> </tr> <tr> <td>Donald Jeffrey ROBERTS*</td> <td>1/1</td> </tr> </tbody> </table> <p>* Appointed as an Independent Non-executive Director and member of Audit Committee with effect from 29 March 2017.</p> <ul style="list-style-type: none"> • The following is a summary of the work of the Audit Committee during 2017: <ol style="list-style-type: none"> 1. Review the financial reports for 2016 annual results and 2017 interim results; 2. Review the findings and recommendations of the Internal Audit Department on the work of various departments and related companies; 3. Review the effectiveness of the risk management and internal control systems; 4. Review the external auditor's audit findings; 5. Review the auditor's remuneration; 6. Review the risks of different business units and analysis thereof provided by the relevant business units; 7. Review the control mechanisms for such risks and advising on action plans for improvement of the situations; 8. Review the arrangements employees can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters; and 9. Perform the corporate governance functions and review the corporate governance policies and practices. | Members of the Audit Committee | Attendance | CHEONG Ying Chew, Henry (<i>Chairman of the Audit Committee</i>) | 2/2 | CHOW Nin Mow, Albert | 2/2 | HUNG Siu-lin, Katherine | 2/2 | Colin Stevens RUSSEL* | 1/1 | Donald Jeffrey ROBERTS* | 1/1 |
| Members of the Audit Committee | Attendance | | | | | | | | | | | | | | |
| CHEONG Ying Chew, Henry (<i>Chairman of the Audit Committee</i>) | 2/2 | | | | | | | | | | | | | | |
| CHOW Nin Mow, Albert | 2/2 | | | | | | | | | | | | | | |
| HUNG Siu-lin, Katherine | 2/2 | | | | | | | | | | | | | | |
| Colin Stevens RUSSEL* | 1/1 | | | | | | | | | | | | | | |
| Donald Jeffrey ROBERTS* | 1/1 | | | | | | | | | | | | | | |

| Code Ref. | Code Provisions | Comply ("C")/ Explain ("E") | Corporate Governance Practices |
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| C.3.1 (cont'd) | | | <ul style="list-style-type: none"> • After due and careful consideration of reports from management and the internal and external auditors, the Audit Committee noted that no suspected fraud or irregularities, significant internal control deficiencies, or significant suspected infringement of laws, rules, or regulations had been found, and concluded at the meeting held on 13 March 2018 that the risk management and internal control systems were adequate and effective. • On 13 March 2018, the Audit Committee met to review the Group's 2017 consolidated financial statements, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditor. After review and discussions with the management, internal auditor and external auditor, the Audit Committee endorsed the accounting treatment adopted by the Company, and the Audit Committee had to the best of its ability assured itself that the disclosure of the financial information in the Annual Report 2017 complied with the applicable accounting standards and Appendix 16 to the Listing Rules. The Audit Committee therefore resolved to recommend for the Board's approval the consolidated financial statements for the year ended 31 December 2017. • The Audit Committee also recommended to the Board the re-appointment of Deloitte as the Company's external auditor for 2018 and that the related resolution shall be put forth for shareholders' consideration and approval at the 2018 AGM. • The Group's Annual Report 2017 has been reviewed by the Audit Committee. |
| C.3.2 | A former partner of existing auditing firm shall not act as a member of the audit committee for 1 year from the date of his ceasing to be a partner of or to have any financial interest in, the firm, whichever is later. | C | <ul style="list-style-type: none"> • No member of the Audit Committee is a former partner of the existing auditing firm of the Company during the one year after he/she ceases to be a partner of the auditing firm. |
| C.3.3 | <p>The audit committee's terms of reference should include:</p> <ul style="list-style-type: none"> – recommendations to the board on the appointment, reappointment and removal of external auditor and approval of their terms of engagement – review and monitor external auditor's independence and objectivity and effectiveness of audit process – review of the company's financial information – oversight of the company's financial reporting system, risk management and internal control systems, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the company's accounting and financial reporting function | C | <ul style="list-style-type: none"> • The terms of reference of the Audit Committee (both English and Chinese versions), which follow closely the requirements of the CG Code and are modified from time to time and adopted by the Board, are posted on the websites of the Company and HKEx. |

Corporate Governance Report (continued)

| Code Ref. | Code Provisions | Comply ("C")/ Explain ("E") | Corporate Governance Practices |
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| C.3.4 | The audit committee should make available its terms of reference, explaining its role and the authority delegated to it by the board by including them on HKEx's and the company's website. | C | <ul style="list-style-type: none"> The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Company established the Audit Committee in February 2015 with written terms of reference based on the guidelines recommended by the Hong Kong Institute of Certified Public Accountants. In accordance with the requirements of the CG Code, the terms of reference of the Audit Committee were revised from time to time in terms substantially the same as the provisions set out in the CG Code. The latest version of the terms of reference of the Audit Committee is available on the websites of the Company and HKEx. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system, risk management and internal control systems, review of the Group's financial information, review of the relationship with the external auditor of the Company and performance of the corporate governance functions delegated by the Board. Regular meetings have been held by the Audit Committee since its establishment. The Audit Committee comprises five Independent Non-executive Directors, namely, Mr. Cheong Ying Chew, Henry (Chairman of the Audit Committee), Mr. Chow Nin Mow, Albert, Ms. Hung Siu-lin, Katherine, Mr. Colin Stevens Russel* and Mr. Donald Jeffrey Roberts*. The Audit Committee held two meetings in 2017. <p>* Appointed as an Independent Non-executive Director and member of Audit Committee with effect from 29 March 2017.</p> |
| C.3.5 | Where the board disagrees with the audit committee's view on the selection, appointment, resignation or dismissal of the external auditors, the company should include in the Corporate Governance Report a statement from the audit committee explaining its recommendation and also the reason(s) why the board has taken a different view. | N/A | <ul style="list-style-type: none"> The Audit Committee recommended to the Board that, subject to shareholders' approval at the forthcoming annual general meeting, Deloitte be re-appointed as the Company's external auditor for 2018. The fees for (i) audit services, (ii) tax services and (iii) advisory services provided by the external auditor of the Company for the year ended 31 December 2017 amounted to approximately HK\$22 million, HK\$2 million and HK\$10 million, respectively. |
| C.3.6 | The audit committee should be provided with sufficient resources to perform its duties. | C | <ul style="list-style-type: none"> The Audit Committee has been advised that the Company Secretary can arrange independent professional advice at the expense of the Company should the seeking of such advice be considered necessary by the Audit Committee. |
| C.3.7 | <p>The terms of reference of the audit committee should also require it:</p> <ul style="list-style-type: none"> to review arrangements employees of the company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The audit committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and to act as the key representative body for overseeing the company's relations with the external auditor. | <p>C</p> <p>C</p> | <ul style="list-style-type: none"> The terms of reference of the Audit Committee were adopted with effect from 26 February 2015 to include the requirement to review arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Company has established the Procedures for Reporting Possible Improprieties in Matters of Financial Reporting, Internal Control or Other Matters for employees and those who deal with the Group to raise concerns, in confidence, with the Audit Committee about possible improprieties in matters of financial reporting, internal control or other matters relating to the Group. Such procedures were included into the Company's Employee Handbook and posted on the Company's website. The Company has issued an Employee Handbook to its staff, which contains the mechanism for employees to raise any issues they may have to their department heads and to the Human Resources Department for necessary action (whether these relate to their career development or any other grievances and complaints they may have). |

| Code Ref. | Code Provisions | Comply ("C")/ Explain ("E") | Corporate Governance Practices |
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| D. | DELEGATION BY THE BOARD | | |
| D.1 | Management functions | | |
| | <i>Corporate Governance Principle</i> <i>The Company should have a formal schedule of matters specifically reserved for Board approval and those delegated to management.</i> | | |
| D.1.1 | When the board delegates aspects of its management and administration functions to management, it must, at the same time, give clear directions as to the management's powers, in particular, where management should report back and obtain prior board approval before making decisions or entering into any commitments on the company's behalf. | C | <ul style="list-style-type: none"> Executive Directors are in charge of different businesses and functional divisions in accordance with their respective areas of expertise. Please refer to the Management Structure Chart set out on page 94. For matters or transactions of a material nature, the same will be referred to the Board for approval. For matters or transactions of a magnitude requiring disclosure under the Listing Rules or other applicable rules or regulations, appropriate disclosure will be made and where necessary, circular will be prepared and shareholders' approval will be obtained in accordance with the requirements of the applicable rules and regulations. |
| D.1.2 | Formalise functions reserved to the board and those delegated to management and to review those arrangements periodically to ensure that they remain appropriate to the company's needs. | C | <ul style="list-style-type: none"> The Board, led by the Chairman, is responsible for the Group's future development directions; overall strategies and policies; evaluation of the performance of the Group and the management; and approval of matters that are of a material or substantial nature. Under the leadership of the Managing Director, management is responsible for the day-to-day operations of the Group. |
| D.1.3 | The company should disclose the respective responsibilities, accountabilities and contributions of the board and management. | C | <ul style="list-style-type: none"> Please refer to the Management Structure Chart set out on page 94. |
| D.1.4 | Directors should clearly understand delegation arrangements in place. The company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. | C | <ul style="list-style-type: none"> In February 2015, formal letters of appointment have been issued to all Directors setting out the key terms and conditions of their respective appointment. Each newly appointed Director will also be issued with a letter of appointment. |
| D.2 | Board Committees | | |
| | <i>Corporate Governance Principle</i> <i>Board Committees should be formed with specific written terms of reference which deal clearly with their authority and duties.</i> | | |
| D.2.1 | Where board committees are established to deal with matters, the board should give them sufficiently clear terms of reference to enable them to perform their functions properly. | C | <ul style="list-style-type: none"> Three Board Committees, namely, Audit Committee, Remuneration Committee and Executive Committee, have been established with specific terms of reference. |
| D.2.2 | The terms of reference of board committees should require them to report back to the board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements). | C | <ul style="list-style-type: none"> Board Committees report to the Board of their decisions and recommendations at the Board meetings. |

Corporate Governance Report (continued)

| Code Ref. | Code Provisions | Comply ("C")/ Explain ("E") | Corporate Governance Practices |
|------------|--|--------------------------------|---|
| D.3 | Corporate Governance Functions | | |
| D.3.1 | <p>The terms of reference of the board (or a committee or committees performing this function) should include:</p> <ul style="list-style-type: none"> – develop and review the company's policies and practices on corporate governance and make recommendations to the board; – review and monitor the training and continuous professional development of directors and senior management; – review and monitor the company's policies and practices on compliance with legal and regulatory requirements; – develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and – review the company's compliance with the CG Code and disclosure in this Corporate Governance Report. | C | <ul style="list-style-type: none"> • The terms of reference of the Audit Committee that were adopted with effect from 26 February 2015 includes the following corporate governance functions delegated by the Board: <ol style="list-style-type: none"> 1. Develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; 2. Review and monitor the training and continuous professional development of Directors and senior management; 3. Review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; 4. Develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and 5. Review the Company's compliance with the CG Code and disclosure in this Corporate Governance Report. • At the Audit Committee's meeting held in March 2018, the Audit Committee was satisfied that the above-mentioned corporate governance functions were adhered to, and members of the Audit Committee had examined the Company's policies and practices on corporate governance and compliance with legal and regulatory requirements including:– <ol style="list-style-type: none"> (a) Policy on Handling of Confidential Information, Information Disclosure, and Securities Dealing; (b) Procedures for Reporting Possible Improprieties in Matters of Financial Reporting, Internal Control or Other Matters; (c) Shareholders Communication Policy; (d) Media and Public Engagement Policy; (e) Model Code for Securities Transactions by Directors; (f) Board Diversity Policy; and (g) Competition Compliance Policy. |
| D.3.2 | <p>The board should be responsible for performing the corporate governance duties set out in the terms of reference in D.3.1 or it may delegate the responsibility to a committee or committees.</p> | C | <ul style="list-style-type: none"> • The Board has delegated the responsibility of performing the corporate governance duties to the Audit Committee. To that effect, the terms of reference of the Audit Committee as set out in D.3.1 above to include the corporate governance functions delegated by the Board. |
| E. | COMMUNICATION WITH SHAREHOLDERS | | |
| E.1 | Effective communication | | |
| | <p>Corporate Governance Principle</p> <p><i>The Board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with them and encourage their participation.</i></p> | | |
| E.1.1 | <p>For each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of that meeting. The company should avoid "bundling" resolutions unless they are interdependent and linked forming one significant proposal. Where the resolutions are "bundled", the company should explain the reasons and material implications in the notice of meeting.</p> | C | <ul style="list-style-type: none"> • Separate resolutions are proposed at the general meetings of the Company on each substantially separate issue, including the election of individual Directors. |

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|---|--|--------------------------------|---|----------------------|-------------------|-----|----------------------------|--|--|---------------------------------|-----|-----|---|-----|-----|--|-----|-----|--|-----|-----|-----------------------|-----|-----|------------------------|-----|-----|--------------|-----|-----|-------------------|-----|-----|-----------------------|-----|-----|--|--|--|--|-----|-----|----------------------|-----|-----|---|-----|-----|----------------|-----|-----|-------------------------|-----|-----|--------------------------|-----|-----|--------------------------|-----|-----|
| E.1.2 | <ul style="list-style-type: none"> - The chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee to be available to answer questions at the annual general meeting. - The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that requires independent shareholders' approval. - The company's management should ensure the external auditor attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence. | <p>C</p> <p>C</p> <p>C</p> | <ul style="list-style-type: none"> • In 2017, the Chairman, Chairman of the Audit Committee and Chairman of the Remuneration Committee attended the 2017 AGM and were available to answer questions. • The Company established an independent board committee on 6 January 2017 ("DUET IBC") for advising the independent shareholders in relation to the formation of a joint venture in connection with the proposed acquisition of all of the stapled securities in issue of the DUET Group which are listed on the Australian Securities Exchange by way of schemes of arrangement. The DUET IBC comprised four Independent Non-executive Directors, namely, Mr. Chow Nin Mow, Albert, Ms. Hung, Siu-lin, Katherine, Mr. Simon Murray and Mr. Yeh Yuan Chang, Anthony. The chairman of the DUET IBC was available to answer questions at the March EGM. • The Company established an independent board committee on 11 July 2017 ("Reliance IBC") for advising the independent shareholders in relation to the sale and purchase of 25% interest in CKP (Canada) Holdings Limited. The Reliance IBC comprised four Independent Non-executive Directors, namely, Mr. Chow Nin Mow, Albert, Ms. Hung, Siu-lin, Katherine, Mr. Yeh Yuan Chang, Anthony and Mr. Donald Jeffrey Roberts. The chairman of the Reliance IBC was available to answer questions at the August EGM. • The Company established an independent board committee on 21 July 2017 ("Ista IBC") for advising the independent shareholders in relation to the formation of a joint venture in connection with the proposed acquisition of all of the shares and preferred equity certificates in issue of ista Luxemburg GmbH. The ista IBC comprised four Independent Non-executive Directors, namely, Mr. Chow Nin Mow, Albert, Ms. Hung, Siu-lin, Katherine, Mr. Yeh Yuan Chang, Anthony and Mr. Donald Jeffrey Roberts. The chairman of the ista IBC was available to answer questions at the October EGM. • Directors' attendance records of 2017 AGM and the EGMs are as follows: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Members of the Board</th> <th style="text-align: center;">Attendance AGM</th> <th style="text-align: center;">EGM</th> </tr> </thead> <tbody> <tr> <td colspan="3">Executive Directors</td> </tr> <tr> <td>LI Ka-shing (<i>Chairman</i>)</td> <td style="text-align: center;">1/1</td> <td style="text-align: center;">0/3</td> </tr> <tr> <td>LI Tzar Kuoi, Victor (<i>Managing Director and Deputy Chairman</i>)</td> <td style="text-align: center;">1/1</td> <td style="text-align: center;">3/3</td> </tr> <tr> <td>KAM Hing Lam (<i>Deputy Managing Director</i>)</td> <td style="text-align: center;">1/1</td> <td style="text-align: center;">2/3</td> </tr> <tr> <td>IP Tak Chuen, Edmond (<i>Deputy Managing Director</i>)</td> <td style="text-align: center;">1/1</td> <td style="text-align: center;">3/3</td> </tr> <tr> <td>CHUNG Sun Keung, Davy</td> <td style="text-align: center;">1/1</td> <td style="text-align: center;">3/3</td> </tr> <tr> <td>CHIU Kwok Hung, Justin</td> <td style="text-align: center;">1/1</td> <td style="text-align: center;">3/3</td> </tr> <tr> <td>CHOW Wai Kam</td> <td style="text-align: center;">1/1</td> <td style="text-align: center;">3/3</td> </tr> <tr> <td>PAU Yee Wan, Ezra</td> <td style="text-align: center;">1/1</td> <td style="text-align: center;">3/3</td> </tr> <tr> <td>WOO Chia Ching, Grace</td> <td style="text-align: center;">1/1</td> <td style="text-align: center;">3/3</td> </tr> <tr> <td colspan="3">Independent Non-executive Directors</td> </tr> <tr> <td>CHEONG Ying Chew, Henry (<i>Chairman of the Audit Committee</i>)</td> <td style="text-align: center;">1/1</td> <td style="text-align: center;">2/3</td> </tr> <tr> <td>CHOW Nin Mow, Albert</td> <td style="text-align: center;">1/1</td> <td style="text-align: center;">3/3</td> </tr> <tr> <td>HUNG Siu-lin, Katherine (<i>Chairman of the Remuneration Committee</i>)</td> <td style="text-align: center;">1/1</td> <td style="text-align: center;">3/3</td> </tr> <tr> <td>Simon MURRAY ^</td> <td style="text-align: center;">0/1</td> <td style="text-align: center;">0/1</td> </tr> <tr> <td>YEH Yuan Chang, Anthony</td> <td style="text-align: center;">0/1</td> <td style="text-align: center;">0/3</td> </tr> <tr> <td>Colin Stevens RUSSEL * #</td> <td style="text-align: center;">1/1</td> <td style="text-align: center;">0/2</td> </tr> <tr> <td>Donald Jeffrey ROBERTS *</td> <td style="text-align: center;">1/1</td> <td style="text-align: center;">2/2</td> </tr> </tbody> </table> <p>* Appointed as an Independent Non-executive Director and member of Audit Committee with effect from 29 March 2017.</p> <p>^ Retired as an Independent Non-executive Director with effect from the conclusion of the 2017 AGM.</p> <p># Attended the October EGM via telephone conference.</p> <ul style="list-style-type: none"> • In 2017, the Company's external auditor attended the 2017 AGM and was available to answer questions. | Members of the Board | Attendance AGM | EGM | Executive Directors | | | LI Ka-shing (<i>Chairman</i>) | 1/1 | 0/3 | LI Tzar Kuoi, Victor (<i>Managing Director and Deputy Chairman</i>) | 1/1 | 3/3 | KAM Hing Lam (<i>Deputy Managing Director</i>) | 1/1 | 2/3 | IP Tak Chuen, Edmond (<i>Deputy Managing Director</i>) | 1/1 | 3/3 | CHUNG Sun Keung, Davy | 1/1 | 3/3 | CHIU Kwok Hung, Justin | 1/1 | 3/3 | CHOW Wai Kam | 1/1 | 3/3 | PAU Yee Wan, Ezra | 1/1 | 3/3 | WOO Chia Ching, Grace | 1/1 | 3/3 | Independent Non-executive Directors | | | CHEONG Ying Chew, Henry (<i>Chairman of the Audit Committee</i>) | 1/1 | 2/3 | CHOW Nin Mow, Albert | 1/1 | 3/3 | HUNG Siu-lin, Katherine (<i>Chairman of the Remuneration Committee</i>) | 1/1 | 3/3 | Simon MURRAY ^ | 0/1 | 0/1 | YEH Yuan Chang, Anthony | 0/1 | 0/3 | Colin Stevens RUSSEL * # | 1/1 | 0/2 | Donald Jeffrey ROBERTS * | 1/1 | 2/2 |
| Members of the Board | Attendance AGM | EGM | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Executive Directors | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| LI Ka-shing (<i>Chairman</i>) | 1/1 | 0/3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| LI Tzar Kuoi, Victor (<i>Managing Director and Deputy Chairman</i>) | 1/1 | 3/3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| KAM Hing Lam (<i>Deputy Managing Director</i>) | 1/1 | 2/3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IP Tak Chuen, Edmond (<i>Deputy Managing Director</i>) | 1/1 | 3/3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CHUNG Sun Keung, Davy | 1/1 | 3/3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CHIU Kwok Hung, Justin | 1/1 | 3/3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CHOW Wai Kam | 1/1 | 3/3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PAU Yee Wan, Ezra | 1/1 | 3/3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| WOO Chia Ching, Grace | 1/1 | 3/3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Independent Non-executive Directors | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CHEONG Ying Chew, Henry (<i>Chairman of the Audit Committee</i>) | 1/1 | 2/3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CHOW Nin Mow, Albert | 1/1 | 3/3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| HUNG Siu-lin, Katherine (<i>Chairman of the Remuneration Committee</i>) | 1/1 | 3/3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Simon MURRAY ^ | 0/1 | 0/1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| YEH Yuan Chang, Anthony | 0/1 | 0/3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Colin Stevens RUSSEL * # | 1/1 | 0/2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Donald Jeffrey ROBERTS * | 1/1 | 2/2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Corporate Governance Report (continued)

| Code Ref. | Code Provisions | Comply ("C")/ Explain ("E") | Corporate Governance Practices |
|-----------|---|--------------------------------|--|
| E.1.3 | The company should arrange for the notice to shareholders to be sent for annual general meeting at least 20 clear business days before the meeting and to be sent at least 10 clear business days for all other general meetings. | C | <ul style="list-style-type: none"> • The Company's notice to shareholders for 2017 AGM was sent at least 20 clear business days before the meeting. |
| E.1.4 | The board should establish a shareholders' communication policy and review it on a regular basis to ensure its effectiveness. | C | <ul style="list-style-type: none"> • In February 2015, the Board established a shareholders communication policy and made it available on the Company's website in June 2015. The policy is subject to review on a regular basis to ensure its effectiveness. • The particulars of shareholders' rights relating to, inter alia, convening of general meetings and making enquiries to the Company are as follows: <ol style="list-style-type: none"> 1. The Company has only one class of shares. All shares have the same voting rights and are entitled to the dividends declared. The Articles set out the rights of shareholders. 2. Any two or more shareholders holding not less than one-tenth of the paid-up capital of the Company or any one shareholder which is a recognised clearing house (or its nominee(s)) holding not less than one-tenth of the paid-up capital of the Company may, in accordance with the requirements and procedures set out in the Articles, request the Board to convene an extraordinary general meeting pursuant to Article 73 of the Articles. The objects of the meeting must be stated in the written requisition which must be signed by the requisitionist(s) and deposited at the principal office of the Company in Hong Kong. The notice shall contain, inter alia, a description of the proposed resolution desired to be put forward at the meeting, the reasons for such proposal and any material interest of the proposing shareholder in such proposal. 3. Pursuant to Article 115 of the Articles, if a shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting (including annual general meeting), the shareholder should lodge a written notice of his/her intention to propose such person for election as a Director with the Company Secretary during a period, as may from time to time be designated by the Company, of a seven-day period commencing on a day after the dispatch of the notice of the general meeting appointed for such election. If there is a different period for lodgement of the notice, such period shall in any event be a period of not less than seven days, commencing no earlier than the day after the dispatch of the notice of the general meeting and ending no later than seven days prior to the date of such general meeting. Such written notice must be accompanied by a notice signed by the person to be proposed of his/her willingness to be elected as a Director. 4. In conducting a poll, subject to any special rights, privileges or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, every shareholder present in person or by proxy or, in the case of a shareholder being a corporation, by its duly authorised representative, shall have one vote for each share registered in his/her/its name in the register. On a poll a shareholder entitled to more than one vote is under no obligation to cast all his/her/its votes in the same way. 5. Shareholders have the right to receive corporate communications issued by the Company in hard copies or through electronic means in accordance with the manner as specified in Article 176 of the Articles. 6. Shareholders whose shares are held in the Central Clearing and Settlement System (CCASS) may notify the Company from time to time through Hong Kong Securities Clearing Company Limited if they wish to receive the Company's corporate communications. 7. Shareholders and other stakeholders may send their enquiries and concerns, in written form, to the Board by addressing them to the Company Secretary at 7th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong. |

| Code Ref. | Code Provisions | Comply ("C")/ Explain ("E") | Corporate Governance Practices |
|-----------|---|--------------------------------|--|
| E.2 | Voting by Poll <i>Corporate Governance Principle</i> <i>The Company should ensure that shareholders are familiar with the detailed procedures for conducting a poll.</i> | | |
| E.2.1 | The chairman of a meeting should ensure that an explanation is provided of the detailed procedures for conducting a poll and answer any questions from shareholders on voting by poll. | C | <ul style="list-style-type: none"> At the 2017 AGM, the chairman of the meeting explained (through the Company Secretary) the detailed procedures for conducting a poll, and answered questions from shareholders. At the 2017 AGM, the chairman of the meeting exercised his power under the Articles to put each resolution set out in the notice to be voted by way of a poll. Representatives of the Hong Kong Share Registrar of the Company were appointed as scrutineers to monitor and count the poll votes cast at the 2017 AGM. All the resolutions (other than procedural or administrative resolutions) put to vote at the Company's general meetings were taken by poll. Poll results were posted on the websites of the Company and HKEx. |
| F. | COMPANY SECRETARY <i>Corporate Governance Principle</i> <i>The Company Secretary plays an important role in supporting the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. The Company Secretary is responsible for advising the Board through the Chairman and/or the Managing Director on governance matters and should also facilitate induction and professional development of Directors.</i> | | |
| F.1.1 | The company secretary should be an employee of the company and have day-to-day knowledge of the company's affairs. | C | <ul style="list-style-type: none"> The Company has appointed an employee of the Company to be the Company Secretary of the Company since its incorporation in January 2015. The Company Secretary ensures the effective conduct of Board meetings and that Board procedures are duly followed. The Company Secretary prepares written resolutions or minutes and keeps records of substantive matters discussed and decisions resolved at all Board and Board Committee meetings. The Company Secretary also advises on compliance with all applicable laws, rules and regulations in relation to the investments of the Group and keeps the Board fully abreast of all legislative, regulatory and corporate governance developments. |
| F.1.2 | The board should approve the selection, appointment or dismissal of the company secretary. | C | <ul style="list-style-type: none"> The appointment and removal of the Company Secretary is subject to Board approval in accordance with the Articles. |
| F.1.3 | The company secretary should report to the board chairman and/or the chief executive. | C | <ul style="list-style-type: none"> The Company Secretary reports to the Board through the Chairman whilst all members of the Board have access to the advice of the Company Secretary. |
| F.1.4 | All directors should have access to the advice and services of the company secretary to ensure that board procedures, and all applicable law, rules and regulations, are followed. | C | <ul style="list-style-type: none"> Directors have access to the Company Secretary and key officers of the Company Secretarial Department who are responsible to the Board for ensuring that Board procedures, and all applicable rules and regulations, are followed. Memoranda are issued to Directors from time to time to update them with legal and regulatory changes and matters of relevance to Directors in the discharge of their duties. |

Corporate Governance Report (continued)

II. Recommended Best Practices

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

| Recommended Best Practice Ref. | Recommended Best Practices | Comply ("C")/ Explain ("E") | Corporate Governance Practices |
|--|--|--------------------------------|--|
| B. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND BOARD EVALUATION | | | |
| B.1 The level and make-up of remuneration and disclosure | | | |
| <i>Corporate Governance Principle</i> The Company should disclose its Director's remuneration policy and other remuneration related matters. The procedure for setting policy on Executive Directors' remuneration and all Directors' remuneration packages should be formal and transparent. | | | |
| B.1.6 | Where the board resolves to approve any remuneration or compensation arrangements with which the remuneration committee disagrees, the board should disclose the reasons for its resolution in its next Corporate Governance Report. | N/A | <ul style="list-style-type: none"> The Board has never approved any remuneration or compensation arrangements which have previously been rejected by the Remuneration Committee. |
| B.1.7 | A significant proportion of executive directors' remuneration should link rewards to corporate and individual performance. | C | <ul style="list-style-type: none"> In 2017, a significant proportion of Executive Directors' remuneration has been structured to link rewards to corporate and individual performance. Please refer to note 4 in the Notes to Consolidated Financial Statements for details of discretionary bonus. |
| B.1.8 | The company should disclose details of any remuneration payable to members of senior management, on an individual and named basis, in the annual reports. | C | <ul style="list-style-type: none"> The Board has resolved that the senior management of the Company comprises only the Executive Directors of the Company. Please refer to note 4 in the Notes to Consolidated Financial Statements for details of the remuneration payable to the Directors. |
| B.1.9 | The board should conduct a regular evaluation of its performance. | C | <ul style="list-style-type: none"> The performances of the Board or individual Directors are best reflected by the Company's results and stock price performance, as well as the Company's decisions to retain the individuals as its Directors. |
| C. ACCOUNTABILITY AND AUDIT | | | |
| C.1 Financial reporting | | | |
| <i>Corporate Governance Principle</i> The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects. | | | |
| C.1.6 – C.1.7 | <ul style="list-style-type: none"> The company should announce and publish quarterly financial results within 45 days after the end of the relevant quarter. These should disclose sufficient information to enable shareholders to assess the company's performance, financial position and prospects. The company's quarterly financial results should be prepared using the accounting policies of its half-year and annual accounts. Once the company announces quarterly financial results, it should continue to do so for each of the first 3 and 9 months periods of subsequent financial years. Where it decides not to continuously announce and publish its financial results for a particular quarter, it should announce the reason(s) for this decision. | E | <ul style="list-style-type: none"> The Company issued half-yearly financial results within 2 months after the end of the relevant period, and annual financial results within 3 months after the end of the relevant year. In addition, all significant transactions and inside information have been announced and disclosed in accordance with the Listing Rules during the year. The shareholders of the Company are therefore able to assess the performance, financial position and prospects of the Company. The Company does not consider it necessary, nor is it in the interests of the Company and its shareholders, to issue quarterly financial results. This would result in incurring costs disproportionate to any additional benefits to the shareholders. Quarterly financial reports may not fairly reflect the actual performance of the Company given that the development cycle of property projects often spans a period of three to five years. |

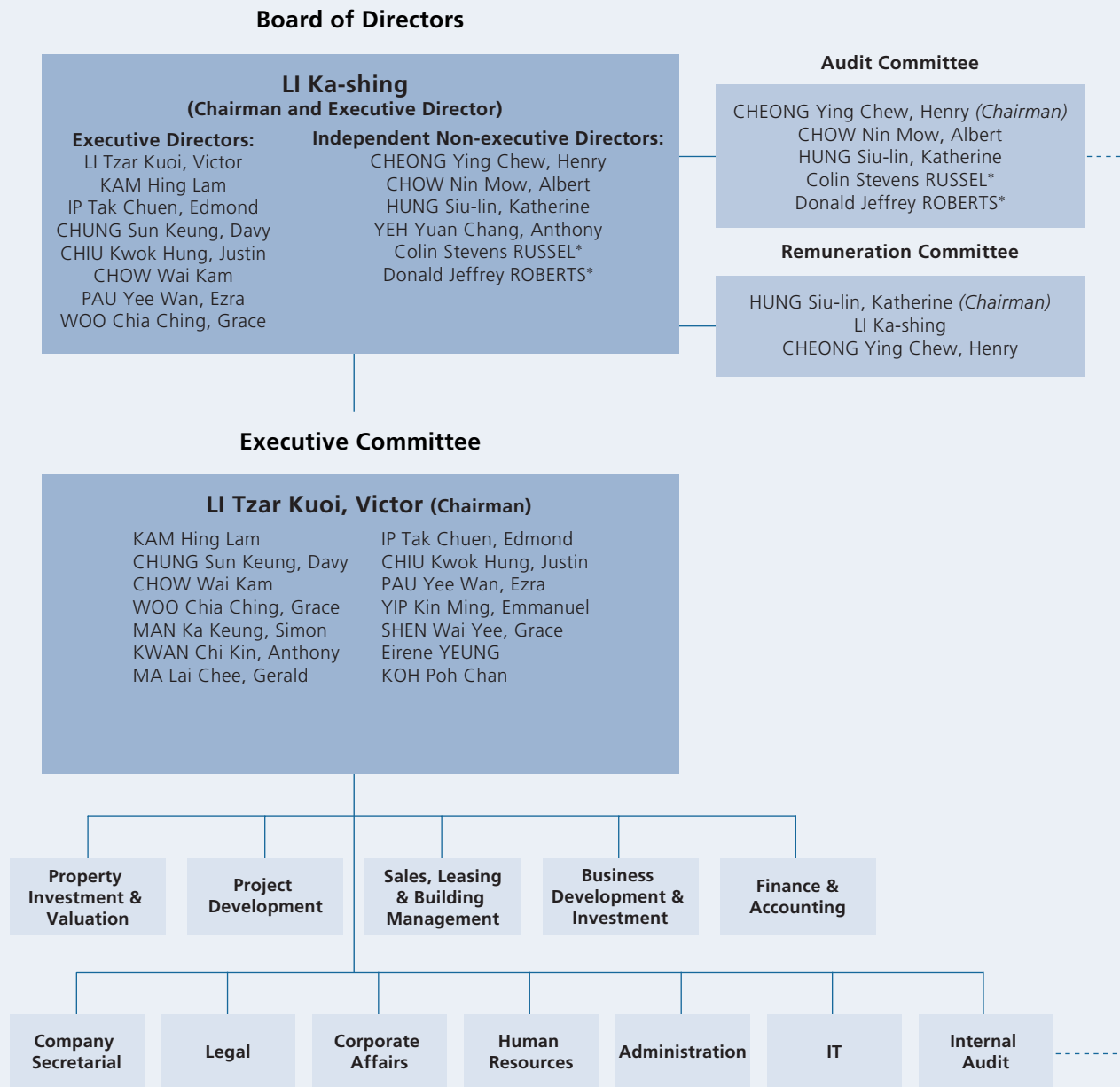
Corporate Governance Report (continued)

| Recommended Best Practice Ref. | Recommended Best Practices | Comply ("C")/ Explain ("E") | Corporate Governance Practices |
|---|---|--------------------------------|--|
| C.2 | Risk management and internal control <i>Corporate Governance Principle</i> <i>The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board should oversee management in the design, implementation and monitoring of the risk management and internal control systems, and management should provide a confirmation to the Board on the effectiveness of these systems.</i> | | |
| C.2.6 | The board may disclose in the Corporate Governance Report that it has received a confirmation from management on the effectiveness of the company's risk management and internal control systems. | C | <ul style="list-style-type: none"> Please refer to C.2.1 – C.2.5 above for the details. |
| C.2.7 | The board may disclose in the Corporate Governance Report details of any significant areas of concern. | C | <ul style="list-style-type: none"> Please refer to C.2.1 – C.2.5 above for the details. |
| C.3 | Audit Committee <i>Corporate Governance Principle</i> <i>The Board should establish formal and transparent arrangements to consider how it will apply financial reporting, risk management and internal control principles and maintain an appropriate relationship with the Company's auditors.</i> | | |
| C.3.8 | The audit committee should establish a whistleblowing policy and system for employees and those who deal with the company (e.g. customers and suppliers) to raise concerns, in confidence, with the audit committee about possible improprieties in any matter related to the company. | C | <ul style="list-style-type: none"> Please refer to C.3.7 above for the details. |
| D. | DELEGATION BY THE BOARD | | |
| D.1 | Management functions <i>Corporate Governance Principle</i> <i>The Company should have a formal schedule of matters specifically reserved for Board approval and those delegated to management.</i> | | |
| There is no recommended best practice under Section D.1 in the CG Code. | | | |
| D.2 | Board Committees <i>Corporate Governance Principle</i> <i>Board Committees should be formed with specific written terms of reference which deal clearly with their authority and duties.</i> | | |
| There is no recommended best practice under Section D.2 in the CG Code. | | | |
| D.3 | Corporate Governance Functions | | |
| There is no recommended best practice under Section D.3 in the CG Code. | | | |

| Recommended Best Practice Ref. | Recommended Best Practices | Comply ("C")/ Explain ("E") | Corporate Governance Practices |
|--------------------------------|--|--------------------------------|--------------------------------|
| E. | COMMUNICATION WITH SHAREHOLDERS | | |
| E.1 | Effective communication | | |
| | <p>Corporate Governance Principle <i>The Board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with them and encourage their participation.</i></p> | | |
| | There is no recommended best practice under Section E.1 in the CG Code. | | |
| E.2 | Voting by Poll | | |
| | <p>Corporate Governance Principle <i>The Company should ensure that shareholders are familiar with the detailed procedures for conducting a poll.</i></p> | | |
| | There is no recommended best practice under Section E.2 in the CG Code. | | |
| F. | COMPANY SECRETARY | | |
| | <p>Corporate Governance Principle <i>The Company Secretary plays an important role in supporting the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. The Company Secretary is responsible for advising the Board through the Chairman and/or the Managing Director on governance matters and should also facilitate induction and professional development of Directors.</i></p> | | |
| | There is no recommended best practice under Section F in the CG Code. | | |

Corporate Governance Report (continued)

Management Structure Chart



* Appointed as Independent Non-executive Director and member of Audit Committee of the Company with effect from 29 March 2017.

Note: Mr. Simon Murray had retired as an Independent Non-executive Director of the Company with effect from the conclusion of the 2017 AGM.

Environmental, Social and Governance Report

REPORTING PERIOD AND FRAMEWORK

This Environmental, Social and Governance (“ESG”) Report (“ESG Report”) summarises the ESG policies, initiatives and performance of CK Asset Holdings Limited (“Company”) and its subsidiaries (collectively, the “Group”) as well as demonstrates its commitment to sustainability for the year ended 31 December 2017 (“Reporting Period”). It is prepared in accordance with the ESG Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Reporting Guide”).

SCOPE OF REPORTING

The ESG Report covers the Group’s businesses and operations of property development and investment, hotel and serviced suite operation, property and project management and aircraft leasing, over which it has direct management control, unless otherwise specified.

During the Reporting Period, the Group has achieved remarkable progress by making a number of quality investments. Such investments include the following:

- 40% interest in the DUET Group, which is an owner and operator of energy utility assets predominantly in Australia, but also in the United States, Canada, and the United Kingdom;
- 75% interest in the building equipment services business which provides water heaters and related services under the consumer brand, “Reliance Home Comfort”, in Canada; and
- 65% interest in ista Luxemburg GmbH, which is a fully integrated energy management services provider with the main market being Germany.

Considering the fact that the above investments have been held for less than a full financial year and in respect of these newly acquired businesses, therefore, the ESG Report focuses mainly on the ESG aspects of the Group’s responsible investment policy.

The ESG Report is organised into two sections, focusing on environment and social aspects respectively. Information relating to the Group’s corporate governance practices can be found in the Corporate Governance Report on pages 62 to 94.

Environmental, Social and Governance Report (*continued*)

APPROACH TO ESG AND REPORTING

As a multinational corporation, the Company recognises the importance of operating businesses in a sustainable way.

The Group's ESG approach is to factor the concept of sustainability into our business operations with a view to creating long-term value for customers, employees, business partners, shareholders, investors and the wider community. The Board oversees the Group's overall ESG direction. A cross-departmental ESG working group is responsible for the implementation of ESG practices and control systems in the Group's operations and businesses. The ESG working group comprises members designated by the management team spanning across accounts department, administration department, building cost & contract department, China department, company secretarial department, construction audit & quality assurance department, construction management department, corporate affairs department, corporate business development department, development department, E & M department, human resources department, information technology department, internal audit department, legal department, sales department, sales department – building management, Hutchison Property Group and Harbour Plaza Hotel Management Group. ESG performance is measured and reviewed as well as reported to the management team who will then confirm to the Board through the Audit Committee whether appropriate and effective ESG risk management and internal control systems are in place.

When deciding to make a new investment, the investment committee of the Group takes into account the ESG performance of the targeted investment. Due diligence of relevant ESG aspects of the target business is conducted, and applying performance criteria such as compliance with environmental regulations, labour supply and relations, supply chain and customers, environmental and social risks, management capability, integrity and financial management. Relevant ESG aspects are properly assessed and considered as part of the overall investment decision. Continuous monitoring on, inter alia, the ESG performance of the Group's invested businesses is conducted through representation on the boards of the businesses after acquisition. The management teams of the newly invested businesses are required to report and disclose environmental, health and safety, human resources, social and community responsibility issues and performance at regular board meetings and board committee meetings.

As in the previous reporting year, an independent consultant has been retained to provide reporting advisory services to the Company and to assist with the Company's compilation of the ESG Report in accordance with the requirements of the Reporting Guide. For the purpose of meeting the said requirements, the ESG working group continues to identify and assess material ESG aspects of the Group's operations.

STAKEHOLDER ENGAGEMENT

To better understand stakeholders' concerns and expectations, the Group engages its key stakeholders, including employees, shareholders, investors, investees, tenants, customers, suppliers, government bodies as well as local communities, from time to time through various channels, such as meetings, surveys, e-communication platforms, public events and publications. The Group continues to enhance its performance, deliver products and services that address stakeholders' needs and also creates greater value for the wider community on a continuous basis. Over 50 key stakeholders (including delegate(s) from the Executive Directors and/or department heads as well as management teams involved in the newly acquired investments) were engaged in the preparation of the ESG Report.

SUSTAINABILITY GOVERNANCE

An information and data collection template formulated based on the Company's assessed material ESG aspects is adopted and used for collection of ESG information and data from relevant departments and business units of the Group. The ESG Report is prepared based on the information and data so collected. The ESG Report has been reviewed by the independent consultant which confirms that disclosures made by the Company in the ESG Report meets with the requirements of the Reporting Guide. The management confirms that appropriate and effective ESG risk management and internal control systems are in place.

MATERIALITY ASSESSMENT

Based on the ESG aspects set out in the Reporting Guide, feedback was obtained from stakeholders for identifying and determining the material ESG aspects to be covered in this ESG Report. The results are shown in the table below, together with the aspects of the Reporting Guide to which they relate:

| <i>ESG aspects set out in the Reporting Guide</i> | | <i>Material ESG aspects for the Group</i> |
|---|--|--|
| A. Environmental | A1 Emissions | <ul style="list-style-type: none"> Managing Greenhouse Gases and Air Emissions Waste Minimisation |
| | A2 Use of Resources | <ul style="list-style-type: none"> Achieving Higher Energy Efficiency Reducing Use of Water Reducing Use of Packaging Materials |
| | A3 The Environment and Natural Resources | <ul style="list-style-type: none"> Managing Other Environmental Impact |
| B. Social | B1 Employment | <ul style="list-style-type: none"> Fair Employment Practices |
| | B2 Health and Safety | <ul style="list-style-type: none"> Health and Safety Management |
| | B3 Development and Training | <ul style="list-style-type: none"> Talent Development |
| | B4 Labour Standards | <ul style="list-style-type: none"> Anti-Child and Forced Labour |
| | B5 Supply Chain Management | <ul style="list-style-type: none"> Responsible Procurement Practices |
| | B6 Product Responsibility | <ul style="list-style-type: none"> Maintaining Products and Services Quality Protecting Personal Data Privacy and Intellectual Property |
| | B7 Anti-corruption | <ul style="list-style-type: none"> Anti-Bribery and Anti-Corruption |
| | B8 Community Investment | <ul style="list-style-type: none"> Contributions to Society |

Environmental, Social and Governance Report (*continued*)

A. ENVIRONMENTAL

A1: Emissions

Managing Greenhouse Gases (“GHG”) and Air Emissions

The Environment Bureau published the Hong Kong’s Climate Action Plan 2030+ in January 2017 setting out Hong Kong’s new carbon emissions reduction target for 2030. In support of the said Action Plan, the Group incorporates green practices in its daily operations to curtail its carbon footprint and air emissions. Actions taken by the Group include:

- performing carbon audits;
- using low-emissions equipment;
- requesting contractors to deploy machinery and vehicles the emissions from which comply with international green standards;
- using environmentally friendly refrigerants;
- using ultra-low sulphur diesel oil for all hotel emergency generators; and
- installing charging facilities for electric cars at the Harbour Grand Hong Kong and 12 properties managed by the Group’s property management subsidiaries.

Recognising that our construction contractors account for a significant part of the GHG emissions of our property development projects, the Group has taken various actions to manage GHG and air emissions from the construction contractors at different construction sites, such as monitoring contractors’ emissions performance, requiring contractors to reduce engine speed or shut down vehicles and plants in intermittent use between work periods, and prohibiting the burning of refuse within site areas.

In 2017, Goodwell Property Management Limited (“Goodwell”) and Citybase Property Management Limited (“Citybase”) continued to achieve ISO 14001 certification. In recognition of the Group’s effort in carbon reduction, the residential, commercial or industrial properties managed by the Group’s property management subsidiaries achieved the following awards in 2017:

- Certificate in Tree Conservation Scheme; and
- Carbon Reduction Certificate in Hong Kong Green Organisation Certification.

The Group participated in the Carbon Audit and Carbon Reduction Charter and pledged to make efforts to reduce carbon emissions at the residential, commercial and industrial properties managed by the Group’s property management subsidiaries.

Table 1: GHG emissions of relevant business and operations of the Group in 2017 (Note 1)

| Scope of GHG Emission (Note 2) | Unit | Property Development (Note 3) | Property Management | Hotel and Serviced Suite Operation (Note 4) | Aircraft Leasing (Note 5) | Offices |
|--|---------------------------------|-------------------------------|---------------------|---|---------------------------|----------|
| Scope 1 – Direct GHG emissions | tonnes CO ₂ e | – | 28,592.02 | 4,154.34 | – | 140.95 |
| Scope 2 – Indirect GHG emissions | tonnes CO ₂ e | – | 332,615.76 | 99,225.28 | 88.10 | 6,193.06 |
| Scope 3 – Other indirect GHG emissions | tonnes CO ₂ e | 60,465.23 | 4,351.09 | 1,576.74 | 4.20 | 709.65 |
| Total GHG emissions | tonnes CO ₂ e | 60,465.23 | 365,558.87 | 104,956.36 | 92.30 | 7,043.66 |
| GHG Emission Intensity (Note 6) | tonnes CO ₂ e/sq.ft. | 0.0015 | 0.0025 | 0.015 | 0.012 | 0.010 |

Notes:

- (1) GHG emissions data include 26 construction sites, 212 managed properties, 10 hotels in Hong Kong and self-occupied offices. Besides GHG emissions, no other material air emissions or water discharges were identified in the Group's direct operations.
- (2) Carbon emissions were calculated with reference to the Greenhouse Gas Protocol published by World Resources Institute (WRI) and World Business Council on Sustainable Development (WBCSD), and the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong, published by the Environmental Protection Department and the Electrical and Mechanical Services Department.
- (3) All property development projects are undertaken by contractors. Therefore, the related GHG emissions (which were calculated based on the data provided by contractors) are reported under Scope 3 – Other indirect GHG emissions.
- (4) Included GHG emissions from tenants and hotel guests.
- (5) The reporting figures only cover GHG emissions from the aircraft leasing office because the Group does not operate the aircraft it owns and has no direct control over the GHG emissions of the aircraft operated by its airline customers.

Environmental, Social and Governance Report (*continued*)

(6) Intensities were calculated using the following metrics according to the nature of each business segment:

- Property Development: Total gross floor areas of construction projects;
- Property Management: Total gross floor areas of managed properties;
- Hotel and Serviced Suite Operation: Total gross floor areas of hotels and serviced suites;
- Aircraft Leasing: Total gross floor areas of self-occupied office; and
- Offices: Total gross floor areas of self-occupied offices.

Waste Minimisation

Avoiding the generation of waste at the source and minimising waste through reusing and recycling are crucial measures in waste reduction strategy.

With respect to the Group's property development business, the Group strives to avoid overstocking of materials through proper inventory planning and construction site management. Precast units are used in order to reduce the amount of waste generated on construction sites. Materials such as timber and rubble, as well as steel and metal, are segregated for recycling. Contractors are also required to submit a waste management plan and to comply with a set of waste management procedures for handling non-hazardous and hazardous waste, which must be collected by qualified and licensed waste collectors in accordance with the applicable regulations.

With respect to the Group's property management, hotel and serviced suite operation and aircraft leasing businesses, employees are encouraged to use less paper by duplex printing and copying, and to use e-platforms for internal communication in order to reduce waste generated. The Group also continues to raise the environmental awareness of tenants and owners of the properties managed by the Group's property management subsidiaries by encouraging them to participate in various green activities, such as the Source Separation of Domestic Waste, FoodWise Charter and the Computer and Communication Products Recycling Programme.

In 2017, 61 Wastewi\$e Certificates were awarded to properties managed by the Group's property management subsidiaries in recognition of their efforts in adopting measures to reduce the amount of waste generated.

Table 2: Waste generated by relevant business and operations of the Group in 2017 (Note 7)

| | Unit | Property Development (Note 8) | Property Management | Hotel and Serviced Suite Operation | Aircraft Leasing (Note 9) | Offices |
|-----------------------|--------|----------------------------------|---------------------|------------------------------------|------------------------------|---------|
| Waste Disposed | | | | | | |
| Non-hazardous waste | tonnes | 94,536.17 | 135.25 | 112.00 | 0.77 | 141.18 |
| Hazardous waste | tonnes | 260.81 | 10.36 | – | – | 1.01 |
| Waste Recycled | | | | | | |
| Paper | tonnes | – | 7,243.03 | 55.44 | – | 75.77 |
| Glass bottle | tonnes | – | 99.32 | – | 0.03 | 0.06 |
| Aluminum can | tonnes | – | 215.32 | – | – | 0.17 |
| Plastic bottle | tonnes | – | 393.23 | 14.51 | 1.45 | 0.19 |
| Others (Note 10) | tonnes | 209,953.14 | – | – | – | – |

Notes:

- (7) Waste data include 26 construction sites, 212 managed properties, 10 hotels in Hong Kong and self-occupied offices.
- (8) Data are provided by contractors of the property development projects.
- (9) As the Group does not operate the aircraft it owns and has no direct control over the waste from the aircraft operated by its airline customers, the reported figures only cover the waste generated by the aircraft leasing office operated by the Group.
- (10) Included concrete, steel and metals, mixed rock and soil and other construction waste.

A2: Use of Resources

Achieving Higher Energy Efficiency

The Group adopts resource efficiency and eco-friendly measures and is committed to optimising the use of resources in all of its business operations.

Bearing in mind that buildings account for about 90% of the electricity used in Hong Kong and over 60% of the carbon emissions as published in the “Deepening Energy Saving in Existing Buildings in Hong Kong Through ‘4Ts’ Partnership” by the Environment Bureau in June 2017, the Group endeavours to minimise the environmental impact of its properties from as early as the planning and design stage through incorporating insulation and sun-shading features in the building envelope, adopting naturally ventilated staircases and lift lobbies in residential buildings, using double-glazing with Low-E glass and insulated window frames, optimising the size of windows. These help to reduce energy consumption without compromising comfort levels in the buildings.

Various energy saving practices are also implemented in the hotels and residential, commercial and industrial properties managed by the Group’s property management subsidiaries, including installing energy efficient lighting appliances, reducing number of lifts operating at mid-night and using heat pumps or other recovery systems in hotels. The Group also encourages its employees, hotel or serviced suite guests and tenants to adopt a more environmentally friendly way of living.

Environmental, Social and Governance Report (continued)

Ten hotels of the Harbour Plaza Hotel Management Group and selected properties managed by the Group's property management subsidiaries participated in "Earth Hour", which is the world's annual environment event aimed at raising public awareness of energy saving and carbon reduction for a sustainable future through switching off non-essential lighting. The Group has also participated in the following programmes and pledged to make efforts to save energy of the residential, commercial and industrial properties managed by the Group's property management subsidiaries:

- 4Ts (target, timeline, transparency, together) Charter;
- Energy Saving Charter 2017; and
- Energy Saving Charter on "No ILB".

In recognition of the Group's effort in environmental performance, the residential, commercial or industrial properties managed by the Group's property management subsidiaries received the following awards in 2017:

- "EcoChallenger" and "EcoPartner" in BOCHK Corporate Environmental Leadership Awards; and
- Merit Award – Property Management (Residential) in Hong Kong Awards for Environmental Excellence.

Table 3: Electricity consumption of relevant business and operations of the Group in 2017

(Note 11)

| Electricity (Note 12) | Unit | Property Development (Note 13) | Property Management (Note 14) | Hotel and Serviced Suite Operation (Note 15) | Aircraft Leasing | Offices |
|--------------------------------------|------------|--------------------------------------|-------------------------------------|--|---------------------|-----------|
| Electricity Consumption | kWh | 35,849,557 | 530,423,317 | 169,861,031 | 188,447 | 9,287,340 |
| Electricity Consumption Intensity | kWh/sq.ft. | 0.86 | 3.70 | 23.75 | 25.34 | 13.26 |

Notes:

- (11) Electricity data include 26 construction sites, 212 managed properties, 10 hotels in Hong Kong and self-occupied offices.
- (12) Electricity accounted for over 95% of the energy consumed by the Group (excluding businesses newly acquired in 2017). Accordingly, other energy consumed is considered to be insignificant and is not disclosed in this ESG Report. Nevertheless, the Group will continue to monitor the consumption of other energy.
- (13) Energy consumption in property development projects included data provided by contractors.
- (14) Only includes energy consumption in common areas and air-conditioning system in managed properties, which are under the control of the Group.
- (15) Included the energy consumption of tenants and hotel guests.

Reducing Use of Water

In addition to managing energy consumption, the Group is committed to promoting awareness of water conservation amongst its staff, contractors, tenants and hotel guests. Actions taken by the Group include:

- displaying labels to remind staff to avoid unnecessary resource consumption;
- organising activities in the Group's managed properties to promote green awareness on the part of residents, tenants and owners;
- posting notices in hotel guestrooms to raise guests' awareness of ecological matters and energy saving measures; and
- incorporating conservation of electricity and water as one of the conditions in the license agreement for the Group's serviced suites.

Measures are also incorporated into the operations to reduce the use of freshwater, including using sea water for flushing systems and chiller plants, and implementing rainwater collection systems for landscaping or cleaning purposes.

In 2017, a total of 157 certificates were awarded to properties managed by the Group's property management subsidiaries by Water Supplies Department under Quality Water Supply Scheme for Buildings – Fresh Water (Plus) and under Quality Water Supply Scheme for Buildings – Flushing Water in recognition of their well-maintained internal plumbing systems.

Table 4: Water consumption of relevant business and operations of the Group in 2017

(Note 16)

| | Unit | Property Development (Note 17) | Property Management | Hotel and Serviced Suite Operation (Note 18) | Aircraft Leasing | Offices |
|-----------------------------|------------------------|-----------------------------------|---------------------|---|------------------|---------|
| Water Consumption | m ³ | 2,809,487 | 4,222,597 | 1,853,178 | 500 | 30,403 |
| Water Consumption Intensity | m ³ /sq.ft. | 0.07 | 0.03 | 0.26 | 0.07 | 0.04 |

Notes:

(16) Water consumption data include 26 construction sites, 212 managed properties, 10 hotels in Hong Kong and self-occupied offices. The Group mainly consumed municipal water and no issue in sourcing water were identified.

(17) Water consumption in property development projects included data provided by contractors.

(18) Includes the water consumption from tenants and hotel guests.

Environmental, Social and Governance Report (*continued*)

Reducing Use of Packaging Materials

Use of packaging materials is not considered to be a material ESG aspect in the Group's property development, property management and aircraft leasing businesses. Regarding its hotel and serviced suite business, the Group has adopted the following practices with a view to minimising the impact of packaging material on the environment:

- using paper bags made with FSC (Forest Stewardship Council) paper as an alternative for plastic bags to carry dry food items;
- providing plastic shopping bags only upon request;
- reducing the use of packaging materials for bathroom amenities; and
- using biodegradable plastics for packaging materials.

In 2017, a total of approximately 27 tonnes of packaging materials were used by the Group's hotel business.

A3. The Environment and Natural Resources

Managing Other Environmental Impact

Apart from implementing measures for managing resources consumption and reducing waste generated, various other initiatives have been implemented to manage the impact of our construction projects and business operations on the environment and natural resources. In 2017, the Group's property development project, Chongqing Regency Lakeview, was awarded the Trophy Project of Environmental Excellence in Chongqing Real Estate 2017 for its achievement in high degree integration of human living and nature with its lakeside meadow and greenery. It is the second time Chongqing Regency Lakeview has won this award since 2016.

Recognising that the Group's construction projects are carried out by contractors, dialogue with contractors is maintained to ensure that suitable ESG measures are implemented during the construction period. Various measures implemented at different construction sites include the use of noise enclosures for piling rigs, weekly dust inspections of designated dust emission sources during periods of construction, and regular pH tests of waste water quality.

In the course of business operations, renovation activities are performed at offices, hotels or properties managed by the Group's property management subsidiaries from time to time. To lessen the disturbance caused by these activities, contractors performing renovations are requested to use materials or equipment that have the least emissions and noise. Office repair and renovation works are scheduled after office hours. Indoor air quality in selected properties managed by the Group's property management subsidiaries is also regularly monitored and measured. During the Reporting Period, the Group continued to participate in the Indoor Air Quality Certification Scheme and a total of 50 "Indoor Air Quality Certificate Awards" were received by the properties managed by the Group's property management subsidiaries in recognition of their efforts in improving indoor air quality.

With respect to external lighting, the Cheung Kong Center, Harbour Grand Kowloon, Harbour Plaza North Point, Harbour Plaza Resort City and The Kowloon Hotel received the Platinum Award and the Harbour Grand Hong Kong and Sheraton Hong Kong Hotel & Towers received the Gold Award in Charter on External Lighting award ceremony held by the Environment Bureau in 2017.

The Group is not aware of any material non-compliance with laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that have a significant impact on the Group during the Reporting Period.

B. SOCIAL

B1: Employment

Fair Employment Practices

The Group's policy is to promote equal opportunities in recruitment, internal transfer and promotion. It recognises that sustainable growth in its business relies on recruitment and retention of talent regardless of gender, age, family status, sexual orientation, disability, race, religion or other characteristics. Gender diversity is demonstrated by the Group's employee profile of approximately 57% male and 43% female. The age for distribution of the Group's employees is approximately 22% for 18 to 30, 52% for 31-50 and 26% for age above 50. The employee turnover rate among the Group's full-time employees by gender is approximately 13% for males, 15% for females; while this rate by age is approximately 29% for ages 18 to 30, 11% for 31 to 50 and 8% for above 50. The Group adopts fair evaluation practices and criteria for all candidates and staff regardless of their gender and age.

To motivate and retain talent, the Group offers competitive remuneration which is reviewed annually to reflect each employee's performance and contribution as well as market developments. Permanent and contract employees of the Company are also provided with other fringe benefits such as medical, life and disability insurance coverage. Retirement schemes are included as part of their remuneration packages.

The Group treasures its employees and considers its well-established management team and diligent employees a significant intangible asset of the Group and a major force supporting its solid performance. A five-day week policy has been adopted in the Company since June 2017.

The Group cares about the physical and mental wellbeing of its employees. Permanent employees of the Company are entitled to free annual health checks. Fresh fruit as well as nutraceutical soup which are provided on a regular basis. Recreational activities such as health talks, "porcelarts" workshops, summer parties and sports activities are organised by the Company or subsidiaries of the Group.

Each year, the Group hosts an annual dinner at which employees can interact socially and enjoy a sense of belonging. Employees can also enjoy discounted services and products offered by Group entities and affiliates.

In 2017, the Company was presented "Asia's Best Employer Brand Awards" at the 8th Asia's Best Employer Brand Awards 2017 in Singapore. This is the third consecutive year that the Group has received this accolade. It is a recognition of the Company's achievement in human resources management as well as its effective marketing communications strategies in attracting, retaining and developing talent.

Environmental, Social and Governance Report (*continued*)

B2: Health and Safety

Health and Safety Management

The Group recognises the importance of workplace safety. To ensure that the contractors meet the Group's safety standards, regular inspections of construction sites are conducted. Contractors are requested to conduct risk assessments to identify the risks associated with each construction activity, and the nature and extent of these risks as well as to determine the preventive or protective measures required to address them.

During the Reporting Period, there were 12,363 lost days due to reported work-related injuries for employees directly employed by the Group. Safety committees for property management subsidiaries Citybase, Goodwell, Cheung Kong Center Property Management Limited and Hutchison Property Management Company Limited as well as the hotels of the Harbour Plaza Hotel Management Group have been established respectively for managing and monitoring matters relating to health and safety.

To provide a safe working environment for employees in the office, risk assessments of workstations, equipment and tools are performed on a regular basis. Upgrades and maintenance of office equipment and tools are performed in line with the pace of technological change and the needs and demands of employees. Regular spot checks are also carried out to ensure a safe working environment.

In 2017, Citybase and Goodwell achieved its annual OHSAS 18001 accreditation for its occupational health and safety management system. In recognition of its efforts in occupational safety, certain residential, commercial or industrial properties managed by the Group's property management subsidiaries were awarded the following:

- Gold Award in "Best Presentation Award" category, Bronze Award and Merit Award in "Best Property Management Award" category and Bronze Award and Merit Award in "Safety Culture Award" category in the "Best Property Safety Management Award" organised by Occupational Safety & Health Council;
- Outstanding Award and Merit Award in the Occupational Health Award organised by Occupational Safety & Health Council;
- Certificates in the "Safe and Healthy Estate Accreditation Scheme" organised by Occupational Safety & Health Council; and
- Outstanding Award and Merit Award in Joyful@Healthy Workplace Best Practices Award organised by Department of Health and Occupational Safety & Health Council.

B3: Development and Training

Talent Development

The Group aspires to develop employees by providing opportunities to advance their careers. Employees of the Group are encouraged to take part in internal and external training courses to continually enhance and update knowledge and information in their respective functions. Directors of the Group are provided with continuous professional development training to develop and refresh their knowledge and skills and are also updated on the latest legal and regulatory issues.

In 2017, at least 50% of the Group's employees attended training organised by the Group and/or received support from the Group by way of sponsorship and/or fully-paid training leave for them to attend job related training courses or professional seminars. Computer training and management skills and occupational training have also been organised internally by the Hutchison Property Group for its employees. Vocational training, for skills enhancement and development, were also provided by Goodwell and Citybase on an as-needed basis. Corporate orientation programmes were held for new staff to assist them with adopting the Group's corporate culture. During the Reporting Period, approximately 56% of the Group's male employees and 58% of the Group's female employees participated in such trainings.

Goodwell received the Gold Award at the "Security Services Best Training Awards" organised by the Vocational Training Council and The Crime Prevention Bureau in 2017.

B4: Labour Standards

Anti-Child and Forced Labour

The Group does not engage in nor tolerate any use of child or forced labour. Procedures are established to ensure that no child labour is engaged. Contractors and sub-contractors are also required to declare that they have not engaged and will not engage in child or forced labour.

The Group is not aware of (i) any material non-compliance with laws and regulations relating to employment and labour practices, occupational health and safety that have a significant impact on the Group; or (ii) any incident that has a significant impact on the Group relating to the use of child or forced labour during the Reporting Period.

B5: Supply Chain Management

Responsible Procurement Practices

As a multinational corporation with activities encompassing property development and investment, hotel and serviced suite operation, property and project management, infrastructure and utility asset operation, and aircraft leasing, the Group has an extensive supplier base providing a variety of products and services for its businesses and operations.

The Group strives not to over-rely on a specific supplier so as to ensure the stability of our supply chain. During the Reporting Period, 26% of the Group's purchases was attributable to the Group's five largest suppliers, of which 13% were in Hong Kong and 13% on the Mainland.

In addition, the Group engages its suppliers in developing a sustainable supply chain and works with them to ensure they meet with the Group's standards on business ethics, environment, and health and safety.

Regarding property development projects, bribery or corruption in any form is strictly and expressly prohibited in the tendering process for construction projects. Employees are reminded to avoid situations that may lead to or involve a conflict or potential conflict of interest. To ensure fairness in the tendering process, a Tender Committee has been in place to monitor the supplier and contractor selection process. The Tender Committee makes use of analyses and recommendations made by external consultants and internal project staff when awarding contracts to bidders.

Environmental, Social and Governance Report (*continued*)

All approved suppliers of the Harbour Plaza Hotel Management Group have been provided with the Group's Supplier Code of Conduct, which requires them to promote safe and healthy working conditions, use fair hiring practices, treat their employees with dignity and respect and adhere to environmentally responsible practices in their operations. Any breach of the Supplier Code of Conduct by a supplier may result in its business relationship with the Group being terminated. If any supplier's performance is determined to be below expectations, it would not be re-invited to future bids or tenders.

The Group evaluates and monitors the performance of its suppliers to ensure their compliance with service standards, contract conditions and quality provisions. In line with its commitment to business integrity, the Company has established an open and fair procurement process. There must be internal written records of the reasons for any non-inclusion or suspension of contractors or suppliers.

B6: Product Responsibility

Maintaining Products and Services Quality

The Group is committed to delivering superior customer services and to handle queries from customers in a timely and efficient manner. In line with this approach, customer services teams of the Group's property development projects have been established. Re-examinations and re-inspections of properties are carried out for residential properties developed by the Group in Hong Kong, the Mainland and overseas when they are handed over to purchasers. Follow-up services are provided to purchasers to assist them with setting up connections to utilities, telecommunications and other services. Regular inspections are carried out by the Group in order to ensure the quality of the properties being constructed and to be delivered by contractors. The Group's property development projects complied with the codes and regulations for property development, including in the area of environmental protection.

Regarding the hotels of the Harbour Plaza Hotel Management Group, the Group also endeavours to provide an excellent experience to its guests. Food safety is considered to be the top priority. Measures have been adopted to ensure the quality of food supplies. In 2017, in recognition of the excellent quality services provided by our hotels, the Group was awarded:

- Robotayaki – "Michelin Guide Hong Kong & Macau 2017" Recommended Restaurant (Harbour Grand Kowloon);
- Hong Kong International Culinary Classic 2017 – Silver Award – Western cuisine (Harbour Grand Hong Kong);
- The Best Serviced Apartment Awards 2017 (Harbour Plaza North Point);
- "Best Mid-range Hotel in Hong Kong" TTG China Travel Awards 2017 (Harbour Plaza 8 Degrees);
- "Best Local Hotel Chain" TTG Travel Awards 2017 (Harbour Plaza Hotels & Resorts); and
- 2017 World Luxury Hotel Awards – Luxury City Hotel (Harbour Grand Hong Kong).

In order to enhance the Group's products and services on a continuous basis, customers are encouraged to provide feedback on their experience, and the Group has established procedures for handling customers' queries and complaints.

Protecting Personal Data Privacy and Intellectual Property

The Group respects personal data privacy and intellectual property rights. Policies and measures regarding the protection, collection and usage of personal data and protection of intellectual property are in place. Training is provided to relevant employees regarding the protection of personal data. Review and revision of the Group's personal data and privacy protection practices are carried out to ensure compliance with relevant laws. Trademarks and domain names are registered in various jurisdictions in order to protect the intellectual property of the Group. Action will be taken immediately if scam or infringing articles or materials in relation to the Group are discovered.

The Group is not aware of any incidents of material non-compliance with laws and regulations concerning health and safety, advertising, labelling and privacy matters relating to products and services and methods of redress, that have a significant impact on the Group during the Reporting Period.

B7: Anti-corruption

Anti-Bribery and Anti-Corruption

The Group adopts a "zero tolerance" approach to bribery, corruption and fraud of any kind. As part of the Company's corporate orientation programme, newly joined permanent employees are required to attend seminars delivered by the Independent Commission Against Corruption ("ICAC") which introduces them to anti-corruption guidelines and practices. Members of the Group continue to co-operate with the ICAC in promoting anti-corruption practices. During the Reporting Period, ICAC was also invited to present a seminar on the role of the company directors in ethical governance to the directors of the Company.

The Group has a code of conduct under the Employee Handbook and whistle-blowing procedures. Employees are encouraged to report any concerns they have regarding bribery and corruption or suspected cases. In addition, in line with the Group's commitment to integrity in business, employees and stakeholders who deal with the Group, including customers, suppliers, creditors and debtors, are encouraged to report any suspected impropriety, misconduct or malpractice that they encounter within the Group. Procedures are in place to ensure that such reports are logged and investigated, and that appropriate action to address them will be taken. The reporting employee making appropriate reports under these procedures is assured of protection against unfair dismissal, victimisation or unwarranted disciplinary action, even if the reports are subsequently proved to be incorrect or unsubstantiated.

The Group is not aware of any material breach of laws and regulations relating to bribery, extortion, fraud and money laundering that have a significant impact on the Group during the Reporting Period.

Environmental, Social and Governance Report (*continued*)

B8: Community Investment

Contributions to Society

As a responsible corporate citizen, the Group strives to make its shares of contributions towards enhancing the well-being of society through community investment. Apart from making donations to charitable organisations, members of the Group also took the initiative to support local communities and promote youth development.

The Group has long regarded The Community Chest of Hong Kong as one of its partners in community service. In 2017, the Group continued to support and take part in a matching donation programme, which encourages the public to participate in charitable activities via the programme. The Group, together with its affiliates, was named as one of The Community Chest's top three donors for the 18th consecutive year.

Recognising the continuous effort of the Group in integrating corporate social responsibility into its businesses through caring for the community, employees and the environment, members of the Group (including properties management services centres) were awarded a total of 102 "Caring Companies" logos under the Caring Company Scheme in 2017. Among those 102 "Caring Companies" logos, over 28 were "10 Years Plus Caring Company Logo".

During the Reporting Period, the Group made donations totalling approximately HK\$7 million to various charitable organisations. The Group's subsidiaries also participated in various charitable and environmental protection events, including Green Day 2017, the Great Chefs of Hong Kong, clothes donation, bed sheets donation, blood donation, Community Chest New Territories Walk, UNICEF Charity Run, "Hong Kong Citizen, Hong Kong Heart" Ambassador Volunteer Programme, The Community Chest Skip Lunch Day etc. In 2017, Citybase was awarded "Award of 10,000 Hours for Volunteer Service" by the Social Welfare Department – Steering Committee on Promotion of Volunteer Service 2017, which was the 9th consecutive year for Citybase to receive this award.

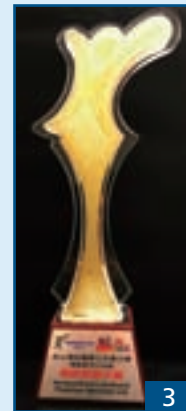
The Group continues to support the We R Family Foundation through the 333 Learning Companion Leadership Programme, which provides free learning resources, learning space and professional support for grassroots students. Extra-curricular activities offered also help foster a spirit of service and expand students' horizons. Over 5,000 students in 127 primary and secondary schools have benefited since the Programme was launched in 2010. There are four centres in North District, Kwun Tong, Sham Shui Po and Tin Shui Wai, which also serve neighbouring districts including Tai Po, Wong Tai Sin, Kowloon City and Kwai Tsing. In 2017, the Programme received matching funds from the Government's Partnership Fund for the Disadvantaged. Furthermore, Harbour Plaza Hotel Management Group has also organised internship programmes with various colleges in Hong Kong and has participated in Career Expo and Career Day held by universities so as to provide students in Hong Kong with industry exposure.



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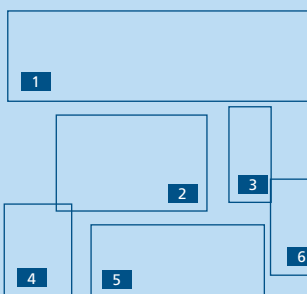
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1. Citybase hosted a "Charity Sale" with the support of over 200 participants including NGO partners, Citybase Volunteer Team and their families, as well as Kid Volunteers under Citybase's managed portfolio
2. Cheung Kong Center – Blood Donation Day
3. Harbourfront Landmark Premium Services Limited received the Outstanding Award in "Joyful@Healthy Workplace Best Practices Award"
4. Goodwell and its 34 managed properties participated in the Energy Saving Charter on "No ILB" by the Environment Bureau and the Electrical and Mechanical Services Department
5. Subsidiaries of Hutchison Property Management Company Limited received in 2017 the Hong Kong Island Best Security Services Award
6. Harbour Plaza North Point received in 2017 the GoHome HK Best Serviced Apartment Awards for the 5th consecutive year

LI KA SHING FOUNDATION – CHANGING TIMES, UNCHANGING PROMISE

Mr. Li Ka-shing, the Chairman of the Group, recognises the importance of education and healthcare to societal development. Established in 1980, the Li Ka Shing Foundation (LKSF) has invested over HK\$20 billion to develop education, medical services and research initiatives in 27 countries and regions, with over 80% of the projects located within the Greater China region. Mr. Li describes his philanthropic effort as akin to having another son in the family. He called for a paradigm shift in our Asian culture of giving, assigning equal importance to societal development and the continuation of future generations, and apportioning more of our wealth and means towards social capital so that we could bring forth great hope and promises for generations to come.

Below are some of LKSF's major and special projects in 2017:

Love Ideas, Love HK

Funded with contributions of over HK\$300 million, Love HK Your Way! continues to create a positive social impact:

Compassionate Guardians

For ten years, the "Heart of Gold" Hong Kong Hospice Care Service Programme, a collaboration with the Hong Kong Hospital Authority, has been supporting hospice centres in ten public hospitals. This innovative programme has served 38,000 terminally ill cancer patients and their family members with a host of integrated palliative care services. LKSF's contributions to this programme now total HK\$126 million.

Community Care

"Decide Well, Spend Wisely"

In its second year, "Decide Well, Spend Wisely" issued HK\$5,000 gift cheques with no conditions attached to each of the 9,320 students in Yuen Long (including Tin Shui Wai), Islands, and Tuen Mun Districts sitting for the 2018 Hong Kong Diploma of Secondary Education Examination. Through two phases, the programme has distributed over HK\$75 million to more than 15,000 students to encourage wise financial decisions and to help alleviate exam pressures.

Listening Angels

As at the end of December 2017, the Caritas Family Crisis Hotline and Education Centre has received over HK\$45.2 million from LKSF and handled more than 440,000 cases. The Centre supports individuals and families in distress with a 24-hour hotline, and also hosts crisis prevention workshops to promote greater social harmony.

Innovative Education

In June 2017, LKSF invited 300 young people to participate in HKXP, an e-sports event aimed at piquing their interest in advanced technology. In July, LKSF made a donation of HK\$10 million to set up scholarships and develop "Cornerstone Maths" at the Education University of Hong Kong.

Paradigm Shift in Human Capital Development and Leadership Training

Shantou University

Founded in 1981 with the approval of the State Council, Shantou University (STU) is co-developed by the Ministry of Education, the Guangdong Provincial Government and LKSF. As the only privately funded public university in Mainland China, STU strives to become a top-tier university with a firm commitment to internationalisation. LKSF has earmarked over HK\$10 billion to support the University, which has cultivated over 120,000 graduates to date.

STU continued to enhance its competitiveness across the board in 2017. Newly approved PhD programmes in biological sciences and mathematics have been added to its curriculum. Not only has the University made the “Times Higher Education World University Rankings” for the third consecutive year, for the first time STU was also included in THE’s “Young University Rankings 2017”, and placed on three other globally recognised world university rankings — the Center for World University Rankings 2017, the QS University Rankings Asia 2018, and the US News Best Global Universities Ranking 2018. STU has developed an Advanced Undergraduate Education model, adopting the integrated, Outcome-Based Education model that combines ability, knowledge and skills learning. LKSF also contributed US\$3 million to the University of Michigan to foster a joint-venture STU and SUMC that would create the first-ever programme in biomedical engineering in the eastern Guangdong region.

Student quality has continued to improve for a fifth consecutive year. The 2017 admission scores for incoming freshmen from 13 provinces/regions and the number of undergraduates who selected STU as their first choice set new highs. The first-time employment rate also hit a record high of 98.04%, topping all tertiary institutions in Guangdong Province. The employment rate stood firmly above 99% for the sixth year running. The average salary for graduates after five years in the workforce exceeds that of 88% of graduates from all universities nationwide. STU continued to build on its record of outstanding performance in research and innovation. According to the “Best University Ranking” website, STU ranks No. 49 in the nation for research quality.

In December 2017, four female rowers in their early 20’s formed Kung Fu Cha Cha to participate in the annual Talisker Whisky Atlantic Challenge, the “world’s toughest ocean rowing race”. Embodying the school spirit, the team departed from Canary Islands on 14 December, and arrived at their destination in Antigua on 17 January 2018. In conquering the Atlantic, they set four world records: First team from Asia to row across the Atlantic Ocean; first team from China to row across the Atlantic Ocean; youngest team ever to row across the Atlantic; and fastest time in the Challenge for a four-woman crew.

Shantou University Medical College

Shantou University Medical College (SUMC) is pioneering reforms in medical education in Mainland China based on student-centered education and internationalisation initiatives. For 20 consecutive years, all incoming students selected SUMC as their first choice. The passing rate of SUMC graduates in the National Medical Licensing Examinations has been ranked in the top eight out of 170+ medical schools in China for the 11th consecutive year. SUMC also adopted the United States Medical Licensing Examination (USMLE) to evaluate students in the English-stream medical programme. Over the past six years, the average passing rate of 93.04% for SUMC students in the USMLE Step 1 is similar to those of accredited medical schools in the U.S. In 2017, the employment rate of new graduates reached 97.20%, first among universities in Guangdong Province for 17 consecutive years. An STU team comprising three nursing and medical students beat 207 teams from universities across China to win a Nursing-related Innovation Challenge organised by Enactus China.

The research team from the Joint Influenza Research Center of SUMC and Hong Kong University led by Prof. Guan Yi, was nominated as a key participant in *"Critical Innovation and Technological Breakthroughs in the Systematic Prevention and Treatment of Emerging Infectious Diseases - H7N9 Avian Influenza"*. This research won the Grand Prize of the 2017 National Science and Technology Progress Award, and has significantly enhanced China's international impact in the field of infectious disease prevention. Cancer researchers at SUMC published their findings in two prestigious journals *"Gastroenterology"* and *"Gut"*, detailing the mutational events and corresponding alterations of tissues and cells in esophageal cancers and contrasting systematically the genomic and epigenomic differences between squamous cell carcinomas and adenocarcinomas of the esophagus. These studies allow further understanding of esophageal cancer progression and better diagnostic designs for early detection. The 16 members of the East-West Alliance, including STU, Oxford, Cambridge and UC Berkeley, continued to build research synergies across borders.

SUMC has five affiliated hospitals with a total of 4,500 beds serving 70% of the population in Shantou city. After the newly completed medical education centre, an international research centre under construction will provide an additional 55,000 sq.m. of research space, setting a firm foundation for advancements in knowledge discovery and transfer.

Cheung Kong Graduate School of Business

Since its founding on 23 November 2002, the Cheung Kong Graduate School of Business (CKGSB) has strived to cultivate business leaders with a global vision, a humanistic spirit, a strong sense of social responsibility and an innovative mind-set. Over the past 15 years, CKGSB has continuously innovated to pioneer new efforts in business management education and become a leading business school from China with global influence. Today, more than half of CKGSB's 10,000+ alumni are at the CEO or Chairman level and collectively, they lead one-fifth of China's most valuable brands.

Guangdong Technion-Israel Institute of Technology (GTIIT)

LKSF donated US\$130 million to establish GTIIT, a joint venture between Technion and Shantou University. GTIIT aims to become a cutting-edge international education and research institute, dedicated to innovative research, environmental protection, and societal advancement. The Institute will promote an environment for entrepreneurial innovation and knowledge-based competitiveness in Guangdong, contributing to the betterment of China, Israel and all humankind. Officially approved by the Chinese Ministry of Education in December 2016, GTIIT enrolled the first cohort of 216 students last year, and held its inauguration ceremony on 18 December 2017.

Healthcare Projects in Mainland China

Free Healthcare Services

Over the years, LKSF has contributed over RMB1 billion to support free medical services in Mainland China, including programmes such as “Heart of Gold” Nationwide Hospice Care Services, China Disabled Persons Federation’s “Cheung Kong New Milestone” (three phases) to install prosthetics and provide rehabilitation support and training, Nationwide Medical Welfare for the Poor, and the Kumbum Tibetan Medical Hospital Aid Programme, with the total number of beneficiaries exceeding 17 million.

Sports Education

A donation of RMB10 million was made to support Yao Foundation’s sports education programmes in Guangdong and Guangxi provinces.

Sustainable Development

LKSF supports technology-assisted agricultural development and has made a contribution of RMB12 million to initiate the Xinjiang Castor Seed Project. Results of plantation trials since 2015 have been very positive, and the programme will be expanded in 2018 to cover 40,000 mu. LKSF has also contributed RMB3.5 million to support 100 social development programmes in Guangdong. The training provided for 1,500 women cadets and social workers indirectly benefits 500,000 elderly, women, children, and disabled persons.

Overseas Medical Education and Research

Developed with the support of a GBP20 million gift from LKSF, the Centre for Health Information and Discovery at Oxford University incorporates two related research institutes, the Target Discovery Institute (TDI) and the Big Data Institute (BDI), the latter of which opened in May 2017. Together the institutes will host 600 interdisciplinary scientists and researchers.

LKSF’s new commitments to overseas projects reached nearly HK\$100 million in 2017. Initiatives supported include a biomedical engineering venture between Shantou University and the University of Michigan; a scholarship established in honour of the late Lord Michael Sandberg to support local students pursuing undergraduate education in the UK; a research programme at the Melbourne University Victorian Comprehensive Cancer Center; and programmes that support Stanford University’s research into body’s healing mechanism and the development of young surgeons.

Boundless Compassion

To date, LKSF has made grants of over HK\$2.6 billion to cover the development cost and daily operating expenses of Tsz Shan Monastery, which received 259,242 visitors in 2017, and over 700,000 visitors since its opening in 2015. The monastery strives to nurture positive energy and cultivate “Boundless Compassion” through development in three key areas including education, care and art for the harmony of society. “Sala Loving-Care Project” is initiated to enhance public awareness on life and death education and hospice care while nurturing positive energy. Tsz Shan Institute collaborates with internationally recognised institutes of higher learning and universities to offer comprehensive experience in education and research on Buddhist teaching. The integration of art and the Dharma facilitates the expression of self or awareness of life and enhances the well-being of others.

Since its establishment in 2015, the Buddhist Spiritual Counselling Centre of Tsz Shan Monastery has provided counselling services for over 4,000 residents, and over 32,000 people have participated in spiritual wellness activities. In collaboration with social welfare agencies, the Center has newly established a “Buddhist Counselling Professional Training Center” for social workers to award continuing professional development approved by the Social Workers Registration Board.

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



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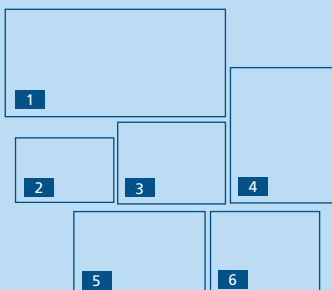
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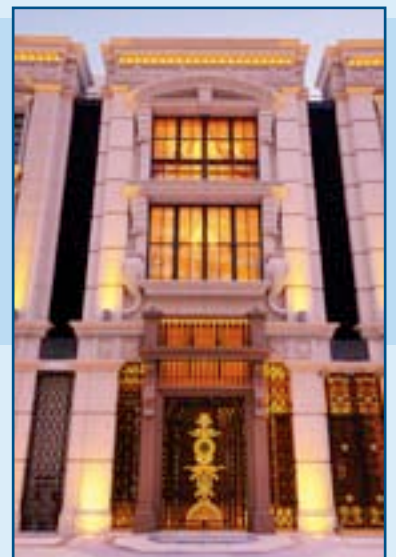
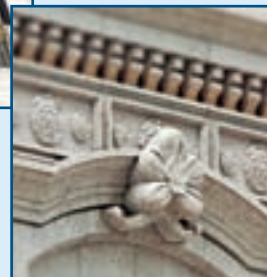
1. Mr. Li Ka-shing and guests at the inauguration ceremony of the Guangdong Technion Israel Institute of Technology
2. The second phase of "Decide Well, Spend Wisely" was expanded beyond Islands, Tin Shui Wai and Yuen Long Districts to include DSE students in Tuen Mun. A survey among teachers and parents revealed positive consensus
3. Shantou University Medical College students hone their surgical skills in the clinical simulation and learning center
4. Mr. Li Ka-shing attends the opening of the Big Data Institute, phase two of the Centre for Health Information and Discovery at Oxford University
5. Kung Fu Cha Cha, the rowing team of four young women from Shantou University, conquered the Talisker Whisky Atlantic Challenge and set four world records
6. Tsz Shan Monastery's bell ringing ceremony on New Year's Day denotes peace and harmony to all

Highlights of Development Properties

90 Repulse Bay Road

Repulse Bay

This low-density premium residential development prestigiously located on a prime site overlooking the scenic Repulse Bay offers residents an exclusive, opulent lifestyle.



Ocean Pride

Tsuen Wan

Comprising two phases of residential portion and the OP Mall, this premier development located above the Tsuen Wan West Station of the MTR West Rail Line seizes the advantages of transportation convenience and scenic sea views.



Highlights of Development Properties *(continued)*

Seanorama

Ma On Shan

With close proximity to the Wu Kai Sha station of the MTR Ma On Shan Line, this sea-front deluxe residence enjoys magnificent views of the nearby Starfish Bay and beautiful lush landscape.



La Grande Ville

Beijing

La Grande Ville is a luxury residential complex located in Shunyi County, Beijing with a gross floor area of approximately 780,000 sq.m. The project redefines the concept of premium living through a combination of artistic architecture, stylish designs and opulent fittings.



Highlights of Development Properties *(continued)*

Stars of Kovan

Singapore

Located in the heart of Kovan, Singapore, this mixed development of more than 326,060 sq.ft. comprises 390 residential units, 5 strata terrace units and 46 strata shops. It is quickly connectable to all business and shopping hubs with easy access via MRT and expressways.



Regency Hills

Chongqing

Regency Hills is situated in the Yangjiashan area of Nanan District in Chongqing with about 8 km distance from the CBD at Jiefangbei. Occupying a site of more than 1,000,000 sq.m., the project will be developed into a large-scale high-end residential district with commercial and social facilities.



Highlights of Development Properties (*continued*)

Laguna Verona

Dongguan

Located in Houjie Town in Dongguan, Laguna Verona is situated next to the renowned Harbour Plaza Golf Club and Hwanggang Lake's waterfront greenery. Occupying a total area of around 3,333,000 sq.m., it is a luxury golf villa community in Dongguan.



The Harbourfront

Qingdao

With a prominent waterfront location in Shi Bei District of Qingdao and a total floor area of approximately 1,000,000 sq.m., The Harbourfront represents an optimal address for commercial, shopping, tourist, entertainment and quality living. The Hub, Phase 7 of the project, offers approximately 912 saleable offices and 3 levels of underground parking spaces.



Highlights of Development Properties (*continued*)

Chelsea Waterfront

London

Chelsea Waterfront is comprised of two glass residential towers of 37 and 25 floors situated at the entrance of Chelsea Creek. It also includes four riverside buildings located next to landscaped gardens, as well as the refurbished 1902 historic Lots Road Power Station. The project also features shops, restaurants, bars and a club house, providing residents with comprehensive leisure facilities.



City Link

Shanghai

Conveniently located at the junction of Xinzha Road and Datian Road in Jingan District of Shanghai, this contemporary comprehensive development comprising Grade A offices and a shopping complex is within easy access to a wide selection of international dining options, hotels, shopping centres and residential complexes.



Highlights of Investment Properties



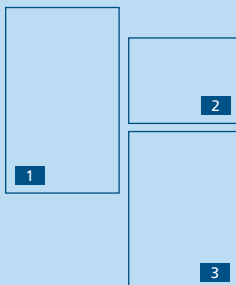
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1. Cheung Kong Center
2. Hutchison House
3. China Building

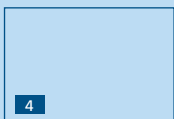
The Group has an investment property portfolio of approximately 17 million sq.ft., comprising mainly office, retail, and industrial properties. It continues to evaluate and strategically adjust the mix of investment properties from time to time in order to timely release the underlying value of the portfolio.



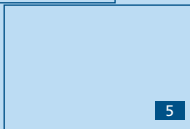
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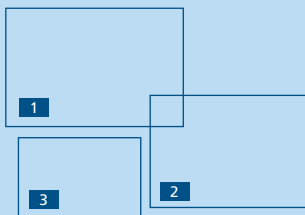


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4. The Harbourfront

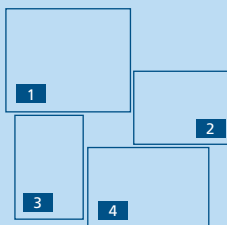
5. 1881 Heritage

Highlights of Hotels and Serviced Suites



1. A spacious outdoor swimming pool of Horizon Suite Hotel Tolo Harbour Hotel
2. Harbourfront Horizon All-Suite Hotel
3. Harbourview Horizon All-Suite Hotel offers fully furnished suites

The Group owns and/or manages hotels and serviced suites located in Hong Kong, the Mainland and The Bahamas, with a total of over 15,000 rooms. The portfolio will be further strengthened following the addition of a total of approximately 1,200 rooms from two hotel projects in Hong Kong.



1. Harbour Grand Hong Kong enjoys panoramic sea views
2. Deluxe lobby of Harbour Grand Kowloon
3. Harbour Grand Kowloon provides comprehensive recreation facilities
4. Le 188° Terrace at Harbour Grand Hong Kong

Highlights of Infrastructure and Utility Asset Operation

DUET Group



1



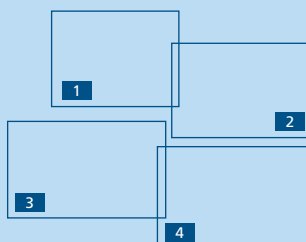
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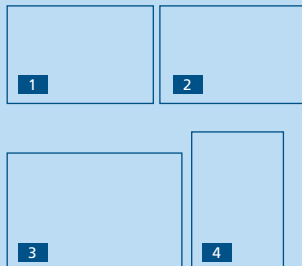
1. Dampier Bunbury Pipeline is Western Australia's principal gas transmission pipeline.
2. Multinet operates a regulated gas distribution network covering the eastern and south-eastern suburbs of Melbourne, the Yarra Ranges and South Gippsland.
3. Energy Developments specialises in producing safe, clean, low greenhouse gas emissions energy, and in providing energy solutions in remote regions.
4. United Energy distributes electricity across east and southeast Melbourne and the Mornington Peninsula.

The Group has actively expanded its investment portfolio of businesses with stable recurrent income through various acquisitions. Its diversified businesses now include the infrastructure and utility asset operation in continental Europe, Australia, Canada and the United Kingdom.

ista



Reliance Home Comfort



1. ista is a fully integrated energy management services provider with the main market being Germany.
2. The service of ista allows a property owner/manager to allocate energy and water costs to tenants in multi-tenant buildings based on a tenant's individual consumption.
3. Reliance Home Comfort is principally engaged in the building equipment services sector in Canada.
4. Reliance Home Comfort provides rental water heaters, rental HVAC (heating, ventilation and air conditioning) equipment, comfort protection plans and other services to homeowners.

Schedule of Major Properties

As at 31 December 2017

A. PROPERTIES FOR/UNDER DEVELOPMENT

| Description | Lot Number/Location | Group's Interest | Approx. Site Area (sq. m.) |
|--|--------------------------------|------------------|----------------------------|
| Hong Kong | | | |
| Seanorama, Ma On Shan | S.T.T.L. 574 | 100.0% | 14,400 |
| A site at Mid-level | I.L. 8949 | 100.0% | 10,488 |
| Harbour Glory and hotel development, North Point | I.L. 8920 | 100.0% | 7,887 |
| A site at Yuen Long | Lot 4328 in D.D. 124 | 100.0% | 10,240 |
| A site at Sha Tin | S.T.T.L. 614 | 100.0% | 6,299 |
| A site at Fung Yuen, Tai Po | Various lots in D.D. 11 | 100.0% | 69,415 |
| A site at Yuen Long | Lot 1457 R.P. in D.D. 123 Y.L. | 60.0% | 799,983 |
| A site at North District | Various lots | 100.0% | 168,575 |
| Various sites at Yuen Long | Various lots | 100.0% | 194,688 |
| Various sites at Tai Po | Various lots | 100.0% | 12,400 |
| The Mainland | | | |
| La Grande Ville | Beijing | 100.0% | 109,265 |
| The Greenwich | Beijing | 100.0% | 97,801 |
| Beixinjiayuan | Beijing | 100.0% | 256,332 |
| Noble Hills | Changsha | 100.0% | 197,039 |
| Le Parc | Chengdu | 100.0% | 239,225 |
| Regency Hills | Chongqing | 95.0% | 956,526 |
| Heizuzi, Xigang District | Dalian | 100.0% | 142,900 |
| The South Bay | Dalian | 100.0% | 279,370 |
| Laguna Verona | Dongguan | 99.8% | 1,103,926 |
| Yuhu Mingdi | Guangzhou | 80.0% | 112,774 |
| Noble Hills | Guangzhou | 100.0% | 602,720 |

| Approx. Floor Area Attributable to the Group (sq. m.) | Existing Land Use | Stage of Completion | Estimated Date of Completion |
|---|------------------------|----------------------------|------------------------------|
| 52,227 | Residential | Interior finishing | February, 2018 |
| 26,585 | Residential | Interior finishing | March, 2018 |
| 13,855 | Residential | Superstructure in progress | December, 2018 |
| 70,200 | Residential/Hotel | Superstructure in progress | September, 2018 |
| 12,902 | Residential | Ground investigation work | September, 2021 |
| 22,676 | Residential | Foundation work | January, 2022 |
| – | Agricultural land | Planning | – |
| – | Agricultural land | Planning | – |
| – | Agricultural land | Planning | – |
| – | Agricultural land | Planning | – |
| – | Agricultural land | Planning | – |
| 98,838 | Residential | Superstructure in progress | December, 2019 |
| 56,703 | Residential | Foundation work | March, 2020 |
| 178,849 | Residential/Commercial | Foundation work | September, 2020 |
| 80,000 | Residential | Planning | – |
| 70,899 | Residential/Commercial | Superstructure completed | March, 2018 |
| 85,013 | Residential | Superstructure in progress | October, 2018 |
| 113,655 | Residential/Commercial | Planning | March, 2021 |
| 16,588 | Commercial | Superstructure completed | February, 2018 |
| 36,574 | Commercial | Superstructure in progress | May, 2018 |
| 194,730 | Residential/Commercial | Superstructure in progress | September, 2018 |
| 45,937 | Commercial | Superstructure in progress | June, 2019 |
| 580,285 | Residential/Commercial | Superstructure in progress | December, 2019 |
| 203,514 | Residential/Commercial | Superstructure in progress | December, 2018 |
| 188,757 | Residential/Commercial | Superstructure in progress | December, 2019 |
| 358,919 | Residential/Commercial | Site formation | September, 2020 |
| 298,274 | Residential/Commercial | Planning | September, 2021 |
| 307,710 | Residential/Commercial | Planning | September, 2022 |
| 1,528,045 | Residential/Commercial | Planning | – |
| 124,599 | Residential/Commercial | Foundation work | August, 2021 |
| 345,127 | Residential/Commercial | Planning | – |
| 339,224 | Residential/Commercial | Planning | – |
| 63,793 | Residential | Superstructure completed | January, 2018 |
| 175,778 | Residential | Site formation | September, 2019 |
| 166,499 | Residential | Site formation | June, 2020 |
| 199,922 | Residential | Planning | December, 2020 |
| 48,835 | Residential | Planning | September, 2021 |
| 183,183 | Residential | Planning | March, 2022 |
| 195,390 | Residential/Commercial | Planning | – |
| 13,134 | Residential | Superstructure completed | January, 2018 |
| 50,975 | Residential | Superstructure in progress | June, 2018 |
| 44,557 | Residential | Superstructure in progress | March, 2021 |
| 73,998 | Residential | Superstructure in progress | March, 2018 |
| 26,149 | Residential | Superstructure in progress | September, 2018 |
| 131,638 | Residential | Site formation | September, 2019 |
| 129,160 | Residential | Planning | March, 2020 |

Schedule of Major Properties (continued)

A. PROPERTIES FOR/UNDER DEVELOPMENT (continued)

| Description | Lot Number/Location | Group's Interest | Approx. Site Area (sq. m.) |
|------------------------------------|------------------------------------|------------------|----------------------------|
| The Mainland (continued) | | | |
| Aotou, Daya Bay | Huizhou | 100.0% | 80,052 |
| City Link | Shanghai | 60.0% | 14,528 |
| Hupan Mingdi | Shanghai | 100.0% | 83,514 |
| Upper West Shanghai | Shanghai | 60.0% | 150,235 |
| Regency Garden | Shanghai | 85.0% | 30,360 |
| Regency Cove | Wuhan | 100.0% | 713,208 |
| Emerald Cove | Zhongshan | 100.0% | 104,215 |
| Horizon Costa | Zhuhai | 100.0% | 200,000 |
| Overseas | | | |
| Stars of Kovan | Singapore | 100.0% | 10,097 |
| Chelsea Waterfront, Chelsea | London, the United Kingdom | 95.0% | 35,620 |
| A site at Convoys Wharf | London, the United Kingdom | 100.0% | 161,400 |
| A site at Teversham Road, Fulbourn | Cambridgeshire, the United Kingdom | 100.0% | 68,500 |

B. PROPERTIES IN WHICH THE GROUP HAS A DEVELOPMENT INTEREST

| Description | Lot Number/Location | Approx. Site Area (sq. m.) |
|---|----------------------------|----------------------------|
| Hong Kong | | |
| Ocean Pride and OP Mall, Tsuen Wan | T.W.T.L. 401 | 42,870 |
| Ocean Supreme, Tsuen Wan | | |
| My Central, Central | I.L. 9038 | 1,690 |
| A site at Hai Tan Street/Kweilin Street/Pei Ho Street, Sham Shui Po | N.K.I.L. 6506 | 7,507 |
| Area 86, Tseung Kwan O (Package 8) | T.K.O.T.L. 70 R.P., Site H | 16,638 |

| Approx. Floor Area Attributable to the Group (sq. m.) | Existing Land Use | Stage of Completion | Estimated Date of Completion |
|---|------------------------------|----------------------------|------------------------------|
| 65,309 | Residential/Commercial | Foundation work | March, 2019 |
| 55,339 | Residential | Foundation work | March, 2020 |
| 113,679 | Residential/Commercial | Site formation | September, 2020 |
| 40,511 | Commercial | Superstructure in progress | March, 2018 |
| 65,050 | Residential | Superstructure in progress | June, 2018 |
| 86,737 | Residential/Commercial | Superstructure in progress | September, 2018 |
| 254,982 | Commercial/Hotel | Superstructure in progress | June, 2018 |
| 122,127 | Residential/Commercial | Superstructure in progress | October, 2018 |
| 21,805 | Commercial/Hotel | Superstructure in progress | June, 2019 |
| 75,858 | Commercial | Superstructure in progress | March, 2020 |
| 26,027 | Residential | Planning | March, 2020 |
| 68,153 | Residential | Superstructure in progress | March, 2019 |
| 199,118 | Residential | Planning | June, 2020 |
| 213,829 | Residential/Commercial | Planning | December, 2021 |
| 229,830 | Residential | Planning | December, 2022 |
| 715,582 | Residential/Commercial/Hotel | Planning | – |
| 63,899 | Residential/Commercial | Superstructure in progress | December, 2018 |
| 111,744 | Residential/Commercial | Planning | June, 2021 |
| 125,820 | Residential | Planning | June, 2022 |
| 30,292 | Residential/Commercial | Superstructure in progress | November, 2019 |
| 8,661 | Residential | Interior finishing | April, 2018 |
| 5,470 | Residential | Interior finishing | December, 2018 |
| 8,387 | Residential | Superstructure in progress | April, 2019 |
| 1,320 | Commercial | Planning | December, 2019 |
| 12,528 | Residential/Commercial | Planning | December, 2020 |
| 33,004 | Residential/Commercial | Planning | December, 2021 |
| 680 | Commercial | Planning | September, 2019 |
| 5,998 | Residential | Planning | December, 2020 |
| 33,649 | Residential/Commercial | Planning | December, 2021 |
| 45,344 | Residential/Commercial | Planning | December, 2022 |
| 199,358 | Residential/Commercial/Hotel | Planning | – |
| 4,076 | Residential | Planning | September, 2021 |
| 4,183 | Residential | Planning | March, 2022 |

| Approx. Floor Area of the Development (sq. m.) | Existing Land Use | Stage of Completion | Estimated Date of Completion |
|--|------------------------|----------------------------|------------------------------|
| 103,900 | Residential/Commercial | Superstructure in progress | June, 2018 |
| 103,750 | Residential | Superstructure in progress | September, 2018 |
| 17,790 | Residential/Commercial | Superstructure in progress | September, 2018 |
| 55,342 | Residential/Commercial | Superstructure in progress | April, 2020 |
| 97,000 | Residential | Superstructure preparation | March, 2021 |

Schedule of Major Properties (continued)

C. PROPERTIES FOR INVESTMENT/OWN USE

| Description | Lot Number/Location | Group's Interest |
|--|---|----------------------|
| Hong Kong | | |
| Cheung Kong Center, Central | I.L. 8887 | 100.0% |
| The Center (portion), Central | I.L. 8827 | 100.0% |
| One and Two Harbourfront, Hung Hom | Sections A, B & R.P. of H.H.M.L. 6 & Extension | 100.0% |
| Hutchison House, Central | I.L. 8286 | 100.0% |
| Hutchison Telecom Tower (portion), Tsing Yi | T.Y.T.L. 139 section A | 100.0% |
| China Building, Central | I.L. 2317 | 100.0% |
| Whampoa Garden (portion), Hung Hom | K.I.L. 10750 sections A to H & J to L | 100.0% |
| Aberdeen Centre (portion), Aberdeen | A.I.L. 302 & 304 | 100.0% |
| Victoria Mall, Tsim Sha Tsui | K.I.L. 11086 R.P. | 85.0% |
| 1881 Heritage, Tsim Sha Tsui | K.I.L. 11161 R.P. | 100.0% |
| Harbourview Horizon All-Suite Hotel, Hung Hom Bay | K.I.L. 11103 | 100.0% |
| Harbourfront Horizon All-Suite Hotel and Kowloon Harbourfront Hotel, Hung Hom Bay | K.I.L. 11110 | 100.0% |
| Harbour Plaza Resort City, Tin Shui Wai | T.S.W.T.L. 4 | 98.5% |
| Horizon Suite Hotel at Tolo Harbour, Ma On Shan | S.T.T.L. 461 | 100.0% |
| Harbour Grand Kowloon, Hung Hom | Sections A, B & R.P. of H.H.M.L. 6 & Extension | 100.0% |
| Harbour Plaza Metropolis, Hung Hom | K.I.L. 11077 | 100.0% |
| Harbour Grand Hong Kong, North Point | I.L. 7106 s.A & Extension | Development interest |
| Harbour Plaza North Point | I.L. 8885 | 100.0% |
| The Kowloon Hotel, Tsim Sha Tsui | K.I.L. 10737 | 100.0% |
| Sheraton Hong Kong Hotel & Towers, Tsim Sha Tsui | K.I.L. 9172 | 39.0% |
| Harbour Plaza 8 Degrees, Kowloon City | K.I.L. 4013 R.P. | 100.0% |
| The Apex Horizon, Kwai Chung | K.C.T.L. 467 R.P. | 100.0% |
| Rambler Oasis Hotel, Tsing Yi | T.Y.T.L. 140 | 100.0% |
| Rambler Garden Hotel, Tsing Yi | T.Y.T.L. 140 | 100.0% |
| Hutchison Logistics Centre (portion), Kwai Chung | K.C.L. 4 & Extension | 100.0% |
| Watson Centre, Kwai Chung | K.C.T.L. 258 | 100.0% |
| Cavendish Centre, Aberdeen | A.I.L. 399 | 100.0% |
| Conic Investment Building, Hung Hom | Subsection 1 of section O of K.M.L. 40 | 100.0% |
| The Mainland | | |
| Century Place | Shenzhen | 80.0% |
| Westgate Mall | Shanghai | 60.0% |
| Kerry Everbright City | Shanghai | 24.8% |
| The Great Wall Hotel Beijing | Beijing | 49.8% |
| Sofitel Shenyang Lido | Shenyang | 29.0% |
| Overseas | | |
| Bahamas Grand Lucayan | Grand Bahama Island, The Bahamas | 100.0% |

Notes to Schedule of Major Properties:

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

| Approx. Floor Area Attributable to the Group (sq. m.) | Existing Use | Lease Term |
|---|-------------------|-------------------|
| 119,785 | Office/Retail | Medium Term Lease |
| 113,594 | Office/Retail | Medium Term Lease |
| 89,306 | Office/Retail | Long Lease |
| 46,797 | Office/Retail | Long Lease |
| 27,896 | Office | Medium Term Lease |
| 24,039 | Office/Retail | Long Lease |
| 159,235 | Retail | Long Lease |
| 32,054 | Retail | Long Lease |
| 13,289 | Retail | Medium Term Lease |
| 13,023 | Retail/Hotel | Medium Term Lease |
| 119,280 | Hotel | Medium Term Lease |
| 107,444 | Hotel | Medium Term Lease |
| 60,571 | Hotel | Medium Term Lease |
| 56,000 | Hotel | Medium Term Lease |
| 47,467 | Hotel | Long Lease |
| 42,857 | Hotel | Medium Term Lease |
| 41,341 | Hotel | Medium Term Lease |
| 31,873 | Hotel | Medium Term Lease |
| 30,610 | Hotel/Retail | Medium Term Lease |
| 24,161 | Hotel/Retail | Long Lease |
| 21,420 | Hotel | Long Lease |
| 21,190 | Hotel | Medium Term Lease |
| 19,810 | Hotel | Medium Term Lease |
| 19,613 | Hotel | Medium Term Lease |
| 437,122 | Industrial/Office | Medium Term Lease |
| 63,843 | Industrial | Medium Term Lease |
| 31,854 | Industrial | Long Lease |
| 30,409 | Industrial | Medium Term Lease |
| 42,210 | Retail | Medium Term Lease |
| 61,280 | Retail/Office | Short Lease |
| 12,150 | Retail/Office | Medium Term Lease |
| 40,635 | Hotel | Short Lease |
| 23,505 | Hotel | Medium Term Lease |
| 95,457 | Hotel | Freehold |

Consolidated Income Statement

For the year ended 31 December 2017

| | Note | 2017 \$ Million | 2016 \$ Million |
|---|------|--------------------|--------------------|
| Group revenue | | 57,546 | 69,300 |
| Share of revenue of joint ventures | | 6,234 | 610 |
| Total | (3) | 63,780 | 69,910 |
| Group revenue | | 57,546 | 69,300 |
| Investment and other income | | 2,962 | 720 |
| Operating costs | | | |
| Property and related costs | | (26,503) | (38,301) |
| Salaries and related expenses | | (3,807) | (3,990) |
| Interest and other finance costs | | (1,222) | (645) |
| Depreciation | | (1,573) | (779) |
| Other expenses | | (543) | (530) |
| | | (33,648) | (44,245) |
| Increase in fair value of investment properties | | 9,525 | 1,262 |
| Increase in fair value of investments in securities | | 591 | – |
| Profit on disposal of hotel properties | | 363 | – |
| Share of profit of joint ventures | | 239 | 93 |
| Share of profit of associates | | 549 | 44 |
| Profit before taxation | (4) | 38,127 | 27,174 |
| Taxation | (5) | (7,239) | (7,365) |
| Profit after taxation | | 30,888 | 19,809 |
| Profit attributable to | | | |
| Shareholders | | 30,125 | 19,415 |
| Non-controlling interests and holders of perpetual capital securities | | 763 | 394 |
| | | 30,888 | 19,809 |
| Earnings per share | (6) | \$8.07 | \$5.05 |

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2017

| | 2017 \$ Million | 2016 \$ Million |
|--|--------------------|--------------------|
| Profit after taxation | 30,888 | 19,809 |
| <hr/> | | |
| Other comprehensive income (loss) – reclassifiable to profit or loss | | |
| Translation of financial statements of operations outside Hong Kong | | |
| Exchange gain (loss) | 5,494 | (5,982) |
| Exchange loss reclassified to profit or loss | 166 | – |
| Exchange loss on translation of bank loans for hedging | (48) | – |
| Derivative financial instruments – gain (loss) in fair value | | |
| Net investment hedges | (2,075) | 125 |
| Cash flow hedges | 18 | (21) |
| Investments available for sale – gain in fair value | – | 713 |
| Investments in securities – gain in fair value | 1 | – |
| Share of other comprehensive income (loss) of joint ventures | 730 | (227) |
| Other comprehensive income (loss) – not reclassifiable to profit or loss | | |
| Gain on remeasurement of defined benefit obligations | 75 | 22 |
| Share of other comprehensive loss of joint ventures | (12) | – |
| Other comprehensive income (loss) | 4,349 | (5,370) |
| <hr/> | | |
| Total comprehensive income | 35,237 | 14,439 |
| <hr/> | | |
| Total comprehensive income attributable to | | |
| Shareholders | 34,291 | 14,374 |
| Non-controlling interests and holders of perpetual capital securities | 946 | 65 |
| | 35,237 | 14,439 |

Consolidated Statement of Financial Position

As at 31 December 2017

| | Note | 2017 \$ Million | 2016 \$ Million |
|-----------------------------------|------|--------------------|--------------------|
| Non-current assets | | | |
| Fixed assets | (8) | 35,337 | 33,695 |
| Investment properties | (9) | 135,998 | 125,306 |
| Joint ventures | (10) | 65,293 | 7,907 |
| Associates | (11) | 7,402 | 7,333 |
| Investments in securities | (12) | 6,706 | 6,233 |
| Long term receivables and others | | 2,905 | 1,715 |
| Deferred tax assets | (13) | 2,720 | 1,843 |
| | | 256,361 | 184,032 |
| Current assets | | | |
| Stock of properties | (14) | 135,589 | 137,548 |
| Debtors, prepayments and others | (15) | 4,979 | 12,655 |
| Joint venture contracted for sale | (16) | 1,493 | – |
| Bank balances and deposits | | 54,917 | 62,601 |
| | | 196,978 | 212,804 |
| Current liabilities | | | |
| Bank and other loans | (17) | 14,342 | 4,378 |
| Creditors, accruals and others | (18) | 19,958 | 17,396 |
| Customers' deposits received | | 35,680 | 19,527 |
| Provision for taxation | | 3,426 | 2,456 |
| | | 73,406 | 43,757 |
| Net current assets | | 123,572 | 169,047 |
| Non-current liabilities | | | |
| Bank and other loans | (17) | 57,650 | 65,798 |
| Deferred tax liabilities | (13) | 11,655 | 10,824 |
| Pension obligations | (19) | 131 | 183 |
| Derivative financial instruments | (20) | 1,317 | – |
| | | 70,753 | 76,805 |
| Net assets | | 309,180 | 276,274 |
| Representing: | | | |
| Share capital | (21) | 3,698 | 3,824 |
| Share premium | (21) | 242,177 | 249,179 |
| Reserves | | 45,677 | 17,196 |
| Shareholders' funds | | 291,552 | 270,199 |
| Perpetual capital securities | (22) | 11,670 | – |
| Non-controlling interests | | 5,958 | 6,075 |
| Total equity | | 309,180 | 276,274 |

Li Ka-shing
Director

Ip Tak Chuen, Edmond
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2017

| | Shareholders' funds | | | | Holders of perpetual capital securities | Non-controlling interests | Total equity |
|---|---------------------|---------------|-------------------------|------------|---|---------------------------|--------------|
| | Share capital | Share premium | Reserves ⁽¹⁾ | Total | | | |
| | \$ Million | \$ Million | \$ Million | \$ Million | \$ Million | \$ Million | \$ Million |
| Balance at 1 January 2016 | 3,860 | 250,951 | 8,285 | 263,096 | – | 6,591 | 269,687 |
| Profit after taxation | – | – | 19,415 | 19,415 | – | 394 | 19,809 |
| Other comprehensive income (loss) | | | | | | | |
| Translation of financial statements of operations outside Hong Kong – exchange loss | – | – | (5,657) | (5,657) | – | (325) | (5,982) |
| Investments available for sale – gain in fair value | – | – | 713 | 713 | – | – | 713 |
| Derivative financial instruments – gain (loss) in fair value | | | | | | | |
| Net investment hedges | – | – | 125 | 125 | – | – | 125 |
| Cash flow hedges | – | – | (21) | (21) | – | – | (21) |
| Share of other comprehensive loss of joint ventures | – | – | (227) | (227) | – | – | (227) |
| Gain on remeasurement of defined benefit obligations | – | – | 26 | 26 | – | (4) | 22 |
| Total comprehensive income | – | – | 14,374 | 14,374 | – | 65 | 14,439 |
| Change in non-controlling interests | – | – | – | – | – | (106) | (106) |
| Buy-back and cancellation of issued shares | (36) | (1,772) | 36 | (1,772) | – | – | (1,772) |
| Dividend paid to non-controlling interests | – | – | – | – | – | (475) | (475) |
| Dividend paid to shareholders | | | | | | | |
| 2015 final dividend \$1.05 per share | – | – | (4,038) | (4,038) | – | – | (4,038) |
| 2016 interim dividend \$0.38 per share | – | – | (1,461) | (1,461) | – | – | (1,461) |
| Balance at 31 December 2016 | 3,824 | 249,179 | 17,196 | 270,199 | – | 6,075 | 276,274 |
| Balance at 1 January 2017 | 3,824 | 249,179 | 17,196 | 270,199 | – | 6,075 | 276,274 |
| Profit after taxation | – | – | 30,125 | 30,125 | 335 | 428 | 30,888 |
| Other comprehensive income (loss) | | | | | | | |
| Translation of financial statements of operations outside Hong Kong | | | | | | | |
| Exchange gain | – | – | 5,273 | 5,273 | – | 221 | 5,494 |
| Exchange loss reclassified to profit or loss | – | – | 210 | 210 | – | (44) | 166 |
| Exchange loss on translation of bank loans for hedging | – | – | (48) | (48) | – | – | (48) |
| Derivative financial instruments – gain (loss) in fair value | | | | | | | |
| Net investment hedges | – | – | (2,075) | (2,075) | – | – | (2,075) |
| Cash flow hedges | – | – | 18 | 18 | – | – | 18 |
| Investments in securities – gain in fair value | – | – | 1 | 1 | – | – | 1 |
| Share of other comprehensive income of joint ventures | – | – | 718 | 718 | – | – | 718 |
| Gain on remeasurement of defined benefit obligations | – | – | 69 | 69 | – | 6 | 75 |
| Total comprehensive income | – | – | 34,291 | 34,291 | 335 | 611 | 35,237 |
| Change in non-controlling interests | – | – | – | – | – | (65) | (65) |
| Buy-back and cancellation of issued shares | (126) | (7,002) | 126 | (7,002) | – | – | (7,002) |
| Issue of perpetual capital securities | – | – | – | – | 11,670 | – | 11,670 |
| Costs for issue of perpetual capital securities | – | – | (92) | (92) | – | – | (92) |
| Distribution to holders of perpetual capital securities | – | – | – | – | (335) | – | (335) |
| Dividend paid to non-controlling interests | – | – | – | – | – | (663) | (663) |
| Dividend paid to shareholders | | | | | | | |
| 2016 final dividend \$1.15 per share | – | – | (4,291) | (4,291) | – | – | (4,291) |
| 2017 interim dividend \$0.42 per share | – | – | (1,553) | (1,553) | – | – | (1,553) |
| Balance at 31 December 2017 | 3,698 | 242,177 | 45,677 | 291,552 | 11,670 | 5,958 | 309,180 |

Consolidated Statement of Changes in Equity (*continued*)

(1) Reserves

| | Business combination reserve \$ Million | Investment revaluation reserve \$ Million | Exchange reserve \$ Million | Other reserves \$ Million | Retained profits \$ Million | Total \$ Million |
|--|--|--|-----------------------------------|---------------------------------|-----------------------------------|---------------------|
| Balance at 1 January 2016 | (69,014) | 2,211 | 650 | – | 74,438 | 8,285 |
| Profit after taxation | – | – | – | – | 19,415 | 19,415 |
| Other comprehensive income (loss) | – | 713 | (5,755) | (25) | 26 | (5,041) |
| Buy-back and cancellation of issued shares | – | – | – | 36 | – | 36 |
| Dividend paid to shareholders | | | | | | |
| 2015 final dividend \$1.05 per share | – | – | – | – | (4,038) | (4,038) |
| 2016 interim dividend \$0.38 per share | – | – | – | – | (1,461) | (1,461) |
| Balance at 31 December 2016 | (69,014) | 2,924 | (5,105) | 11 | 88,380 | 17,196 |
| Balance at 1 January 2017 | (69,014) | 2,924 | (5,105) | 11 | 88,380 | 17,196 |
| Reclassified upon adoption of IFRS 9 (Note 2(a)) | – | (2,929) | – | – | 2,929 | – |
| Profit after taxation | – | – | – | – | 30,125 | 30,125 |
| Other comprehensive income | – | 1 | 4,032 | 76 | 57 | 4,166 |
| Buy-back and cancellation of issued shares | – | – | – | 126 | – | 126 |
| Costs for issue of perpetual capital securities | – | – | – | – | (92) | (92) |
| Dividend paid to shareholders | | | | | | |
| 2016 final dividend \$1.15 per share | – | – | – | – | (4,291) | (4,291) |
| 2017 interim dividend \$0.42 per share | – | – | – | – | (1,553) | (1,553) |
| Balance at 31 December 2017 | (69,014) | (4) | (1,073) | 213 | 115,555 | 45,677 |

At the year end date, other reserves comprised capital redemption reserve of \$162 million (31 December 2016 – \$36 million) and hedging reserve of \$51 million (31 December 2016 – deficit of \$25 million).

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

| | Note | 2017 \$ Million | 2016 \$ Million |
|--|------|--------------------|--------------------|
| Operating activities | | | |
| Cash generated from operations | (a) | 54,670 | 48,426 |
| Investment in/loan advance to joint ventures | | (270) | (2,611) |
| Dividend/loan repayment from joint ventures | | 325 | 261 |
| Interest received | | 1,626 | 531 |
| Profits tax paid | | (6,761) | (7,639) |
| Net cash from operating activities | | 49,590 | 38,968 |
| Investing activities | | | |
| Investment in/loan advance to joint ventures | | (57,154) | (1,417) |
| Distribution from associates | | 551 | 568 |
| Disposal (purchase) of investments in securities | | 119 | (69) |
| Dividend from investments in securities | | 312 | 326 |
| Addition of investment properties | | (314) | (4,540) |
| Addition of aircraft | | (3,050) | (6,922) |
| Addition of other fixed assets | | (685) | (758) |
| Disposal of investment properties and fixed assets | | 1,068 | 16 |
| Sale deposit for investment properties | | 4,020 | – |
| Net cash used in investing activities | | (55,133) | (12,796) |
| Financing activities | | | |
| Borrowing of bank and other loans | | 56,069 | 15,696 |
| Repayment of bank and other loans | | (55,094) | (14,083) |
| Distribution paid to holders of perpetual capital securities | | (269) | – |
| Dividend paid to non-controlling interests | | (663) | (475) |
| Dividend paid to shareholders | | (5,844) | (5,499) |
| Decrease in funding from non-controlling interests | | (65) | (106) |
| Buy-back and cancellation of issued shares | | (7,002) | (1,772) |
| Issue of perpetual capital securities | | 11,578 | – |
| Interest and other finance costs paid | | (1,731) | (1,321) |
| Net cash used in financing activities | | (3,021) | (7,560) |
| Net increase (decrease) in cash and cash equivalents | | (8,564) | 18,612 |
| Translation differences | | 1,403 | (1,622) |
| Cash and cash equivalents at 1 January | | 61,530 | 44,540 |
| Cash and cash equivalents at 31 December | (b) | 54,369 | 61,530 |

Consolidated Statement of Cash Flows (continued)

Notes:

(a) Cash generated from operations

| | 2017 \$ Million | 2016 \$ Million |
|---|--------------------|--------------------|
| Profit before taxation | 38,127 | 27,174 |
| Interest income | (1,842) | (531) |
| Interest and other finance costs | 1,222 | 645 |
| Dividend income from investments in securities | (312) | (326) |
| Depreciation | 1,573 | 779 |
| Increase in fair value of investment properties | (9,525) | (1,262) |
| Increase in fair value of investments in securities | (591) | – |
| Profit on disposal of hotel properties | (363) | – |
| Share of profit of joint ventures | (239) | (93) |
| Share of profit of associates | (549) | (44) |
| Others | 65 | 50 |
| (Increase) decrease in long term receivables and others | (1,170) | 284 |
| Changes in working capital | | |
| Decrease in stock of properties | 6,923 | 10,395 |
| (Increase) decrease in debtors, prepayments and others | 7,783 | (113) |
| Decrease in restricted bank balances | 523 | 250 |
| Increase in creditors, accruals and others | 1,786 | 2,618 |
| Increase in customers' deposits received | 11,259 | 8,600 |
| | 28,274 | 21,750 |
| | 54,670 | 48,426 |

(b) Cash and cash equivalents

| | 2017 \$ Million | 2016 \$ Million |
|--------------------------------|--------------------|--------------------|
| Bank balances and deposits | 54,917 | 62,601 |
| Less: Restricted bank balances | (548) | (1,071) |
| | 54,369 | 61,530 |

Restricted bank balances represent property sale proceeds placed with banks in accordance with the requirements of property development on the Mainland and are restricted for use until certain conditions are fulfilled.

Notes to Consolidated Financial Statements

1. General Information

The Company is an exempted company with limited liability incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited. The addresses of its registered office and principal place of business are set out on page 200 of the annual report.

The consolidated financial statements reported in Hong Kong dollars and set out on pages 140 to 178 were approved by the board of directors on 16 March 2018.

2. Principal Accounting Policies

(a) Basis of preparation

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRSs") under the historical cost convention except for investments in securities, investment properties and derivative financial instruments which are stated at fair values as described in (f), (h) and (k) below.

The International Accounting Standards Board has issued a number of new and revised IFRSs. The adoption of those which are effective for the Group's annual accounting periods beginning on 1 January 2017 has no significant impact on the Group's results and financial position and the others will be effective as follows:

Effective for annual accounting periods beginning on 1 January 2018

| | |
|------------------------------------|---|
| Amendments to IFRSs | Annual Improvements 2014 – 2016 Cycle (Amendments to IAS 28) |
| Amendments to IFRS 2 | Classification and Measurement of Share-based Payment Transactions |
| Amendments to IFRS 4 | Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts |
| IFRS 9 | Financial Instruments |
| IFRS 15 and Amendments IFRIC 22 | Revenue from Contracts with Customers Foreign Currency Transactions and Advance Consideration |
| Amendments to IAS 40 | Transfers of Investment Property |

Effective for annual accounting periods beginning on 1 January 2019

| | |
|----------------------|--|
| Amendments to IFRSs | Annual Improvements 2015 – 2017 Cycle |
| Amendments to IFRS 9 | Prepayment Features with Negative Compensation |
| IFRS 16 | Leases |
| Amendments to IAS 19 | Plan Amendment, Curtailment or Settlement |
| IFRIC 23 | Uncertainty over Income Tax Treatments |
| Amendments to IAS 28 | Long-term Interests in Associates and Joint Ventures |

Effective for annual accounting periods beginning on 1 January 2021

| | |
|---------|---------------------|
| IFRS 17 | Insurance Contracts |
|---------|---------------------|

Effective date not yet determined

| | |
|-------------------------------------|--|
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |
|-------------------------------------|--|

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

IFRS 9 “Financial Instruments”, scheduled to be effective in 2018, has been early adopted in the preparation of the consolidated financial statements for the year ended 31 December 2017. The adoption of IFRS 9 has resulted in the following changes in accounting policies for investments in securities:

- In prior years, investments in securities were classified as either investments available for sale or investments held for trading and changes in fair value were recognised in other comprehensive income and profit or loss respectively.

Upon the adoption of IFRS 9, investments in securities are classified as either investments measured at fair value through other comprehensive income or investments measured at fair value through profit or loss depending on the nature and characteristics of the securities and changes in fair value are recognised in other comprehensive income and profit or loss respectively.

The above changes in accounting policies have been applied retrospectively and the comparative figures are not required to be restated in accordance with the transitional provisions of IFRS 9;

and its impacts on the Group’s results and financial position are as follows:

- investments in securities amounting to \$6,169 million, previously classified as investments available for sale, have been reclassified as investments measured at fair value through profit or loss and the accumulated fair value gain of these investments in securities amounting to \$2,929 million in the investment revaluation reserve at 1 January 2017 were reclassified to retained profits;
- investments in securities amounting to \$64 million, previously classified as investments available for sale, have been reclassified as investments measured at fair value through other comprehensive income; and
- increase in profit attributable to shareholders and earnings per share for the year ended 31 December 2017:

| | \$ Million |
|---|------------|
| Changes in fair value of investments in securities recognised in profit or loss | 591 |
| Increase in profit attributable to shareholders | 591 |
| Increase in earnings per share | \$0.16 |

For the other IFRSs scheduled to be effective in 2018, the Group has assessed that they have no significant impact on the Group’s results and financial position when they become effective. For the IFRSs effective for annual accounting periods beginning on 1 January 2019 and after, the Group is in the process of assessing their impact on the Group’s results and financial position.

2. Principal Accounting Policies *(continued)*

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and its direct and indirect subsidiaries made up to the year end date, and incorporate the Group's interests in joint ventures and associates as described in (d) and (e).

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

(c) Subsidiaries

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

(d) Joint ventures

A joint venture is an entity in which the Group has a long term equity interest and of which the Group shares joint control with other parties under contractual arrangements on decisions that significantly affect its returns.

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

Results of joint ventures are incorporated in the consolidated financial statements to the extent of the Group's share of their total comprehensive income based on their financial statements made up to 31 December 2017 and after adjusting, where necessary, to ensure consistency with the Group's accounting policies.

(e) Associates

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

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

Results of associates are incorporated in the consolidated financial statements to the extent of the Group's share of their total comprehensive income based on their financial statements made up to 31 December 2017 and after adjusting, where necessary, to ensure consistency with the Group's accounting policies.

Notes to Consolidated Financial Statements (continued)

2. Principal Accounting Policies (continued)

(f) Investments in securities

Investments in securities, other than subsidiaries, joint ventures or associates, are classified as either investments measured at fair value through other comprehensive income or investments measured at fair value through profit or loss depending on the nature and characteristics of the securities and changes in fair value are recognised in other comprehensive income and profit or loss respectively.

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

(g) Fixed assets

Fixed assets are stated at cost less depreciation and provision for impairment.

For hotel and serviced suite properties and properties for own use, leasehold land is amortised over the remaining term of the lease on a straight-line basis and buildings are depreciated over the shorter of 50 years or the remaining term of the lease of the underlying leasehold land. Aircraft are depreciated on a straight-line basis over the expected remaining useful lives after taking 10% of the acquisition costs as residual values. Other fixed assets are depreciated on a straight-line basis at annual rates from 5% to 33 $\frac{1}{3}$ % based on their respective estimated useful lives.

(h) Investment properties

Investment properties are held for rental and are stated at fair value. Investment properties under development are stated at fair value when fair values become reliably determinable or upon completion of construction, whichever is the earlier, otherwise at cost less provision for impairment. Changes in fair value are recognised in profit or loss.

(i) Stock of properties

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

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

2. Principal Accounting Policies *(continued)*

(j) Debtors and receivables

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

(k) Derivative financial instruments

Derivative financial instruments are stated at fair value and changes in fair value are recognised in profit or loss.

For derivative financial instruments that qualify for hedging and are designated as (i) fair value hedges – changes in fair value are recognised in profit or loss together with changes in fair value of the hedged assets or liabilities; (ii) net investment hedges – changes in fair value are recognised in other comprehensive income and the associated changes in fair value are reclassified to profit or loss upon disposal of the investments hedged; and (iii) cash flow hedges – changes in fair value are recognised in other comprehensive income and the associated changes in fair value are reclassified to profit or loss when the hedged transactions affect profit or loss.

(l) Bank and other loans

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

(m) Creditors

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

(n) Pension obligations

Defined benefit obligations are measured at the present value of estimated future cash outflows, using discount rates by reference to market yields of high quality bonds at the year end date, after taking into account the fair value of pension scheme assets.

Costs of defined benefit pensions are charged to profit or loss using the projected unit credit method to spread the costs over employees' future service lives. Gain or loss on remeasurement of defined benefit obligations is recognised in other comprehensive income.

Contributions to defined contribution schemes are charged to profit or loss when employees' services are provided.

Notes to Consolidated Financial Statements (*continued*)**2. Principal Accounting Policies (*continued*)****(o) Revenue recognition**

Revenue of property sale is recognised when significant risks and rewards of the property are passed to the purchaser. Payments received from purchasers prior to revenue recognition are accounted for as customers' deposits received.

Revenue of property rental and aircraft leasing are recognised on a straight-line basis over the lease term. Revenue of hotel and serviced suite operation is recognised upon provision of services. Revenue of property and project management is recognised when services are rendered. Revenue of infrastructure and utility asset operation is recognised upon provision of goods or services.

(p) Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the year end date. Transactions in foreign currencies are converted at the rates of exchange ruling at the transaction dates. Exchange differences are recognised in profit or loss.

For translation of financial statements of subsidiaries, joint ventures and associates denominated in foreign currencies into Hong Kong dollars for consolidation, assets and liabilities are translated at the rates of exchange ruling at the year end date and results are translated at the average rates of exchange during the year. Exchange differences are recognised in other comprehensive income.

(q) Taxation

Profits tax is provided for, using the applicable enacted rates at the year end date, on estimated assessable profits less available tax relief for losses of each individual company comprising the Group.

Deferred tax liabilities are provided for, using the applicable enacted rates, on temporary differences between the carrying amounts of assets and liabilities and their tax bases, and deferred tax assets are recognised, using the applicable enacted rates, to the extent that future taxable profits will be available and deductible temporary differences and unused tax losses can be utilised to offset the profits.

(r) Borrowing costs

Borrowing costs are charged to profit or loss when incurred unless capitalised as being directly attributable to property acquisition and development which necessarily take a substantial period of time to complete.

3. Revenue and Profit Contribution

The principal activities of the Group are property development and investment, hotel and serviced suite operation, property and project management, aircraft leasing and joint ventures in infrastructure and utility asset operation.

Revenue for the year by principal activities is as follows:

| | Group | | Joint ventures | | Total | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2017 \$ Million | 2016 \$ Million | 2017 \$ Million | 2016 \$ Million | 2017 \$ Million | 2016 \$ Million |
| Property sales | 42,825 | 56,475 | 26 | 329 | 42,851 | 56,804 |
| Property rental | 7,689 | 7,316 | 141 | 114 | 7,830 | 7,430 |
| Hotel and serviced suite operation | 4,774 | 4,823 | 24 | 27 | 4,798 | 4,850 |
| Property and project management | 511 | 500 | 115 | 120 | 626 | 620 |
| Aircraft leasing | 1,747 | 186 | 445 | 20 | 2,192 | 206 |
| Infrastructure and utility asset operation | – | – | 5,483 | – | 5,483 | – |
| | 57,546 | 69,300 | 6,234 | 610 | 63,780 | 69,910 |

and is derived from the following locations:

| | 2017 \$ Million | 2016 \$ Million |
|--------------|--------------------|--------------------|
| Hong Kong | 24,576 | 32,305 |
| The Mainland | 30,917 | 37,065 |
| Overseas | 8,287 | 540 |
| | 63,780 | 69,910 |

Notes to Consolidated Financial Statements (continued)

3. Revenue and Profit Contribution (continued)

Profit contribution for the year by principal activities after allocation of operating costs and other income is as follows:

| | Group | | Joint ventures | | Total | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2017 \$ Million | 2016 \$ Million | 2017 \$ Million | 2016 \$ Million | 2017 \$ Million | 2016 \$ Million |
| Property sales | 16,235 | 17,490 | 16 | 177 | 16,251 | 17,667 |
| Property rental | 7,010 | 6,761 | 120 | 23 | 7,130 | 6,784 |
| Hotel and serviced suite operation | 1,588 | 1,521 | (16) | (12) | 1,572 | 1,509 |
| Property and project management | 232 | 223 | 43 | 44 | 275 | 267 |
| Aircraft leasing | 704 | 78 | 280 | 6 | 984 | 84 |
| Infrastructure and utility asset operation | – | – | 1,969 | – | 1,969 | – |
| | 25,769 | 26,073 | 2,412 | 238 | 28,181 | 26,311 |
| Interest and other finance costs | (1,222) | (645) | (804) | (37) | (2,026) | (682) |
| | 24,547 | 25,428 | 1,608 | 201 | 26,155 | 25,629 |
| Interests in real estate investment trusts | | | | | 1,390 | 347 |
| Increase in fair value of investment properties | | | | | | |
| Group | | | | | 9,525 | 1,262 |
| Joint ventures | | | | | 14 | 3 |
| Profit on disposal of hotel properties | | | | | 363 | – |
| Others | | | | | 933 | 9 |
| Taxation | | | | | | |
| Group | | | | | (7,239) | (7,365) |
| Joint ventures | | | | | (253) | (76) |
| Profit attributable to non-controlling interests and holders of perpetual capital securities | | | | | (763) | (394) |
| Profit attributable to shareholders | | | | | 30,125 | 19,415 |

Information on profit contribution by principal activities is set out in management discussion and analysis on pages 16 to 29 of the annual report.

4. Profit before Taxation

| | 2017 \$ Million | 2016 \$ Million |
|--|--------------------|--------------------|
| Profit before taxation is arrived at after charging: | | |
| Interest and other finance costs | | |
| Bank and other loans | 1,894 | 1,326 |
| Less: Amount capitalised | (672) | (681) |
| | 1,222 | 645 |
| Directors' emoluments | | |
| Salaries, allowances and benefits in kind | 157 | 149 |
| Pension scheme contribution | 15 | 14 |
| Discretionary bonus | 138 | 132 |
| | 310 | 295 |
| Auditors' remuneration | 22 | 19 |
| Costs of properties sold | 23,324 | 34,797 |
| Exchange differences | – | 645 |
| and after crediting: | | |
| Interest income | | |
| Bank balances and deposits | 614 | 397 |
| Loan receivables | 237 | 74 |
| Loans to joint ventures | 988 | 60 |
| Investments in securities | 3 | – |
| Dividend from investments in securities | 312 | 326 |
| Gain on disposal of investment properties | 114 | – |
| Exchange differences | 167 | – |

Notes:

- (a) Interest and other finance costs were capitalised to property development projects at rates based on the weighted average cost of 2.2% (2016 – 1.5%) for general borrowings.

Notes to Consolidated Financial Statements (continued)

4. Profit before Taxation (continued)

- (b) Directors' emoluments paid to directors (including the five highest paid individuals in the Group) in connection with the management of affairs of the Company and its subsidiaries are as follows:

| | Director's Fees \$ Million | Salaries, Allowances and Benefits in Kind \$ Million | Pension Scheme Contribution \$ Million | Discretionary Bonus \$ Million | Inducement or Compensation Fee \$ Million | 2017 Total \$ Million | 2016 Total \$ Million |
|-------------------------|----------------------------------|--|---|--------------------------------------|--|-----------------------------|-----------------------------|
| Li Ka-shing | 0.01 | - | - | - | - | 0.01 | 0.01 |
| Li Tzar Kuoi, Victor | 0.22 | 52.66 | 5.26 | 31.50 | - | 89.64 | 84.03 |
| Kam Hing Lam | 0.22 | 23.43 | 2.34 | 1.01 | - | 27.00 | 25.95 |
| Ip Tak Chuen, Edmond | 0.22 | 20.69 | 2.07 | 1.88 | - | 24.86 | 23.08 |
| Chung Sun Keung, Davy | 0.22 | 11.92 | 1.19 | 20.75 | - | 34.08 | 32.78 |
| Chiu Kwok Hung, Justin | 0.22 | 12.13 | 1.21 | 20.76 | - | 34.32 | 33.01 |
| Chow Wai Kam | 0.22 | 5.28 | 0.46 | 25.14 | - | 31.10 | 29.63 |
| Pau Yee Wan, Ezra | 0.22 | 13.52 | 1.35 | 16.47 | - | 31.56 | 30.35 |
| Woo Chia Ching, Grace | 0.22 | 13.52 | 1.35 | 20.67 | - | 35.76 | 34.40 |
| Cheong Ying Chew, Henry | 0.41 | - | - | - | - | 0.41 | 0.41 |
| Chow Nin Mow, Albert | 0.35 | - | - | - | - | 0.35 | 0.35 |
| Hung Siu-lin, Katherine | 0.41 | - | - | - | - | 0.41 | 0.41 |
| Simon Murray | 0.08 | - | - | - | - | 0.08 | 0.22 |
| Yeh Yuan Chang, Anthony | 0.22 | - | - | - | - | 0.22 | 0.22 |
| Colin Stevens Russel | 0.27 | - | - | - | - | 0.27 | - |
| Donald Jeffrey Roberts | 0.27 | - | - | - | - | 0.27 | - |
| Total for 2017 | 3.78 | 153.15 | 15.23 | 138.18 | - | 310.34 | |
| Total for 2016 | 3.38 | 145.28 | 14.44 | 131.75 | - | | 294.85 |

All directors (except for the Chairman) receive an annual fee of \$220,000 each. The independent non-executive directors acting as members of Audit Committee and/or Remuneration Committee receive an additional annual fee of \$130,000 each for the former and \$60,000 each for the latter. Other than a director's fee of \$5,000 (rounded to \$0.01 million for presentation), no other remuneration is paid to the Chairman, Mr. Li Ka-shing.

5. Taxation

| | 2017 \$ Million | 2016 \$ Million |
|-------------------|--------------------|--------------------|
| Current tax | | |
| Hong Kong | 1,694 | 2,024 |
| Outside Hong Kong | 5,962 | 3,841 |
| Deferred tax | (417) | 1,500 |
| | 7,239 | 7,365 |

Profits tax is provided for at the rate of 16.5% (2016 – 16.5%) on the estimated assessable profits in Hong Kong, the principal place of business. Tax outside Hong Kong is provided for at the local enacted rates on the estimated assessable profits of the individual company concerned. Profit before results of joint ventures and associates is reconciled with taxation as follows:

| | 2017 \$ Million | 2016 \$ Million |
|---|--------------------|--------------------|
| Profit before taxation | 38,127 | 27,174 |
| Less: Share of profit of joint ventures | (239) | (93) |
| Share of profit of associates | (549) | (44) |
| | 37,339 | 27,037 |
| At profits tax rate of 16.5% (2016 – 16.5%) | 6,161 | 4,461 |
| Tax rate differences at locations outside Hong Kong | 3,487 | 3,416 |
| Dividend income | (52) | (54) |
| Fair value changes of investment properties | (1,664) | (242) |
| Tax losses and deductible temporary differences | (172) | (10) |
| Non-assessable/deductible items | (358) | (388) |
| Deferred tax assets derecognised | – | 125 |
| Over/under provision in prior years | (163) | 62 |
| Others | – | (5) |
| | 7,239 | 7,365 |

6. Earnings Per Share

The calculation of earnings per share is based on profit attributable to shareholders and on the weighted average of 3,732,203,704 shares (2016 – 3,847,159,309 shares) in issue during the year.

Notes to Consolidated Financial Statements (continued)

7. Dividends

Dividends paid and proposed for the year by the Company are as follows:

| | 2017 \$ Million | 2016 \$ Million |
|---|--------------------|--------------------|
| Interim dividend paid at \$0.42 (2016 – \$0.38) per share | 1,553 | 1,461 |
| Final dividend proposed at \$1.28 (2016 – \$1.15) per share | 4,733 | 4,291 |
| | 6,286 | 5,752 |

At the year end date, the Company's reserves available for distribution to shareholders amounted to \$255,012 million (2016 – \$259,091 million). Final dividend proposed for 2016 was approved by shareholders on 11 May 2017 and paid on 31 May 2017.

8. Fixed Assets

| | Hotels and serviced suites \$ Million | Hotels and serviced suites under development \$ Million | Land and buildings \$ Million | Aircraft \$ Million | Other assets \$ Million | Total \$ Million |
|-------------------------------------|---|---|-------------------------------------|------------------------|-------------------------------|---------------------|
| Cost | | | | | | |
| At 1 January 2016 | 20,797 | 1,690 | 3,597 | – | 3,322 | 29,406 |
| Additions/transfers | 20 | 381 | 15 | 15,186 | 344 | 15,946 |
| Disposals | – | – | – | – | (102) | (102) |
| Translation differences | (119) | – | (29) | – | (63) | (211) |
| At 31 December 2016 | 20,698 | 2,071 | 3,583 | 15,186 | 3,501 | 45,039 |
| Additions/cost adjustments | (91) | 612 | 4 | 3,066 | 109 | 3,700 |
| Disposals | (1,132) | – | – | – | (376) | (1,508) |
| Translation differences | 48 | – | 26 | 78 | 40 | 192 |
| At 31 December 2017 | 19,523 | 2,683 | 3,613 | 18,330 | 3,274 | 47,423 |
| Accumulated depreciation/provisions | | | | | | |
| At 1 January 2016 | 7,775 | – | 429 | – | 2,588 | 10,792 |
| Depreciation | 406 | – | 89 | 90 | 194 | 779 |
| Disposals | – | – | – | – | (96) | (96) |
| Translation differences | (66) | – | (12) | – | (53) | (131) |
| At 31 December 2016 | 8,115 | – | 506 | 90 | 2,633 | 11,344 |
| Depreciation | 379 | – | 92 | 879 | 223 | 1,573 |
| Disposals | (574) | – | – | – | (332) | (906) |
| Translation differences | 30 | – | 11 | 2 | 32 | 75 |
| At 31 December 2017 | 7,950 | – | 609 | 971 | 2,556 | 12,086 |
| Net book value | | | | | | |
| At 31 December 2017 | 11,573 | 2,683 | 3,004 | 17,359 | 718 | 35,337 |
| At 31 December 2016 | 12,583 | 2,071 | 3,077 | 15,096 | 868 | 33,695 |

8. Fixed Assets (continued)

During the year, the Group disposed of its interests in two hotel properties on the Mainland to Hui Xian Real Estate Investment Trust, an associate, at a profit of \$363 million.

Analysis of aircraft by geographical location is not practicable as aircraft are movable assets leased to airline operators. Other fixed assets with carrying amounts of \$17,030 million (2016 – \$16,927 million) and \$948 million (2016 – \$1,672 million) at the year end date were located in Hong Kong and outside Hong Kong respectively.

Depreciation for the year by principal activities is as follows:

| | 2017 \$ Million | 2016 \$ Million |
|------------------------------------|--------------------|--------------------|
| Property sales | 29 | 32 |
| Property rental | 96 | 91 |
| Hotel and serviced suite operation | 554 | 553 |
| Property and project management | 14 | 13 |
| Aircraft leasing | 880 | 90 |
| | 1,573 | 779 |

9. Investment Properties

| | Properties completed \$ Million | Properties under development \$ Million | Total \$ Million |
|-------------------------|---------------------------------------|--|---------------------|
| At 1 January 2016 | 119,526 | 433 | 119,959 |
| Additions | 4,441 | 117 | 4,558 |
| Disposals | (10) | – | (10) |
| Increase in fair value | 1,213 | 49 | 1,262 |
| Translation differences | (463) | – | (463) |
| At 31 December 2016 | 124,707 | 599 | 125,306 |
| Additions/transfers | 1,232 | (694) | 538 |
| Disposals | (60) | – | (60) |
| Increase in fair value | 9,430 | 95 | 9,525 |
| Translation differences | 689 | – | 689 |
| At 31 December 2017 | 135,998 | – | 135,998 |

Gross rental income and direct operating expenses of investment properties for the year amounted to \$7,247 million (2016 – \$7,014 million) and \$108 million (2016 – \$109 million) respectively.

Notes to Consolidated Financial Statements (continued)

9. Investment Properties (continued)

At the year end date:

- (a) investment properties with carrying amounts of \$126,826 million (2016 – \$116,203 million) and \$9,172 million (2016 – \$9,103 million) were located in Hong Kong and outside Hong Kong respectively;
- (b) investment properties in Hong Kong were fair valued by Cushman & Wakefield Limited, independent professional valuers, using valuation methods and inputs described in (c) and (d) below; and property valuations would be dependent on the determination of the inputs which involved judgements and estimates after considering information available;
- (c) fair values of investment properties were derived, using the income capitalisation method, by adopting the appropriate capitalisation rates ranging from 4% to 8% after the current rental income of the investment properties and their reversionary income potential were considered;
- (d) fair values of investment properties under development were determined using the residual method; the investment properties under development would be fair valued as if they were completed, using the income capitalisation method and adopting a capitalisation rate of 5%, and outstanding costs to completion and profit margins would be deducted from the valuations to arrive at the fair values of the investment properties under development;
- (e) capitalisation rates were adopted after analysis and interpretation of relevant observable market transactions, indirectly observable market information, prevailing market conditions and expectations; and capitalisation rates adopted would be inversely related to the values derived; and
- (f) an agreement had been entered into for the sale of an investment property in Hong Kong with a carrying amount of \$27,560 million and subject to conditions, the sale of the investment property would be completed in 2018.

10. Joint Ventures

| | 2017 \$ Million | 2016 \$ Million |
|---|--------------------|--------------------|
| Investments in joint ventures – unlisted | 20,001 | 4,168 |
| Share of results less dividends | 866 | 211 |
| | 20,867 | 4,379 |
| Amounts due from joint ventures | | |
| Interest bearing loans – repayable within 5 years | 7,277 | 3,097 |
| Interest bearing loans – repayable after 5 years | 6,445 | – |
| Subordinated interest bearing loans – repayable after 5 years | 30,420 | – |
| Non-interest bearing loans – no fixed repayment terms | 284 | 431 |
| | 65,293 | 7,907 |

10. Joint Ventures (continued)

During the year, the Group formed three joint ventures with CK Infrastructure Holdings Limited and together with Power Assets Holdings Limited in one of the joint ventures to invest in infrastructure and utility assets and loans were made to the joint ventures on a pro rata basis carrying interest at various rates between 4.4% and 7.5%.

Particulars of the joint ventures are as follows:

| Joint venture | Equity interest of the Group | Principal activities and place of businesses |
|---|------------------------------|--|
| CK William UK Holdings Limited – incorporated in the United Kingdom for investment in the DUET Group (the “DUET JV”) | 40% | Owner and operator of energy utility assets in Australia, the United States, Canada and the United Kingdom |
| Sarvana S.à r.l. – incorporated in Luxembourg for investment in the ista Group (the “ista JV”) | 65% | A fully integrated energy management service provider in Europe |
| CKP (Canada) Holdings Limited – incorporated in Canada for investment in the Reliance Group (the “Reliance JV”) | 75% | A building equipment and service provider under the consumer brand identity of “Reliance Home Comfort” in Canada |

Summarised financial information of the joint ventures is as follows:

| For the period ended 31 December 2017 | DUET JV \$ Million | ista JV \$ Million | Reliance JV \$ Million |
|---|-----------------------|-----------------------|---------------------------|
| Revenue | 7,057 | 1,684 | 2,087 |
| Operating profit before interest, taxation, depreciation and amortisation | 4,478 | 720 | 1,122 |
| Interest expense | (1,955) | (404) | (618) |
| Depreciation and amortisation | (1,187) | (313) | (535) |
| Acquisition stamp duty | (745) | – | – |
| Taxation | (423) | (68) | 11 |
| Net profit (loss) | 168 | (65) | (20) |
| Other comprehensive income | 826 | 61 | 340 |
| Non-controlling interests | (131) | – | – |
| Total comprehensive income | 863 | (4) | 320 |

Notes to Consolidated Financial Statements (continued)

10. Joint Ventures (continued)

| As at 31 December 2017 | DUET JV \$ Million | ista JV \$ Million | Reliance JV \$ Million |
|--|-----------------------|-----------------------|---------------------------|
| Non-current assets | 92,357 | 64,881 | 32,281 |
| Current assets | | | |
| Cash and cash equivalents | 2,036 | 1,111 | 185 |
| Other current assets | 2,451 | 1,987 | 494 |
| | 4,487 | 3,098 | 679 |
| Current liabilities | | | |
| Trade creditors, provisions and others | (4,048) | (1,297) | (758) |
| Other financial liabilities | (4,615) | (16) | (47) |
| Other non-financial liabilities | (189) | (1,346) | (156) |
| | (8,852) | (2,659) | (961) |
| Non-current liabilities | | | |
| Shareholders' loan | (24,160) | (34,606) | (10,569) |
| Trade creditors, provisions and others | (1,569) | (54) | (135) |
| Other financial liabilities | (37,120) | (14,670) | (11,002) |
| Other non-financial liabilities | (4,185) | (9,962) | (3,271) |
| | (67,034) | (59,292) | (24,977) |
| Net assets | 20,958 | 6,028 | 7,022 |
| Non-controlling interests | (172) | (3) | – |
| Shareholders' equity | 20,786 | 6,025 | 7,022 |
| Shareholders' equity shared by the Group | 8,314 | 3,916 | 5,266 |
| Capitalised costs | 55 | 76 | – |
| Carrying amount | 8,369 | 3,992 | 5,266 |

At the year end date, the aggregated carrying amount of other joint ventures was \$3,240 million (2016 – \$4,379 million) and the Group's share of results of the other joint ventures for the year are as follows:

| | 2017 \$ Million | 2016 \$ Million |
|-----------------------------------|--------------------|--------------------|
| Net profit | 281 | 93 |
| Other comprehensive income (loss) | 93 | (227) |
| Total comprehensive income | 374 | (134) |

11. Associates

| | 2017 \$ Million | 2016 \$ Million |
|--|--------------------|--------------------|
| Investment in an associate – listed in Hong Kong | 8,147 | 8,076 |
| Share of results less distributions | (745) | (743) |
| | 7,402 | 7,333 |
| Market value on quoted market price | 6,712 | 6,226 |

At the year end date, particulars of the associate are as follows:

| Name | Effective interest of the Group | Principal activities and place of business |
|--|------------------------------------|---|
| Hui Xian Real Estate Investment Trust (“Hui Xian REIT”) | 32.1% | Investment in hotels and serviced suites, office and retail properties on the Mainland |

Summarised financial information of Hui Xian REIT is as follows:

| | 2017 RMB Million | 2016 RMB Million |
|---|---------------------|---------------------|
| Revenue | 3,199 | 3,106 |
| Profit attributable to unitholders | 1,456 | 114 |
| Current assets | 7,734 | 7,391 |
| Non-current assets | 39,875 | 39,549 |
| Current liabilities | (5,914) | (1,901) |
| Non-current liabilities | (13,834) | (17,639) |
| Non-controlling interests | (350) | (243) |
| Net assets before distribution payables | 27,511 | 27,157 |

The Group’s share of net assets before distribution payable amounted to \$10,509 million (2016 – \$9,855 million) at the year end exchange rate. Distribution received from Hui Xian REIT during the year amounted to \$551 million (2016 – \$568 million).

Notes to Consolidated Financial Statements (continued)

12. Investments in Securities

| | 2017 \$ Million | 2016 \$ Million |
|---|--------------------|--------------------|
| Investments measured at fair value through profit or loss | | |
| Equity securities – listed in Hong Kong | 3,767 | – |
| Equity securities – listed outside Hong Kong | 2,218 | – |
| Equity securities – unlisted | 656 | – |
| Investments measured at fair value through other comprehensive income | 6,641 | – |
| Debt securities – listed in Hong Kong | 65 | – |
| Investments available for sale | | |
| Equity securities – listed in Hong Kong | – | 3,469 |
| Equity securities – listed outside Hong Kong | – | 2,700 |
| Debt securities – listed in Hong Kong | – | 64 |
| | 6,706 | 6,233 |

13. Deferred Tax Assets / Liabilities

| | 2017 \$ Million | 2016 \$ Million |
|------------------------------|--------------------|--------------------|
| Deferred tax assets | 2,720 | 1,843 |
| Deferred tax liabilities | (11,655) | (10,824) |
| Net deferred tax liabilities | (8,935) | (8,981) |

Analysis of net deferred tax liabilities is as follows:

| | 2017 \$ Million | 2016 \$ Million |
|---|--------------------|--------------------|
| Accelerated tax depreciation | (3,572) | (3,378) |
| Fair value changes of investment properties | (344) | (458) |
| Increase in value of other properties | (5,190) | (4,379) |
| Tax losses | 1,258 | 996 |
| Distributable profits outside Hong Kong | (886) | (1,527) |
| Other temporary differences | (201) | (235) |
| | (8,935) | (8,981) |

13. Deferred Tax Assets / Liabilities (continued)

Movements of net deferred tax liabilities are as follows:

| | 2017 \$ Million | 2016 \$ Million |
|---|--------------------|--------------------|
| At 1 January | (8,981) | (7,840) |
| Net credit (charge) to profit or loss | | |
| Accelerated tax depreciation | (165) | (107) |
| Fair value changes of investment properties | 141 | 53 |
| Increase in value of other properties | (533) | (1,147) |
| Tax losses | 242 | (75) |
| Distributable profits outside Hong Kong | 736 | (272) |
| Other temporary differences | (4) | 48 |
| Translation differences | (371) | 359 |
| At 31 December | (8,935) | (8,981) |

At the year end date, no deferred tax asset was recognised for tax losses and deductible temporary differences amounting to \$4,472 million (2016 – \$5,299 million) and \$3,001 million (2016 – \$3,208 million) respectively, and tax losses amounting to \$466 million (2016 – \$360 million) would expire within 5 years.

14. Stock of Properties

| | 2017 \$ Million | 2016 \$ Million |
|----------------------------------|--------------------|--------------------|
| Properties for/under development | 78,338 | 75,199 |
| Joint development projects | 24,691 | 20,592 |
| Properties for sale | 32,560 | 41,757 |
| | 135,589 | 137,548 |

At the year end date:

- (a) stock of properties amounting to \$62,702 million (2016 – \$62,204 million) and \$72,887 million (2016 – \$75,344 million) were located in Hong Kong and outside Hong Kong respectively; and
- (b) properties for/under development and joint development projects amounting to \$38,814 million (2016 – \$71,393 million) were not scheduled for completion within twelve months.

Notes to Consolidated Financial Statements (*continued*)

15. Debtors, Prepayments and Others

| | 2017 \$ Million | 2016 \$ Million |
|---|--------------------|--------------------|
| Trade debtors | 600 | 9,147 |
| Deposits for derivative financial instruments | 643 | – |
| Loan receivables | 1,270 | 1,619 |
| Prepayments and others | 2,466 | 1,889 |
| | 4,979 | 12,655 |

Trade debtors comprise mainly receivables for sales of properties and leasing of properties and aircraft. Sales of properties are normally completed when sales prices are fully paid in accordance with the terms of sale and purchase agreements and deferred payment terms are sometimes offered to purchasers at a premium. Rentals and deposits are payable in advance by lessees as set out in the lease agreements.

Deposits for derivative financial instruments are made when the value of the derivative financial instruments is in a liability position and are subject to conditional netting arrangements in accordance with the terms of the derivative contracts.

Ageing analysis of trade debtors with reference to the terms of the agreements is as follows:

| | 2017 \$ Million | 2016 \$ Million |
|----------------------|--------------------|--------------------|
| Current to one month | 502 | 9,057 |
| Two to three months | 48 | 46 |
| Over three months | 50 | 44 |
| | 600 | 9,147 |

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

| | 2017 \$ Million | 2016 \$ Million |
|---------------------------------|--------------------|--------------------|
| Overdue within one month | 112 | 95 |
| Overdue for two to three months | 48 | 46 |
| Overdue over three months | 50 | 44 |
| | 210 | 185 |

16. Joint Venture Contracted for Sale

| | 2017 \$ Million | 2016 \$ Million |
|-------------------------------|--------------------|--------------------|
| Investment in a joint venture | 1,450 | – |
| Share of results | 43 | – |
| | 1,493 | – |

The Group's 50% interest in a joint venture for property development on the Mainland was contracted for sale subject to terms and conditions. At the year end date, the contract for sale had become unconditional and the sale of the Group's 50% interest in the joint venture was completed in January 2018.

17. Bank and Other Loans

| | 2017 \$ Million | 2016 \$ Million |
|--|--------------------|--------------------|
| Bank loans repayable | | |
| within 1 year | 14,342 | 4,378 |
| after 1 year but not exceeding 2 years | 1,568 | 35,547 |
| after 2 years but not exceeding 5 years | 40,772 | 17,433 |
| after 5 years | 7,215 | 8,188 |
| | 63,897 | 65,546 |
| Other loans repayable | | |
| after 2 years but not exceeding 5 years | 5,353 | 3,880 |
| after 5 years | 2,742 | 750 |
| | 8,095 | 4,630 |
| | 71,992 | 70,176 |
| Less: Amounts classified under current liabilities | (14,342) | (4,378) |
| Amounts classified under non-current liabilities | 57,650 | 65,798 |

Movements of bank and other loans are as follows:

| | 2017 \$ Million |
|-----------------------------------|--------------------|
| At 1 January | 70,176 |
| Borrowing of bank and other loans | 56,069 |
| Repayment of bank and other loans | (55,094) |
| Amortisation of costs | 137 |
| Translation differences | 704 |
| At 31 December | 71,992 |

Notes to Consolidated Financial Statements (continued)

17. Bank and Other Loans (continued)

At the year end date:

- (a) bank loans amounting to \$13,812 million (2016 – \$15,268 million) were secured by assets as described in note 24;
- (b) bank loans in RMB carried interest at rates generally within the range from 90% to 110% of the rates prescribed by the People's Bank of China and bank loans in other currencies carried interest at rates generally based on the inter-bank offered rates of the relevant currency plus a margin of approximately 1%;
- (c) interest rate swaps designated to hedge the interest rate risk of bank loans on a floating rate basis had a fair value gain of \$129 million (2016 – \$107 million) and the particulars of the interest rate swaps were as follows:

| Notional amount | Pay fixed interest rate | Receive floating interest rate | Maturities |
|-----------------|-------------------------|--------------------------------|---------------|
| US\$943 million | 1%-2.2% | LIBOR | 2019 and 2023 |

- (d) other loans included the following notes issued by CK Property Finance (MTN) Limited in Hong Kong and guaranteed by the Company:

| | |
|-------------------|--|
| HK\$750,000,000 | 2.29% due September 2026 (issued in 2016) |
| US\$500,000,000 | LIBOR+0.78% due December 2021 (issued in 2016) |
| HK\$1,450,000,000 | 2.25% due August 2022 (issued in 2017) |
| HK\$1,100,000,000 | 3% due April 2027 (issued in 2017) |
| HK\$896,000,000 | 2.69% due September 2027 (issued in 2017) |

18. Creditors, Accruals and Others

| | 2017 \$ Million | 2016 \$ Million |
|--|--------------------|--------------------|
| Trade creditors | 4,924 | 5,865 |
| Accruals and other creditors | 10,785 | 11,531 |
| Sale deposit for investment properties | 4,020 | – |
| Derivative financial instruments (Note 20) | 229 | – |
| | 19,958 | 17,396 |

Ageing analysis of trade creditors with reference to invoice dates and credit terms is as follows:

| | 2017 \$ Million | 2016 \$ Million |
|----------------------|--------------------|--------------------|
| Current to one month | 4,852 | 5,814 |
| Two to three months | 54 | 36 |
| Over three months | 18 | 15 |
| | 4,924 | 5,865 |

19. Pension Obligations

| | 2017 \$ Million | 2016 \$ Million |
|--|--------------------|--------------------|
| Present value of defined benefit obligations | 940 | 949 |
| Less: Fair value of scheme assets | (809) | (766) |
| | 131 | 183 |

Employees pension schemes include defined benefit schemes and defined contribution schemes and the assets of the employees pension schemes are held independently of the Group's assets.

Defined benefit schemes include (i) provision of benefits based on employer and employee vested contributions plus interest at 6% per annum, or a sum derived by a formula using the final salary and years of service, whichever is greater ("Scheme A"); and (ii) provision of benefits based on employer vested contributions only plus interest at 5% per annum ("Scheme B").

For Scheme A's funding purpose, an independent actuarial valuation as at 31 July 2017 reported a funding level of 104% of the accrued actuarial liabilities on an ongoing basis. The valuation was performed by Tian Keat Aun, a Fellow of The Institute and Faculty of Actuaries, of Towers Watson Hong Kong Limited using the attained age valuation method which adopted an investment return of 3.25% per annum and a salary increment of 4% per annum as the main assumptions. For Scheme B, the vested benefits were fully funded.

During the year, pension obligation costs on defined benefit schemes charged to profit or loss amounted to \$66 million (2016 – \$75 million) and a gain of \$75 million (2016 – \$22 million) was recognised in other comprehensive income on remeasurement of defined benefit obligations. Employers' contributions for the year amounted to \$43 million (2016 – \$48 million) and forfeited contributions used to reduce the employers' contributions amounted to \$7 million (2016 – \$8 million).

Defined contribution schemes include occupational retirement schemes and mandatory pension schemes. For occupational retirement schemes, contributions are made either by employer only or by both employer and employees at rates ranging from 5% to 10% of the employees' salary. For mandatory pension schemes, contributions are made by both employer and employees based on the employees' relevant monthly income in accordance with statutory requirements.

During the year, contributions to defined contribution schemes amounted to \$317 million (2016 – \$309 million) and forfeited contributions used to reduce the employers' contributions amounted to \$5 million (2016 – \$6 million).

Notes to Consolidated Financial Statements (continued)

20. Derivative Financial Instruments

| | 2017 \$ Million | 2016 \$ Million |
|--|--------------------|--------------------|
| Currency swaps and forward contracts – fair value loss | 1,546 | – |
| Less: Amounts classified under current liabilities (Note 18) | (229) | – |
| Amounts classified under non-current liabilities | 1,317 | – |

At the year end date, the details of the currency swaps and forward contracts, which were designated to hedge the foreign currency exchange risk of investments overseas and covered the initial investment amounts substantially, were as follows:

| Buy | Sell | Maturities |
|-------------------|------------------|-------------|
| US\$1,164 million | AUD1,550 million | 2019 – 2022 |
| US\$1,638 million | CAD2,145 million | 2018 – 2019 |
| US\$3,349 million | EUR2,858 million | 2020 – 2022 |
| US\$403 million | GBP300 million | 2022 |

Changes in fair value of currency swaps and forward contracts were dealt with in exchange reserve as follows:

| | 2017 \$ Million | 2016 \$ Million |
|--|--------------------|--------------------|
| At 1 January | 125 | – |
| Gain (loss) in fair value of net investment hedges | (2,075) | 125 |
| At 31 December | (1,950) | 125 |

21. Share Capital / Share Premium

| | Number of shares | Share capital \$ Million | Share premium \$ Million |
|--|----------------------|--------------------------------|--------------------------------|
| Authorised share capital | | | |
| Shares of \$1 each | 8,000,000,000 | 8,000 | |
| Issued share capital | | | |
| Shares of \$1 each issued | | | |
| At 1 January 2016 | 3,859,678,500 | 3,860 | 250,951 |
| Buy-back and cancellation of issued shares | (35,679,000) | (36) | (1,772) |
| At 31 December 2016 | 3,823,999,500 | 3,824 | 249,179 |
| Buy-back and cancellation of issued shares | (126,501,000) | (126) | (7,002) |
| At 31 December 2017 | 3,697,498,500 | 3,698 | 242,177 |

During the year, the Company bought back 126,501,000 of its own issued shares on The Stock Exchange of Hong Kong Limited for a total consideration (including expenses) of \$7,002 million and cancelled all the shares bought back.

Particulars of the share buy-backs during the year are as follows:

| Month | Number of shares bought back | Purchase price per share | | Aggregate consideration (before expenses) |
|--------------|------------------------------------|--------------------------|---------|---|
| | | Highest | Lowest | |
| January 2017 | 23,805,000 | \$52.40 | \$49.15 | \$1,218,199,525 |
| March 2017 | 23,749,500 | \$54.50 | \$52.80 | \$1,281,750,825 |
| April 2017 | 33,925,500 | \$55.45 | \$52.35 | \$1,818,529,225 |
| May 2017 | 20,806,000 | \$58.10 | \$55.70 | \$1,182,354,750 |
| June 2017 | 24,215,000 | \$61.85 | \$59.10 | \$1,481,116,275 |
| | 126,501,000 | | | \$6,981,950,600 |

Notes to Consolidated Financial Statements (continued)

22. Perpetual Capital Securities

During the year, the Group issued US\$1,500 million perpetual capital securities with an annual distribution rate of 4.6% in the amount of \$11,670 million. The perpetual capital securities have no fixed maturity and are redeemable at the Group's option on or after 18 May 2020.

Distribution to holders of perpetual capital securities may be deferred at the Group's discretion and in which event, the Company and the issuer will not declare/pay any dividends or distributions, redeem, reduce, cancel or buy-back any of the Company's and/or the issuer's share capital.

23. Operating Leases

Operating leases are contracted generally with a 2 to 6 year term for property rental and a 8 to 12 year term for aircraft leasing. Analysis of future minimum lease income receivable under non-cancellable operating leases at the year end date is as follows:

| | 2017 \$ Million | 2016 \$ Million |
|--|--------------------|--------------------|
| Future minimum lease income receivable | | |
| not later than 1 year | 8,053 | 8,347 |
| later than 1 year but not later than 5 years | 16,241 | 15,101 |
| later than 5 years | 10,327 | 9,345 |
| | 34,621 | 32,793 |

24. Charges on Assets

At the year end date, (i) properties amounting to \$15,512 million (2016 – \$15,089 million) were charged to secure bank loans arranged for property projects on the Mainland; and (ii) aircraft amounting to \$12,075 million (2016 – \$12,733 million) were charged to secure bank loans arranged for aircraft acquisitions.

25. Commitments

At the year end date, the Group had capital commitments for additions of (i) fixed assets amounting to \$14,101 million (2016 – \$12,561 million) and (ii) investment properties amounting to \$46 million (2016 – \$703 million).

26. Contingent Liabilities

At the year end date, the Group provided guarantees to (i) land owner of a hotel project for its share of revenue amounting to \$552 million (2016 – \$564 million); and (ii) banks for mortgage loans provided to purchasers of properties developed and sold by the Group on the Mainland amounting to \$4,103 million (2016 – \$5,385 million).

27. Financial Risks and Management

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

(a) Treasury policies

The Group maintains a conservative approach on foreign exchange exposure management and borrows principally on a floating rate basis. The Group manages and reviews its exposure to foreign exchange rates and interest rates on a regular basis. For investment overseas and at times of exchange rate and interest rate uncertainty or volatility, hedging instruments including swaps and forwards are used in the management of exposure to foreign exchange rate and interest rate fluctuations.

At the year end date, the Group's borrowings were primarily in HK\$ and US\$, bank loans in RMB were borrowed for property development projects on the Mainland and bank loans in AUD were borrowed for investments in infrastructure and utility assets in Australia. The Group derives its revenue from property sales and rental mainly in HK\$ and RMB and maintains cash balances substantially in HK\$ and RMB. Income in other foreign currencies is generated by the Group's overseas projects and investments, and cash in these foreign currencies is maintained for operational requirements.

(b) Risk management

The carrying amounts of trade debtors, loan receivables and loans to joint ventures are the Group's main exposure to credit risk and collaterals including properties and other assets are held to enhance credit where appropriate. Credit risk is reviewed regularly and follow-up actions are carried out promptly on any overdue amounts to minimise exposure. Cash balances maintained for liquidity are placed with a number of major banks to mitigate bank credit risk.

At the year end date, the overdue trade debtors and loan receivables were not significant and there was no objective evidence or indication for credit impairment of the loans to joint ventures. The Group's credit risk exposure was low and credit loss was not anticipated.

The exposure of investments in securities to price changes is managed by closely monitoring changes in market conditions that may have an impact on market prices or factors affecting the fair value. If the fair value of the investments in securities was 5% higher/lower at the year end date, the Group's profit would increase/decrease by \$332 million (2016 – Nil) and the Group's investment revaluation reserve would increase/decrease by \$3 million (2016 – \$312 million).

The Group's borrowings are exposed to interest rate fluctuation. It is estimated that an increase/decrease of 1% in interest rates would increase/decrease the Group's interest costs for the year by \$608 million (2016 – \$651 million) assuming the change in interest rates had been applied to the Group's borrowings at the year end date which were kept constant throughout the year, and the amount of interest costs capitalised would increase/decrease by \$216 million (2016 – \$334 million) based on the proportion of interest and other finance costs capitalised during the year.

At the year end date, the foreign exchange risk of subsidiaries with functional currency in HK\$ arose mainly from bank balances in SGD. It is estimated that if SGD had strengthened/weakened against HK\$ by 5% at the year end date, the Group's profit would increase/decrease by \$104 million.

Notes to Consolidated Financial Statements (continued)

27. Financial Risks and Management (continued)

(c) Liquidity management

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

At the year end date, the contractual undiscounted cash outflows (including interest payments after interest rate hedging where applicable) of the Group's borrowings by contractual maturities were as follows:

| | 2017 \$ Million | 2016 \$ Million |
|---|--------------------|--------------------|
| Within 1 year | 16,004 | 5,791 |
| After 1 year but not exceeding 2 years | 3,004 | 36,519 |
| After 2 years but not exceeding 5 years | 49,470 | 23,061 |
| After 5 years | 10,504 | 9,476 |
| | 78,982 | 74,847 |

At the year end date, the contractual undiscounted cash inflows and outflows of the currency swaps and forward contracts designated to hedge the foreign currency exchange risk of net investment in foreign operations by contractual maturities and at the year end exchange rates were as follows:

| | 2017 \$ Million |
|---|--------------------|
| Cash inflows | |
| Within 1 year | 5,617 |
| After 1 year but not exceeding 2 years | 10,262 |
| After 2 years but not exceeding 5 years | 37,527 |
| | 53,406 |
| Cash outflows | |
| Within 1 year | 5,366 |
| After 1 year but not exceeding 2 years | 10,183 |
| After 2 years but not exceeding 5 years | 37,373 |
| | 52,922 |

28. Fair Value Measurement

At the year end date, listed investments in securities amounting to \$6,050 million (2016 – \$7,333 million) were measured at fair value based on quoted prices in active markets. Unlisted investments in securities amounting to \$656 million were measured at fair value based on value inputs that are not observable market data but change of these value inputs to reasonably possible alternatives would not have material effect on the Group's results and financial position.

Derivative financial instruments were measured at fair value based on value inputs, other than quoted prices, that are observable either directly or indirectly.

The carrying amounts of the Group's other financial assets and financial liabilities approximated their fair values at the year end date.

29. Capital Management

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

| | 2017 \$ Million | 2016 \$ Million |
|-------------------------------------|--------------------|--------------------|
| Bank and other loans | 71,992 | 70,176 |
| Less: Bank balances and deposits | (54,917) | (62,601) |
| Net debt | 17,075 | 7,575 |
| Total equity | 309,180 | 276,274 |
| Net debt | 17,075 | 7,575 |
| Net total capital | 326,255 | 283,849 |
| Net debt to net total capital ratio | 5.2% | 2.7% |

Notes to Consolidated Financial Statements (continued)

30. Statement of Financial Position of the Company

| | As at 31 December | |
|---------------------------------|-------------------|----------------|
| | 2017 | 2016 |
| | \$ Million | \$ Million |
| Non-current assets | | |
| Fixed assets | 5 | 5 |
| Subsidiaries (note (a)) | 242,171 | 238,990 |
| | 242,176 | 238,995 |
| Current assets | | |
| Debtors, prepayments and others | 52 | 52 |
| Bank balances and deposits | 16,800 | 24,196 |
| | 16,852 | 24,248 |
| Current liabilities | | |
| Creditors, accruals and others | 318 | 299 |
| Provision for taxation | – | 29 |
| | 318 | 328 |
| Net current assets | 16,534 | 23,920 |
| Net assets | 258,710 | 262,915 |
| Representing: | | |
| Share capital | 3,698 | 3,824 |
| Share premium | 242,177 | 249,179 |
| Reserves (note (b)) | 12,835 | 9,912 |
| Shareholders' funds | 258,710 | 262,915 |

Notes:

- (a) Particulars regarding the principal subsidiaries are set out in Appendix I.
(b) Movements of reserves are as follows:

| | Capital redemption reserve \$ Million | Retained profits \$ Million | Total \$ Million |
|--|--|--------------------------------|---------------------|
| At 1 January 2016 | – | 6,655 | 6,655 |
| Profit for the year | – | 8,720 | 8,720 |
| Buy-back and cancellation of issued shares | 36 | – | 36 |
| Dividend paid | – | (5,499) | (5,499) |
| At 31 December 2016 | 36 | 9,876 | 9,912 |
| Profit for the year | – | 8,641 | 8,641 |
| Buy-back and cancellation of issued shares | 126 | – | 126 |
| Dividend paid | – | (5,844) | (5,844) |
| At 31 December 2017 | 162 | 12,673 | 12,835 |

Principal Subsidiaries

Appendix I

The directors are of the opinion that a full list of all the subsidiaries will result in particulars of excessive length. Therefore the following list contains only the particulars of the subsidiaries which materially contributed to the revenue, results, net assets or business aspects of the Group. Unless otherwise stated, the companies listed below were incorporated in Hong Kong and their principal area of operation was in Hong Kong.

| Name | | Paid up share/ registered capital | Effective percentage held by the Group | Principal activities |
|---|------|---|---|-----------------------------------|
| Accipiter Holdings Designated Activity Company ¹ | US\$ | 233,224,690 | 100 | Aircraft leasing |
| Albany Investments Limited | HK\$ | 1 | 100 | Property development |
| Almeisan B.V. ² | GBP | 1 | 100 | Property investment |
| Beijing Chang Le Real Estates Development Co., Ltd. ³ | US\$ | 29,000,000 | 100 | Property development |
| Beijing Po Garden Real Estates Development Co., Ltd. ³ | US\$ | 29,000,000 | 100 | Property development |
| Bermington Investment Limited | HK\$ | 2 | 100 | Hotel & serviced suite operation |
| Bradford Investments Limited | HK\$ | 1 | 80 | Property development |
| Bristow Investments Limited | HK\$ | 1 | 100 | Property development |
| Carlford Investments Limited | HK\$ | 1 | 100 | Property development |
| Cheung Kong Property Development Limited | HK\$ | 2 | 100 | Project management |
| Citybase Property Management Limited | HK\$ | 100,000 | 100 | Property management |
| CK Property Finance Limited ⁴ | US\$ | 1 | 100 | Finance |
| CK Property Finance (MTN) Limited ⁵ | US\$ | 1,000 | 100 | Finance |
| Consolidated Hotels Limited | HK\$ | 78,000,000 | 39 | Hotel & serviced suite operation |
| Crown Treasure Investments Limited | HK\$ | 1 | 100 | Property development |
| Elbe Office Investments Limited | HK\$ | 2 | 100 | Property investment |
| Flying Snow Limited | HK\$ | 2 | 100 | Property investment |
| Goodwell Property Management Limited | HK\$ | 100,000 | 100 | Property management |
| Great Art Investment Limited | HK\$ | 1 | 100 | Property development |
| Great Wall Hotel Joint Venture of Beijing ⁶ | US\$ | 40,000,000 | 49.82 | Hotel & serviced suite operation |
| Harbour Grand Hong Kong Limited | HK\$ | 2 | 100 | Hotel & serviced suite operation |
| Harbour Plaza 8 Degrees Limited | HK\$ | 2 | 100 | Hotel & serviced suite operation |
| Harbour Plaza Hotel Management Limited | HK\$ | 2 | 100 | Hotel management |
| Harbour Plaza Metropolis Limited ⁴ | US\$ | 1 | 100 | Hotel & serviced suite operation |
| Harbour Plaza Resort City Limited ⁴ | US\$ | 10,000 | 98.47 | Hotel & serviced suite operation |
| Hongville Limited | HK\$ | 2 | 100 | Property investment |
| Hutchison Estate Agents Limited | HK\$ | 50,000 | 100 | Property agency |
| Hutchison Hotel Hong Kong Limited | HK\$ | 2 | 100 | Hotel & serviced suite operation |
| Hutchison Lucaya Limited ⁷ | US\$ | 5,000 | 100 | Hotel & serviced suite operation |
| Hutchison Property Group Limited ⁴ | US\$ | 1 | 100 | Project management |
| Hutchison Whampoa Properties (Chengdu) Limited ⁸ | RMB | 1,000,000,000 | 100 | Property development |
| Hutchison Whampoa Properties (Chongqing Nanan) Limited ⁶ | RMB | 3,300,000,000 | 95 | Property development |
| Hutchison Whampoa Properties (Nanjing) Limited ⁸ | HK\$ | 4,006,400,000 | 100 | Property development |
| Hutchison Whampoa Properties (Qingdao) Limited ⁸ | US\$ | 75,000,000 | 90 | Property development |
| Hutchison Whampoa Properties (Wuhan Jiangnan South) Limited ⁸ | US\$ | 178,700,000 | 100 | Property development |
| Jubilee Year Investments Limited | HK\$ | 1 | 100 | Property development |
| King Century Investments Limited | HK\$ | 1 | 100 | Property development |
| Kingsmark Investments Limited | HK\$ | 1 | 100 | Property development & investment |
| Kovan Treasure Pte. Ltd. ⁹ | SGD | 1,000,000 | 100 | Property development |

Principal Subsidiaries (continued)

| Name | | Paid up share/ registered capital | Effective percentage held by the Group | Principal activities |
|--|------|---|---|-----------------------------------|
| Matrica Limited | HK\$ | 20 | 100 | Hotel & serviced suite operation |
| New Harbour Investments Limited | HK\$ | 1 | 100 | Property development |
| Ocean Century Investments Limited | HK\$ | 1 | 100 | Property development |
| Pearl Wisdom Limited | HK\$ | 2 | 100 | Hotel & serviced suite operation |
| Radiant Access Limited ⁴ | US\$ | 1 | 100 | Finance |
| Randash Investment Limited | HK\$ | 110 | 100 | Hotel & serviced suite operation |
| Rhine Office Investments Limited | HK\$ | 2 | 100 | Property investment |
| Rich View Investments Limited | HK\$ | 1 | 100 | Property development |
| Sai Ling Realty Limited | HK\$ | 10,000 | 100 | Property development |
| Shanghai Changrun Jianghe Property Development Co., Ltd. ⁶ | RMB | 2,645,560,000 | 60 | Property development |
| Shanghai Heya Property Development Co., Ltd. ¹⁰ | RMB | 700,000,000 | 100 | Property development |
| Shanghai Westgate Mall Co., Ltd. ³ | US\$ | 40,000,000 | 60 | Property investment |
| Shenzhen Century Place Shopping Mall Limited ³ | RMB | 620,000,000 | 80 | Property development & investment |
| Sino China Enterprises Limited | HK\$ | 2 | 100 | Hotel & serviced suite operation |
| Stanley Investments Limited | HK\$ | 1 | 100 | Property development |
| Swiss Investments Limited | HK\$ | 1 | 100 | Property development |
| The Center (Holdings) Limited ⁴ | US\$ | 1 | 100 | Property investment |
| The Kowloon Hotel Limited ¹¹ | US\$ | 5 | 100 | Hotel & serviced suite operation |
| Towerich Limited | HK\$ | 2 | 100 | Hotel & serviced suite operation |
| Turbo Top Limited | HK\$ | 2 | 100 | Property investment |
| Ultimate Sino Investments Limited ⁴ | US\$ | 1 | 100 | Finance |
| Vember Lord Limited | HK\$ | 2 | 100 | Property investment |
| Winchesto Finance Company Limited | HK\$ | 15,000,000 | 100 | Finance |

1 Incorporated and operated in Ireland

2 Incorporated in The Netherlands and operated in the United Kingdom

3 Cooperative joint venture registered and operated in the Mainland

4 Incorporated in the British Virgin Islands

5 Incorporated in the Cayman Islands

6 Equity joint venture registered and operated in the Mainland

7 Incorporated and operated in The Bahamas

8 Wholly foreign owned enterprise registered and operated in the Mainland

9 Incorporated and operated in Singapore

10 Limited company registered and operated in the Mainland

11 Incorporated in The Bahamas

Independent Auditor's Report

Deloitte.

德勤

TO THE MEMBERS OF CK ASSET HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of CK Asset Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 140 to 178, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance 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 ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants ("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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. 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.

Independent Auditor's Report (continued)

| Key audit matter | How our audit addressed the key audit matter |
|---|--|
| <p>Revenue recognition of property sales</p> <p>We identified revenue recognition of property sales as a key audit matter as it is quantitatively significant to the consolidated income statement and there is judgement involved in determining the appropriate point at which to recognise revenue from property sales.</p> <p>The Group's revenue from property sales for the year ended 31 December 2017 amounted to HK\$42,825 million, which is disclosed in note 3 to the consolidated financial statements, represented 74% of the Group revenue. As disclosed in Note 2(o) to the consolidated financial statements, revenue from property sales is recognised when significant risks and rewards of the property are passed to the purchaser.</p> | <p>Our procedures in relation to revenue recognition of property sales included:</p> <ul style="list-style-type: none"> • Testing the management's key controls over revenue recognition; and • Evaluating whether the significant risks and rewards of ownership of the properties have been transferred to the purchasers, on a sample basis, with reference to the occupation permits and/or the terms set out in the sale and purchase agreements; assessing the progress of the transfer of the properties to the purchasers and the settlement of the considerations for the property sales and evaluating the management's assessment of chance of default by the purchasers after taking into account the market conditions and performance. |
| <p>Valuation of investment properties</p> <p>We identified the valuation of investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the judgements involved in determining the inputs used in the valuations.</p> <p>As at 31 December 2017, the Group's investment properties amounted to HK\$135,998 million and represented 30% of the Group's total assets. As disclosed in note 9 to the consolidated financial statements, the Group's investment properties are stated at fair values based on valuations performed by independent professional valuers ("Valuers"). For the completed investment properties, the fair values are derived using income capitalisation method; and for the investment properties under development, the fair values are derived using the residual method. The valuations are dependent on certain significant inputs that involve judgements, including reversionary income and appropriate capitalisation rates.</p> | <p>Our procedures in relation to the valuation of the investment properties included:</p> <ul style="list-style-type: none"> • Evaluating the competence, capabilities and objectivity of the Valuers; • Assessing the scope of the valuations, appropriateness of significant assumptions, critical judgements and data used in the valuations and assessing the appropriateness of the methodology and assumptions used; • Checking the reasonableness of source data used in the valuations on a sample basis by benchmarking them to relevant market information; and • Comparing the inputs adopted to the data of the market and assessing the reasonableness of the inputs. |

| Key audit matter | How our audit addressed the key audit matter |
|------------------|--|
|------------------|--|

Determination of the net realisable value of stock of properties

We identified the assessment of whether the stock of properties were stated at the lower of cost and net realisable value (“NRV”) as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole and the involvement of estimations in the assessment. As disclosed in note 2(i) to the consolidated financial statements, the Group’s stock of properties are stated at the lower of cost or NRV. As at 31 December 2017, the Group’s stock of properties amounted to HK\$135,589 million and represented 30% of the Group’s total assets. The determination of the NRV involves estimates based on prevailing market conditions and also taking into account the estimated future costs to completion.

Our procedures in relation to assessing whether the stock of properties were stated at the lower of cost and NRV included:

- Assessing the management’s process in estimating the future costs to completion for the stock of properties, on a sample basis, by comparing them to the actual development cost of similar completed properties of the Group and comparing the adjustments made by the management in the future costs to completion to current market data; and
- Assessing the appropriateness of the NRV of the stock of properties, on a sample basis, by comparing the NRV to market prices achieved in the same projects or comparable properties, based on the current market development trend, government regulations in the real estate industry and our knowledge of the Group’s business.

Other Information

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor’s report thereon (“Other Information”).

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. 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.

Independent Auditor's Report (*continued*)

Responsibilities of the Directors and the Audit Committee 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 IFRSs and the disclosure requirements of 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.

The Directors, in particular the Audit Committee, 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, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs 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 HKSAAs, we exercise professional judgement and maintain professional skepticism 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 the Audit Committee 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 identified during our audit.

We also provide the Audit Committee 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 the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year 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 the independent auditor's report is Ho Kam Wing, Richard.

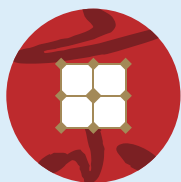
Deloitte Touche Tohmatsu

Certified Public Accountants

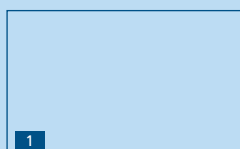
Hong Kong

16 March 2018

Listed Real Estate Investment Trusts



HUI XIAN REIT
匯賢產業信託



1. Beijing Oriental Plaza, Hui Xian REIT's flagship asset

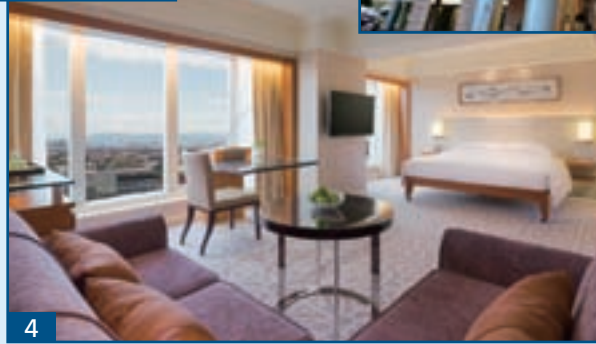
Hui Xian REIT is the first RMB-denominated REIT listed in Hong Kong. Its property portfolio spans across retail, office, serviced apartment and hotel sectors on the Mainland. The assets are namely Beijing Oriental Plaza, Chongqing Metropolitan Oriental Plaza, Sofitel Shenyang Lido, Harbour Plaza Chongqing and Sheraton Chengdu Lido Hotel.



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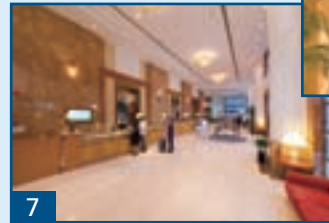
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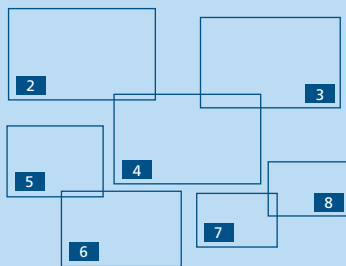
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6



7



- 2. The Malls at Beijing Oriental Plaza
- 3. The Tower Offices at Beijing Oriental Plaza
- 4. Grand Hyatt Beijing at Beijing Oriental Plaza
- 5. Sofitel Shenyang Lido
- 6. Chongqing Metropolitan Oriental Plaza
- 7. Harbour Plaza Chongqing
- 8. Sheraton Chengdu Lido Hotel

Listed Real Estate Investment Trusts (continued)

FORTUNE

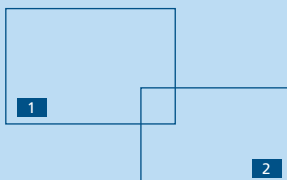
置富產業信託 REIT



1

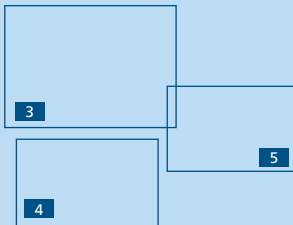


2



1. Fortune City One, the commercial constituent of the over 10,000-unit City One Shatin residential development.
2. Fortune Kingswood, the largest shopping center in Tin Shui Wai.

Fortune REIT has a primary listing in Hong Kong and a secondary listing in Singapore. It is Asia's first cross-border REIT and also the first REIT to hold assets in Hong Kong. As at 31 December 2017, it holds a portfolio of 17 private housing estate retail properties in Hong Kong comprising 3.18 million sq.ft. of retail space and 2,713 car parking spaces.



3. Ma On Shan Plaza, one of the largest malls along the MTR Ma On Shan line.

4. Metro Town, located on top of Tiu Keng Leng MTR Station.

5. Fortune Metropolis, located in the Kowloon transportation hub of Hung Hom. It is directly connected to Hung Hom MTR Station with the Cross Harbour Tunnel just minutes away.

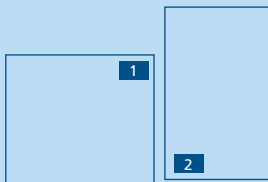
Listed Real Estate Investment Trusts (*continued*)

PROSPERITY
REIT 泓富產業信託


1



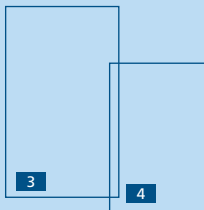
2



1. The Metropolis Tower – Flagship property of Prosperity REIT at Hung Hom Station of the MTR East Rail Line, enjoys convenient transportation access and panoramic sea views of the Victoria Harbour.

2. Prosperity Millennia Plaza – it is strategically located in the Island East office district and adjacent to Harbour Plaza North Point Hotel.

Prosperity REIT is the first private sector REIT listed on the Main Board of the Hong Kong Stock Exchange. It owns a diverse portfolio of 7 properties in the decentralised business districts of Hong Kong, with a total gross rentable area of 1,275,153 sq.ft., and a total of 498 car park spaces.



3. 9 Chong Yip Street – Major acquisition in 2014, a Grade A office building located in Kwun Tong which is progressing to CBD2.

4. Prosperity Place – Located in Kwun Tong, within close vicinity of major shopping malls and commercial buildings, positioned as a vertical shopping spot with retail and service trade tenants. A spacious main lobby with wide street frontage, added in a café and living green wall, it is the most eye catching building on Shing Yip Street.

Risk Factors

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

Property Developments

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

Investment in property is generally illiquid, which may limit the ability of the Group to timely monetise property assets.

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

The Group may be subject to fines or sanctions if it does not pay land premiums or does not develop properties according to the terms of the land grant documents. Under the Mainland laws and regulations relating to idle land, if a developer fails to develop land according to the terms of the land grant contracts (including but not limited to, the payment of fees, the designated uses of land and the time for commencement and completion of development of the land), the relevant authorities may issue a warning to or impose a fine on the developer or require the developer to forfeit the land use rights. Any violation of the terms of the land grant contracts may also restrict a developer's ability to participate, or prevent it from participating, in future land bidding. Furthermore, there are specific requirements regarding idle land and other aspects of land use rights grant contracts in many cities on the Mainland, and the local authorities are expected to enforce such rules in accordance with the instructions from the central government of the Mainland.

Circumstances leading to the repossession of land or delays in the completion of a property development may arise and if the Group's land is repossessed, the Group will not be able to continue its property development on the forfeited land, recover the costs incurred for the initial acquisition of the repossessed land or recover development costs and other costs incurred up to the date of the repossession. Furthermore, regulations relating to idle land or other aspects of land use rights may become more restrictive or punitive in the future. If the Group does not comply with the terms of any land use rights grant contracts as a result of delays in project development, or as a result of other factors, the Group may lose the opportunity to develop the project, as well as its past investments in the land, which may materially and adversely impact its businesses, financial conditions, results of operations or growth prospects.

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

Risk Factors *(continued)*

Global Economy

While global economic activity continues to strengthen, there are still a number of uncertainties and risks affecting the global economy. The outcomes of the negotiations of the United Kingdom (“UK”) to leave the European Union, the fluctuation of the US dollar against major currencies around the world, the aggravation of trade competition and the continuing geopolitical tensions create uncertainties in the world economy and global financial market. A slowdown in global economic growth could lead to economic contractions in certain markets, commercial and consumer delinquencies, weakened consumer confidence and increased market volatility. The Group is a leading multinational corporation with businesses in Hong Kong, the Mainland, Singapore, the UK, continental Europe, Australia, Canada and the United States. Any adverse economic conditions in those countries and places in which the Group operates may potentially impact on the Group’s financial conditions, results of operations or growth prospects.

Industry Trends and Interest Rates

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

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

Highly Competitive Markets

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

New Business Ventures and Investments

To balance and mitigate the inherent risks associated with the cyclical nature of property development, or generally, the Group is committed to balancing and strengthening its business portfolio through diversification and globalisation. The Group has taken steps to create and will continue to explore ways to create new sources of revenue by investing into new business sectors and geographical regions if appropriate in respect of investments that meet its criteria. However, there is no assurance that the Group will implement its diversification and globalisation strategies successfully or that its strategies will be able to deliver the results as anticipated. Also, expansion into new sectors and markets may expose the Group to new uncertainties including but not limited to risks relating to insufficient operating experience in certain sectors and markets, changes in governmental policies and regulations and other adverse developments affecting such sectors and markets. There is also no assurance that all investors would favour the new ventures or investments that may be made by the Group.

The Aviation Industry

Deterioration in the Financial Conditions of the Commercial Airline Industry

The financial conditions of the commercial airline industry generally may have an impact on the Group's businesses, financial conditions, results of operations or growth prospects. The Group may experience (a) downward pressure on demand for the aircraft in the Group's fleet and reduced market lease rates and effective lease margins, as well as reduced aircraft values; (b) a higher incidence of lessee defaults, lease restructurings, repossessions and airline bankruptcies and restructurings, resulting in lower lease rates and effective margins and/or increased costs due to maintenance, insurance, storage and legal costs associated with the repossession, as well as lost revenue for the time the aircraft are off lease, increased aircraft transition costs to new lessees (including refurbishment and modification of aircraft to fit the specifications of new lessees) and possibly lower lease rates from the new lessees; and (c) an inability to lease aircraft on commercially acceptable terms, resulting in lower lease margins due to aircraft not earning revenue and resulting in maintenance, insurance and storage costs. Any such factors may adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

Cyclicality of Supply and Demand for Aircraft

The commercial jet aircraft leasing and sales industry has periodically experienced cycles of aircraft oversupply and undersupply. The oversupply of a specific type of aircraft in the market is likely to depress aircraft lease rates and values of that type of aircraft.

Risk Factors (*continued*)

The supply and demand of aircraft is affected by various cyclical factors that are not under the Group's control, including (a) passenger air travel demand; (b) airline profitability; (c) fuel costs and general economic condition; (d) geopolitical events; (e) outbreaks of communicable, pandemic diseases and natural disasters; (f) governmental regulations, including new Airworthiness Directives and environmental and safety regulations; (g) interest rates; (h) airline restructurings and bankruptcies; (i) cancellation or deferral of orders for aircraft; (j) delays in delivery by manufacturers; (k) the cost and availability of credit; (l) manufacturer production levels and technological innovation, including introduction of new generation aircraft; (m) retirement and obsolescence of aircraft models; (n) manufacturers merging or exiting the industry or ceasing to produce aircraft or engine types; (o) accuracy of estimates relating to future supply and demand made by manufacturers and airlines; (p) re-introduction into service of aircraft previously in storage; and (q) airport and air traffic control infrastructure constraints.

These factors may produce sharp decreases or increases in aircraft values and lease rates, and may result in lease defaults and may prevent the aircraft from being re-leased or, where applicable, sold on satisfactory terms. This would have an adverse effect on the Group's businesses, financial conditions, results of operations or growth prospects.

Effects of Fuel Costs

Fuel costs represent a major expense to companies operating within the airline industry. Fuel prices fluctuate widely depending primarily on international market conditions, geopolitical and environmental events, natural disasters, regulatory changes and currency exchange rates. Significant changes in fuel prices could have a material adverse impact on airline profitability (including the profitability of the initial lessees) and may adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

Dependence on Aircraft and Engine Manufacturers

The supply of large passenger jet aircraft is dominated by a small number of airframe manufacturers, and a limited number of engine manufacturers. The Group therefore depends on these manufacturers' success in remaining financially stable, producing aircraft and related components that meet technical and regulatory requirements and airlines' demands and providing ongoing and reliable customer support. Should the manufacturers fail to respond appropriately to market changes, or to fulfill their contractual obligations or to produce aircraft or components that meet technical or regulatory requirements, the Group may experience (a) poor customer support from the manufacturers of aircraft and components resulting in reduced demand for a particular manufacturer's product, creating downward pressure on demand for those aircraft and components of those types in the Group's fleet and reduced market lease rates for aircraft of those types; (b) a reduction in the Group's competitiveness due to deep discounting by the manufacturers, which may lead to reduced market lease rates and may adversely affect the value of the Group's portfolio and the Group's ability to remarket or sell some of the aircraft; and (c) poor customer support from the manufacturers of associated components resulting in disruption to the lessees' operations and consequent loss of revenue for the lessees. Any such factors may adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

Effects of Environmental Regulations

Many aspects of commercial airlines' operations are subject to increasingly stringent federal, state, local and foreign laws protecting the environment, including the imposition of additional taxes on airlines or their passengers. Regulatory actions that may be taken in the future by the relevant governments and authorities may have a materially adverse impact on the airline industry, particularly if regulators were to conclude that emissions from commercial aircraft cause significant harm to the upper atmosphere or have a greater impact on climate change. Potential actions may include the imposition of requirements to purchase emission offsets or credits, which could require participation in emission trading, substantial taxes on emissions and growth restrictions on airline operations, among other potential regulatory actions. Any such factors may adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

Effects of Terrorist Attacks, War or Armed Hostilities and Other Geopolitical Conditions

Terrorist attacks and geopolitical conditions have negatively affected the airline industry and concerns about geopolitical conditions, war or armed hostilities and further terrorist attacks could continue to negatively affect airlines (including the initial lessees) for the foreseeable future depending upon various factors including (a) higher costs to airlines due to the increased security measures; (b) losses in passenger revenue due to a decrease in travel; (c) the price and availability of jet fuel and the ability to obtain fuel hedges under current market conditions; (d) higher financing costs and difficulty in raising financing; (e) significantly higher costs of aircraft insurance coverage for future claims caused by acts of war, terrorism, sabotage, hijacking and other similar perils, and the extent to which such insurance will continue to be available or may exclude events such as radioactive dirty bombs, bio-hazardous materials and electromagnetic pulsing, which may damage or destroy aircraft; (f) the ability of airlines to reduce their operating costs and conserve financial resources; and (g) special charges recognised by some airlines, such as those related to the impairment of aircraft and other long lived assets stemming from the grounding of aircraft as a result of terrorist attacks. Any such factors may adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

Infrastructure Market

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

Risk Factors (*continued*)

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

Currency Fluctuations

The Group is a leading multinational corporation with businesses in Hong Kong, the Mainland, Singapore, the UK, continental Europe, Australia, Canada and the United States, and is exposed to potential currency fluctuations in these countries and places in which the Group operates. The results of the Group are reported in Hong Kong dollars but its various subsidiaries, associates and joint ventures may receive revenue and incur expenses in other currencies. Any currency fluctuations on translation of the accounts of these subsidiaries, associates and joint ventures and also on the repatriation of earnings, equity investments and loans may therefore impact on the Group's financial conditions, results of operations, asset values or liabilities.

To minimise currency risk exposure in respect of its investments in other countries, the Group generally hedges those investments with (a) currency swaps and (b) appropriate level of borrowings denominated in the local currencies. The Group has not entered into any speculative derivative transaction.

Although currency exposures have been managed by the Group, a depreciation or fluctuation of the currencies in which the Group conducts operations relative to the Hong Kong dollars could adversely affect its businesses, financial conditions, results of operations or growth prospects. For instance, the depreciation of the British pounds relative to the Hong Kong dollars subsequent to the referendum in the UK in favour of Brexit could adversely affect the Group's results of operations.

Cybersecurity

With the fast expanding adoption of Internet and networking operational technology, cyberattacks around the world are occurring at a higher frequency and intensity. The Group's critical utility and information assets are exposed to attack, damage or unauthorised access in the cyberworld. Cybersecurity risks could have material adverse effect on the operational and business performance, as well as the business reputation of the Group.

Although the Group has not experienced any major damage to its assets or activities from cyberattacks to date, there can be no assurance that future cyberattacks or breaches of the Group's cybersecurity will not occur and result in significant impact on the Group's reputation, businesses, financial conditions, results of operations or growth prospects.

Strategic Partners

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

Acquisitions

The Group has undertaken acquisition activities in the past and may continue to do so if there are appropriate acquisition opportunities in the market. Although due diligence and detailed analyses are conducted before these activities are undertaken, there can be no assurance that these can fully expose all hidden problems, potential liabilities and unresolved disputes that the target company may have. In addition, valuations and analyses on the target company conducted by the Group and by professionals alike are based on numerous assumptions, and there can be no assurance that those assumptions are correct or appropriate or that they will receive universal recognition. Relevant facts and circumstances used in the analyses could have changed over time, and new facts and circumstances may come to light as to render the previous assumptions and the valuations and analyses based thereon obsolete. Some of these acquisition activities are subject to regulatory approvals in overseas countries and there can be no assurance that such approvals will be obtained, and even if granted, that there will be no burdensome conditions attached to such approvals. The Group may not necessarily be able to successfully integrate the target business into the Group and may not be able to derive any synergy from the acquisition, leading to an increase in costs, time and resources. For acquisition activities undertaken overseas, the Group may also be exposed to different and changing political, social, legal and regulatory requirements at the local, national and international level. The Group may also need to face different cultural issues when dealing with local employees, customers, governmental authorities and pressure groups.

Impact of Local, National and International Regulations

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

Risk Factors (continued)

Impact of New Accounting Standards

The International Accounting Standards Board has from time to time issued new and revised International Financial Reporting Standards (“IFRS”). As accounting standards continue to develop, the International Accounting Standards Board may in the future issue more new and revised IFRS and the Group may be required to adopt new accounting policies which might or could have a significant impact on the Group’s financial position or results of operations.

Outbreak of Highly Contagious Disease

In 2003, there was an outbreak of Severe Acute Respiratory Syndrome (“SARS”) in Hong Kong, the Mainland and other places. The SARS outbreak had a significant adverse impact on the economies of the affected areas. The spread of Influenza and other communicable diseases from time to time have also affected many areas of the world. The outbreak of the Ebola virus disease and Zika virus also pose a significant threat to global industries. Additional outbreaks of other epidemic diseases may adversely affect the Group’s businesses, financial conditions, results of operations or growth prospects.

Connected Transactions

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

Natural Disasters

Some of the Group’s assets and businesses, customers and suppliers are located in areas at risk of damage from earthquakes, floods and similar events and the occurrence of any of these events could disrupt the Group’s businesses and materially and adversely affect the Group’s businesses, financial conditions, results of operations or growth prospects.

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

Terrorist Threat

The Group is a leading multinational corporation with businesses in Hong Kong, the Mainland, Singapore, the UK, continental Europe, Australia, Canada and the United States. In recent years, a series of terrorist activities occurred across the globe that resulted in multiple deaths and casualties. There is no assurance that countries in which the Group operates will not have any political unrest or they will be immune from terrorist threat, and if these events occur, they may have an adverse impact on the Group's businesses, financial conditions, results of operations or growth prospects.

Past Performance and Forward-Looking Statements

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

Corporate Information and Key Dates

Board of Directors

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|-------------------------|--|
| LI Ka-shing | <i>Chairman</i> |
| LI Tzar Kuoi, Victor | <i>Managing Director and Deputy Chairman</i> |
| KAM Hing Lam | <i>Deputy Managing Director</i> |
| IP Tak Chuen, Edmond | <i>Deputy Managing Director</i> |
| CHUNG Sun Keung, Davy | <i>Executive Director</i> |
| CHIU Kwok Hung, Justin | <i>Executive Director</i> |
| CHOW Wai Kam | <i>Executive Director</i> |
| PAU Yee Wan, Ezra | <i>Executive Director</i> |
| WOO Chia Ching, Grace | <i>Executive Director</i> |
| CHEONG Ying Chew, Henry | <i>Independent Non-executive Director</i> |
| CHOW Nin Mow, Albert | <i>Independent Non-executive Director</i> |
| HUNG Siu-lin, Katherine | <i>Independent Non-executive Director</i> |
| YEH Yuan Chang, Anthony | <i>Independent Non-executive Director</i> |
| Colin Stevens RUSSEL | <i>Independent Non-executive Director</i> |
| Donald Jeffrey ROBERTS | <i>Independent Non-executive Director</i> |

Audit Committee

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| CHEONG Ying Chew, Henry (<i>Chairman</i>) |
| CHOW Nin Mow, Albert |
| HUNG Siu-lin, Katherine |
| Colin Stevens RUSSEL |
| Donald Jeffrey ROBERTS |

Remuneration Committee

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| HUNG Siu-lin, Katherine (<i>Chairman</i>) |
| LI Ka-shing |
| CHEONG Ying Chew, Henry |

Executive Committee

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

Company Secretary

Eirene YEUNG

Authorised Representatives

IP Tak Chuen, Edmond
Eirene YEUNG

General Manager, Accounts Department

MAN Ka Keung, Simon

Principal Bankers

The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Bank of China (Hong Kong) Limited
Mizuho Bank, Ltd.
The Hongkong and Shanghai Banking Corporation Limited
China Construction Bank Corporation
DBS Bank Ltd., Hong Kong Branch
Sumitomo Mitsui Banking Corporation
Industrial and Commercial Bank of China Limited
Hang Seng Bank Limited
Oversea-Chinese Banking Corporation Limited

Auditor

Deloitte Touche Tohmatsu

Legal Advisers

Woo, Kwan, Lee & Lo

Registered Office

PO Box 309, Uglan House, Grand Cayman,
KY1-1104, Cayman Islands

Principal Place of Business

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

Principal Share Registrar and Transfer Office

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall, Cricket Square,
Grand Cayman, KY1-1102, Cayman Islands

Hong Kong Share Registrar and Transfer Office

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

Stock Codes

The Stock Exchange of Hong Kong Limited: 1113
Bloomberg: 1113 HK
Reuters: 1113.HK

Website

www.ckah.com

Key Dates

| | |
|---|---|
| Annual Results Announcement | 16 March 2018 |
| Closure of Register of Members (for determination of shareholders who are entitled to attend and vote at Annual General Meeting) | 7 to 10 May 2018 (both days inclusive) |
| Annual General Meeting | 10 May 2018 |
| Record Date (for determination of shareholders who qualify for the Final Dividend) | 16 May 2018 |
| Payment of Final Dividend | 31 May 2018 |

This annual report 2017 (“Annual Report”) is available in both English and Chinese versions. Shareholders who have received either the English or the Chinese version of the Annual Report may request a copy in the other language by writing to the Company c/o the Company’s Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong or by email to ckah.ecom@computershare.com.hk.

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

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

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



