



**CHEUNG KONG INFRASTRUCTURE HOLDINGS LIMITED**

(Incorporated in Bermuda with limited liability)

(Stock Code: 1038)



**CKI –  
A GLOBAL  
INFRASTRUCTURE  
COMPANY**

**Interim Report 2015**

**CKI** is the largest publicly listed infrastructure company in Hong Kong with diversified investments in Energy Infrastructure, Transportation Infrastructure, Water Infrastructure, Waste Management and Infrastructure Related Business. Operating in Hong Kong, Mainland China, the United Kingdom, the Netherlands, Australia, New Zealand and Canada, it is a leading player in the global infrastructure arena.

## THE HALF YEAR AT A GLANCE

Profit attributable  
to shareholders  
(HK\$ million)

5,253

Earnings  
per share (HK\$)

2.10

Interim dividend  
per share (HK\$)

0.6

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# CORPORATE INFORMATION AND KEY DATES

## BOARD OF DIRECTORS

### Executive Directors

LI Tzar Kuoi, Victor (Chairman)

FOK Kin Ning, Canning (Deputy Chairman)  
CHOW WOO Mo Fong, Susan \*  
Frank John SIXT

KAM Hing Lam (Group Managing Director)  
IP Tak Chuen, Edmond (Deputy Chairman)  
Andrew John HUNTER (Deputy Managing Director)  
CHAN Loi Shun (Chief Financial Officer)

\* also alternate to FOK Kin Ning, Canning and Frank John SIXT

### Independent Non-executive Directors

CHEONG Ying Chew, Henry  
KWOK Eva Lee  
SNG Sow-mei alias POON Sow Mei  
Colin Stevens RUSSEL  
LAN Hong Tsung, David  
Barrie COOK

### Alternate Directors

MAN Ka Keung, Simon  
(alternate to IP Tak Chuen, Edmond)  
Eirene YEUNG  
(alternate to KAM Hing Lam)

### Non-executive Directors

LEE Pui Ling, Angelina  
George Colin MAGNUS

## AUDIT COMMITTEE

Colin Stevens RUSSEL (Chairman)  
CHEONG Ying Chew, Henry  
KWOK Eva Lee  
SNG Sow-mei alias POON Sow Mei  
LAN Hong Tsung, David

## AUDITOR

Deloitte Touche Tohmatsu

## LEGAL ADVISERS

Woo, Kwan, Lee & Lo

## REGISTERED OFFICE

Clarendon House, Church Street,  
Hamilton HM11, Bermuda

## PRINCIPAL PLACE OF BUSINESS

12th Floor, Cheung Kong Center,  
2 Queen's Road Central, Hong Kong

## REMUNERATION COMMITTEE

CHEONG Ying Chew, Henry (Chairman)  
LI Tzar Kuoi, Victor  
Colin Stevens RUSSEL

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited  
The Belvedere Building,  
69 Pitts Bay Road,  
Pembroke HM08, Bermuda

## COMPANY SECRETARY

Eirene YEUNG

## AUTHORISED REPRESENTATIVES

IP Tak Chuen, Edmond  
Eirene YEUNG

## BRANCH 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

## PRINCIPAL BANKERS

Australia and New Zealand Banking  
Group Limited  
Bank of China (Hong Kong) Limited  
Barclays Bank PLC  
Credit Agricole Corporate and Investment  
Bank  
Mizuho Bank, Ltd.  
The Hongkong and Shanghai Banking  
Corporation Limited  
The Bank of Tokyo-Mitsubishi UFJ, Ltd.

## STOCK CODES

Stock Exchange of Hong Kong: 1038  
Bloomberg: 1038 HK  
Reuters: 1038.HK

## WEBSITE

[www.cki.com.hk](http://www.cki.com.hk)

# CORPORATE INFORMATION AND KEY DATES

## INVESTOR RELATIONS

For further information about Cheung Kong Infrastructure Holdings Limited, please contact:

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## KEY DATES

Interim Results Announcement

23rd July, 2015

Record Date for Interim Dividend

25th August, 2015

Payment of Interim Dividend

4th September, 2015

# CHAIRMAN'S LETTER

For the first six months of 2015, Cheung Kong Infrastructure Holdings Limited ("CKI" or the "Group") delivered continued underlying growth across its portfolio of infrastructure investments.

Unaudited profit attributable to shareholders was HK\$5,253 million, a decrease of 78% as compared to the same reporting period last year. This drop occurred due to (i) the one-off gain of approximately HK\$19 billion recorded from the spin-off of the Hong Kong operations of Power Assets Holdings Limited ("Power Assets") into HK Electric Investments ("HKEI") during the same period last year, and (ii) the accounting losses incurred from CKI and Power Assets' sale of HKEI shares in June this year. Excluding these two one-off items, CKI's profitability in the first half of 2015 has increased about 22%.

During the first half of 2015, the Group's trend of dividend growth has been maintained. The Board of Directors of CKI (the "Board") has declared an interim dividend for 2015 of HK\$0.6 per share (2014: HK\$0.525 per share), a 14.3% increase over the same period last year. The interim dividend will be paid on Friday, 4th September, 2015 to shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 25th August, 2015.

## ACQUISITION STRENGTHENS PORTFOLIO

CKI continued to make progress in acquisition during the period under review.

UK Rails, a 50/50 joint venture between CKI and CK Hutchison Holdings Limited acquired Eversholt Rail Group, one of the three major rolling stock operating companies in the United Kingdom. The enterprise value of the transaction was approximately GBP2.5 billion (approximately HK\$29.3 billion).

The acquisition strengthens the Group's transportation portfolio and enhances CKI's presence in the United Kingdom. Since completion in April 2015, the asset has delivered immediate returns to the Group.

## POWER ASSETS SUSTAINS STABLE OPERATIONAL PERFORMANCE

In the first half of 2015, Power Assets achieved a stable operational performance in respect of both its Hong Kong and overseas businesses.

Profit contribution from Power Assets was HK\$1,258 million, a decrease of 94% as compared to the same period last year. This happened as a result of the one-off gain booked from the spin-off of the Hong Kong electricity business in January 2014; and the further sale of Power Assets' 16.53% stake in HKEI in June 2015, which incurred an accounting loss caused by the difference between the net proceeds of the transaction and the carrying value of the investment.

# CHAIRMAN'S LETTER

## UK BUSINESSES CONTINUE TO EXPAND

Profit contribution from the Group's businesses in the United Kingdom amounted to HK\$3,181 million, representing an increase of 6%. This result has been affected by a lower sterling exchange rate. Should the result be reported in local currency, the portfolio would have shown a growth of 16%.

UK Power Networks, CKI's largest overseas investment, continued to perform well in 2015. The new RIIO-ED1 regulatory reset commenced on 1st April, 2015, providing a high level of predictability of income through to 2023.

Northumbrian Water continues to generate steady income for the Group. The new PR14 regulatory reset commenced on 1st April, 2015 and provides a stable outlook for this business until 2020.

Both of the Group's gas distribution networks, Northern Gas Networks and Wales & West Utilities, performed well during the period under review.

Seabank Power also delivered a satisfactory performance in the first half.

The completion of UK Rails' acquisition in April marked the Group's entry into the rail transportation infrastructure market in the United Kingdom. The asset provided 2.5 months of contribution to CKI during the period under review.

## AUSTRALIAN INFRASTRUCTURE ACHIEVES STEADY GROWTH

The total contribution from the Group's Australian portfolio increased by 1% to HK\$549 million. This result has been impacted by the weakening of the Australian dollar. The portfolio would have recorded a growth of 19% if the result is reported in local currency.

During the period under review, the first full six months of profit contribution for Australian Gas Networks was recorded, and satisfactory performances from SA Power Networks and Victoria Power Networks were achieved.

The negotiations for regulatory resets for SA Power Networks and Victoria Power Networks are in progress. The preliminary regulatory reset for SA Power Networks commenced on 1st July, 2015 and that for Victoria Power Networks will commence on 1st January, 2016, both initially based on draft determinations. The final determinations will be released in October 2015 and April 2016 respectively.

# CHAIRMAN'S LETTER

## OTHER INFRASTRUCTURE BUSINESSES REPORT SATISFACTORY PERFORMANCE

CKI's businesses in Mainland China, Canada, New Zealand and the Netherlands all performed satisfactorily during the first half, providing stable returns.

Profit contribution from the Group's toll road businesses in Mainland China was marginally higher than that of the corresponding period last year.

In Canada, Park'N Fly recorded good performance and new expansion opportunities are being pursued. Meanwhile, Canadian Power conducted a refinancing in June, resulting in a reduction of finance costs.

In New Zealand, Wellington Electricity's performance during the period under review has exceeded budget, and it has completed a new regulatory reset which came into force in April 2015. At the same time, EnviroNZ continued to provide stable returns.

In the Netherlands, Dutch Enviro Energy generated returns in line with expectations.

## MATERIALS BUSINESS ACHIEVES GOOD GROWTH

The Group's materials business achieved good growth in the first half of 2015 with contribution advancing 14% over the same period last year.

In Hong Kong, as construction activities intensified, pricing and demand for concrete have increased.

## ACTIVE MANAGEMENT ENSURES STRONG FINANCIAL POSITION

CKI continues to be financially prudent and conservative in managing risks. While seeking opportunities to expand the business, the Group prioritises the need to maintain a strong financial position.

In January 2015, CKI issued 80 million shares at HK\$58 per share to raise new capital of HK\$4.6 billion. The Group's minority interest in HKEI was also monetised in June 2015, with the sale of a direct 3.37% stake to Qatar Holding LLC.

As at 30th June, 2015, CKI has cash on hand of approximately HK\$7.8 billion and a net debt to net total capital ratio of 9%. The Group is well-placed to capitalise on acquisition opportunities as they arise.

# CHAIRMAN'S LETTER

## OUTLOOK

Over the past few years, CKI has expanded into a number of new areas within the infrastructure arena. Investment in these new businesses has reaped rewards and contributed to the Group's growth. Going forward, we are confident of the outlook for our portfolio of infrastructure investments.

Backed by our solid financial platform, we will continue to seek new investment opportunities that enhance our asset base and income stream. A number of potential projects in both new and existing industries and countries have been identified. As always, we will approach these opportunities in accordance with our stringent investment criteria, and will not hold a "must win at any price" mentality when considering the merits of potential acquisitions.

I would like to take this opportunity to thank the Board, management and staff for their unwavering commitment, as well as our shareholders for their confidence and support.

## LI TZAR KUOI, VICTOR

Chairman

Hong Kong, 23rd July, 2015

# FINANCIAL REVIEW

## FINANCIAL RESOURCES, TREASURY ACTIVITIES AND GEARING RATIO

The Group's capital expenditure and investments were funded from cash on hand, internal cash generation, loans, notes, share placement and other project loans.

As at 30th June, 2015, cash and bank deposits on hand amounted to HK\$7,753 million and the total borrowings of the Group amounted to HK\$17,866 million, which included Hong Kong dollar notes of HK\$260 million and foreign currency borrowings of HK\$17,606 million. Of the total borrowings, 84 per cent were repayable between 2016 and 2019 and 16 per cent were repayable beyond 2019. The Group's financing activities continue to be well received and fully supported by its bankers.

The Group adopts conservative treasury policies in cash and financial management. To achieve better risk control and minimise the cost of funds, the Group's treasury activities are centralised. Cash is generally placed in short-term deposits mostly denominated in U.S. dollars, Hong Kong dollars, Australian dollars, New Zealand dollars, Pounds Sterling, Canadian dollars, Euro or Renminbi. The Group's liquidity and financing requirements are reviewed regularly. The Group will continue to maintain a strong capital structure when considering financing for new investments or maturity of bank loans.

As at 30th June, 2015, the Group maintained a net debt position with a net debt to net total capital ratio of 9 per cent, which was based on its net debt of HK\$10,113 million and net total capital, which represents the total borrowings plus total equity net of cash and bank deposits, of HK\$117,527 million. This ratio was lower than the net debt to net total capital ratio of 10 per cent at the year end of 2014. This change was mainly due to the funds raised in the share placement and the sales proceeds from disposal of investment in securities, which were partially utilised for investment in a transportation project in the United Kingdom during the period.

To minimise currency risk exposure in respect of its investments in other countries, the Group generally hedges those investments with the appropriate level of borrowings denominated in the local currencies of those countries. The Group also entered into certain interest rate and currency swaps to mitigate interest rate and other currency exposure risks. As at 30th June, 2015, the notional amounts of these derivative instruments amounted to HK\$45,995 million.

# FINANCIAL REVIEW

## CHARGE ON GROUP ASSETS

As at 30th June, 2015:

- the Group's obligations under finance leases totalling HK\$38 million were secured by charges over the leased assets with carrying value of HK\$36 million;
- certain plant and machinery of the Group with carrying value of HK\$72 million were pledged to secure bank borrowings totalling HK\$23 million granted to the Group; and
- the shares of a subsidiary with net asset value of HK\$1,112 million were pledged to secure bank borrowings totalling HK\$1,008 million granted to the Group.

## CONTINGENT LIABILITIES

As at 30th June, 2015, the Group was subject to the following contingent liabilities:

HK\$ million	
Guarantee in respect of bank loan drawn by an affiliated company	1,222
Other guarantee given in respect of an affiliated company	781
Performance bond indemnities	95
Sub-contractor warranties	6
Total	2,104

## EMPLOYEES

The Group, including its subsidiaries but excluding affiliated companies, employs a total of 2,058 employees. Employees' cost (excluding directors' emoluments) amounted to HK\$338 million. The Group ensures that the pay levels of its employees are competitive and that its employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system.

Preferential subscription of 2,978,000 new shares of the Company was given to those employees who had subscribed for shares of HK\$1.00 each in the Company at HK\$12.65 per share on the flotation of the Company in 1996. The Group does not have any share option scheme for employees.

## DIRECTORS' BIOGRAPHICAL INFORMATION

**LI Tzar Kuoi, Victor**, aged 50, has been the Chairman of the Company since its incorporation in May 1996. He has been a member of the Remuneration Committee of the Company since March 2005. He is the Group Co-Managing Director (re-designated from Managing Director to Group Co-Managing Director since 3rd June, 2015) and Deputy Chairman of CK Hutchison Holdings Limited ("CK Hutchison") and the Managing Director and Deputy Chairman and the Chairman of Executive Committee of Cheung Kong Property Holdings Limited (a company listed on The Stock Exchange of Hong Kong Limited ("SEHK") since 3rd June, 2015). He is also a Director (re-designated from Managing Director and Deputy Chairman to Director since 3rd June, 2015) of Cheung Kong (Holdings) Limited ("CKH") and a Director (re-designated from Deputy Chairman to Director since 8th June, 2015) of Hutchison Whampoa Limited ("HWL") which was privatised by way of a scheme of arrangement on 3rd June, 2015. He is also the Chairman of CK Life Sciences Int'l., (Holdings) Inc., a Non-executive Director of Power Assets Holdings Limited and HK Electric Investments Manager Limited ("HKEIM") as 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. Mr. Victor Li was previously the Chairman of Executive Committee of CK Hutchison and CKH. Except for CKH, HWL and 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. Mr. Victor Li serves as a member of the Standing Committee of the 12th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He is also a member of the Commission on Strategic Development of the Hong Kong Special Administrative Region ("HKSAR") and Vice Chairman of the Hong Kong General Chamber of Commerce. Mr. Victor Li is the Honorary Consul of Barbados in Hong Kong. He is a director of certain substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), and a director of certain companies controlled by certain substantial shareholders of the Company. 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 and a nephew of Mr. Kam Hing Lam, the Group Managing Director of the Company.

## DIRECTORS' BIOGRAPHICAL INFORMATION

**KAM Hing Lam**, aged 68, has been the Group Managing Director of the Company since its incorporation in May 1996. He is the Deputy Managing Director of CK Hutchison Holdings Limited, and the Deputy Managing Director and Member of Executive Committee of Cheung Kong Property Holdings Limited (a company listed on the SEHK since 3rd June, 2015). He is also a Director (re-designated from Deputy Managing Director to Director since 3rd June, 2015) of Cheung Kong (Holdings) Limited. He is also the President and Chief Executive Officer of CK Life Sciences Int'l., (Holdings) Inc. and a Director (re-designated from Executive Director to Director since 8th June, 2015) of Hutchison Whampoa Limited which was privatised by way of a scheme of arrangement on 3rd June, 2015. He was previously a Member of Executive Committee of CK Hutchison and CKH. Except for CKH and HWL, all the companies mentioned above are listed companies. Mr. Kam is also the Chairman of Hui Xian Asset Management Limited, which manages Hui Xian Real Estate Investment Trust, a real estate investment trust listed on the SEHK. Mr. Kam 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. Mr. Kam is 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 an uncle of Mr. Li Tzar Kuoi, Victor, the Chairman of the Company.

**IP Tak Chuen, Edmond**, aged 63, has been an Executive Director of the Company since its incorporation in May 1996 and Deputy Chairman of the Company since February 2003. He is the Deputy Managing Director of CK Hutchison Holdings Limited, and the Deputy Managing Director and Member of Executive Committee of Cheung Kong Property Holdings Limited (a company listed on the SEHK since 3rd June, 2015). He is also a Director (re-designated from Deputy Managing Director to Director since 3rd June, 2015) of Cheung Kong (Holdings) Limited. In addition, he is the Senior Vice President and Chief Investment Officer of CK Life Sciences Int'l., (Holdings) Inc., a Non-executive Director of ARA Asset Management Limited, TOM Group Limited, Real Nutraceutical Group Limited and Shougang Concord International Enterprises Company Limited. Mr. Ip was previously a Non-executive Director of AVIC International Holding (HK) Limited, and a Member of Executive Committee of CK Hutchison and CKH. Except for CKH, all the companies mentioned above are listed companies. Mr. Ip is also a Non-executive Director of Hui Xian Asset Management Limited, which manages Hui Xian Real Estate Investment Trust, a real estate investment trust listed on SEHK. He was previously a Non-executive Director of ARA Asset Management (Fortune) Limited, which manages Fortune Real Estate Investment Trust, a real estate investment trust listed on the SEHK and the Singapore Exchange Securities Trading Limited ("SGX-ST"). He 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. He holds a Bachelor of Arts degree in Economics and a Master of Science degree in Business Administration.

## DIRECTORS' BIOGRAPHICAL INFORMATION

**FOK Kin Ning, Canning**, aged 63, has been an Executive Director and Deputy Chairman of the Company since March 1997. He is currently the Group Co-Managing Director (re-designated from Non-executive Director to Group Co-Managing Director since 3rd June, 2015) of CK Hutchison Holdings Limited. He is also a Director (re-designated from Group Managing Director to Director since 8th June, 2015) of Hutchison Whampoa Limited which was privatised by way of a scheme of arrangement on 3rd June, 2015. He is also a Director (re-designated from Non-executive Director to Director since 3rd June, 2015) of Cheung Kong (Holdings) Limited. In addition, Mr. Fok is also the Chairman of Hutchison Telecommunications Hong Kong Holdings Limited, Hutchison Telecommunications (Australia) Limited, Hutchison Port Holdings Management Pte. Limited ("HPPH") as the trustee-manager of Hutchison Port Holdings Trust, Power Assets Holdings Limited, HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited, Co-Chairman of Husky Energy Inc. and Alternate Director to Mrs. Chow Woo Mo Fong, Susan, a Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited. Except for CKH, HWL, HPPH and HKEIM, all the companies/business trust/investment trust mentioned above are listed in Hong Kong or overseas. Mr. Fok 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. He holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a member of The Institute of Chartered Accountants in Australia.

**Andrew John HUNTER**, aged 56, has been an Executive Director of the Company since December 2006 and Deputy Managing Director of the Company since May 2010. He acted as the Chief Operating Officer of the Company from December 2006 to May 2010. Mr. Hunter is also an Executive Director of Power Assets Holdings Limited, a listed company. He also holds directorships in certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. Prior to the appointment to the board of Power Assets Holdings Limited in 1999, Mr. Hunter was the Finance Director of the Hutchison Property Group. He holds a Master of Arts degree and a Master's degree in Business Administration. He is a member of the Institute of Chartered Accountants of Scotland and of the Hong Kong Institute of Certified Public Accountants. He has over 32 years of experience in accounting and financial management.

## DIRECTORS' BIOGRAPHICAL INFORMATION

**CHAN Loi Shun**, aged 52, has been an Executive Director of the Company since January 2011 and Chief Financial Officer of the Company since January 2006. He joined Hutchison Whampoa Limited, which is a substantial shareholder of the Company within the meaning of Part XV of the SFO, in January 1992 and has been with the Cheung Kong Group since May 1994. Mr. Chan is also an Executive Director of Power Assets Holdings Limited, HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited. Except for HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong. Mr. Chan also holds directorships in certain companies controlled by certain substantial shareholders of the Company. Mr. Chan is a fellow of the Hong Kong Institute of Certified Public Accountants, a fellow of the Association of Chartered Certified Accountants and also a member of the Institute of Certified Management Accountants (Australia).

**CHOW WOO Mo Fong, Susan**, aged 61, has been an Executive Director of the Company since March 1997 and an Alternate Director to Mr. Fok Kin Ning, Canning, Deputy Chairman of the Company, and Mr. Frank John Sixt, an Executive Director of the Company, since May 2006. She is the Group Deputy Managing Director of CK Hutchison Holdings Limited and a Director (re-designated from Deputy Group Managing Director to Director since 8th June, 2015) of Hutchison Whampoa Limited which was privatised by way of a scheme of arrangement on 3rd June, 2015. She is also a Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited, a Director of Hutchison Telecommunications (Australia) Limited and an Alternate Director of Hutchison Telecommunications (Australia) Limited, TOM Group Limited, HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited. Except for HWL and HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong or overseas. She 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. She is a qualified solicitor and holds a Bachelor's degree in Business Administration.

## DIRECTORS' BIOGRAPHICAL INFORMATION

**Frank John SIXT**, aged 63, has been an Executive Director of the Company since its incorporation in May 1996. He is the Group Finance Director and Deputy Managing Director (re-designated from Non-executive Director to Group Finance Director and Deputy Managing Director since 3rd June, 2015) of CK Hutchison Holdings Limited. He is also a Director (re-designated from Non-executive Director to Director since 3rd June, 2015) of Cheung Kong (Holdings) Limited and a Director (re-designated from Group Finance Director to Director since 8th June, 2015) of Hutchison Whampoa Limited which was privatised by way of a scheme of arrangement on 3rd June, 2015. He is also the Non-executive Chairman of TOM Group Limited, a Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited, Hutchison Port Holdings Management Pte. Limited as the trustee-manager of Hutchison Port Holdings Trust, and Power Assets Holdings Limited, a Director of Hutchison Telecommunications (Australia) Limited and Husky Energy Inc., and an Alternate Director of Hutchison Telecommunications (Australia) Limited, HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited. Except for CKH, HWL, HPHM and HKEIM, all the companies/business trust/investment trust mentioned above are listed in Hong Kong or overseas. Mr. Sixt 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. He holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Quebec and Ontario, Canada.

**CHEONG Ying Chew, Henry**, aged 67, has been an Independent Non-executive Director of the Company since its incorporation in May 1996. He has been a member of the Audit Committee of the Company since December 1998 and acted as the Chairman of the Audit Committee of the Company from December 1998 to December 2006. Mr. Cheong has been a member of the Remuneration Committee of the Company since January 2005 and the Chairman of the Remuneration Committee of the Company since January 2012. He is also an Independent Non-executive Director of Cheung Kong Property Holdings Limited (a company listed on the SEHK since 3rd June, 2015), Hutchison Telecommunications Hong Kong Holdings Limited, TOM Group Limited, CNNC International Limited, New World Department Store China Limited, Greenland Hong Kong Holdings Limited and Skyworth Digital Holdings Limited, and an Independent Director of BTS Group Holdings Public Company Limited. Mr. Cheong is an Executive Director and Deputy Chairman of Worldsec Limited. He is also an Alternate Director to Dr. Wong Yick Ming, Rosanna, an Independent Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited. Mr. Cheong was previously an Independent Non-executive Director of CK Hutchison Holdings Limited, Cheung Kong (Holdings) Limited and Creative Energy Solutions Holdings Limited. Except for CKH, all the companies mentioned above are listed companies. He also holds directorships in certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. Mr. Cheong was previously a member of the Securities and Futures Appeals Tribunal and a member of the Advisory Committee of the Securities and Futures Commission. He holds a Bachelor of Science degree in Mathematics and a Master of Science degree in Operational Research and Management.

## DIRECTORS' BIOGRAPHICAL INFORMATION

**KWOK Eva Lee**, aged 73, has been an Independent Non-executive Director of the Company since September 2004. She is also an Independent Non-executive Director of CK Life Sciences Int'l., (Holdings) Inc. and a Director of Li Ka Shing (Canada) Foundation ("LKS Canada Foundation"). She currently serves as Chair and Chief Executive Officer of Amara Holdings Inc. ("Amara"). Mrs. Kwok also acts as an Independent Director for Husky Energy Inc. Mrs. Kwok currently acts as the Chairman of the Remuneration Committee of CK Life Sciences Int'l., (Holdings) Inc. Mrs. Kwok also sits on the Compensation Committee and Corporate Governance Committee of Husky Energy Inc., and the Audit Committee of CK Life Sciences Int'l., (Holdings) Inc. and the Company. Except for LKS Canada Foundation and Amara, all the companies mentioned above are listed companies. She also holds directorships in certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. In addition, she was an Independent Director of Bank of Montreal, a listed company, and previously sat on the Audit Committee and Pension Fund Society of the Bank of Montreal, the Nominating and Governance Committee of Shoppers Drug Mart Corporation, the Independent Committee of Directors and Human Resources Committee of Telesystems International Wireless (TIW) Inc., the Independent Committee of Directors and the Corporate Governance Committee of Fletcher Challenge Canada Ltd., the Audit and Corporate Governance Committees of Clarica Life Insurance Company, the Corporate Governance Committee of Air Canada, the Innovation Saskatchewan (IS) Board of Directors and the Saskatchewan-Asia Advisory Council of Saskatchewan.

**SNG Sow-mei alias POON Sow Mei**, aged 74, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since September 2004. She is an Independent Non-executive Director and the Lead Independent Director of Hutchison Port Holdings Management Pte. Limited as the trustee-manager of Hutchison Port Holdings Trust, a business trust listed on SGX-ST, an Independent Non-executive Director of ARA Asset Management (Fortune) Limited, which manages Fortune Real Estate Investment Trust, a real estate investment trust listed on the SEHK and SGX-ST, and an Independent Non-executive Director of ARA Asset Management (Prosperity) Limited, which manages Prosperity Real Estate Investment Trust, a real estate investment trust listed on the SEHK. Mrs. Sng is also a member of the Audit Committee of HPHM, ARA Asset Management (Fortune) Limited and ARA Asset Management (Prosperity) Limited. Mrs. Sng was previously an Independent Director and a member of the Audit Committee of ARA Trust Management (Suntec) Limited, which manages Suntec Real Estate Investment Trust, a real estate investment trust listed on SGX-ST. Mrs. Sng was also previously a Director of INFA Systems Ltd. and the Senior Consultant (International Business) of Singapore Technologies Electronics Ltd. Prior to her appointment with Singapore Technologies Pte Ltd. where Mrs. Sng was the Director, Special Projects (North East Asia) in 2000 and a Consultant in 2001, Mrs. Sng was the Managing Director of CapitaLand Hong Kong Ltd. for investments in Hong Kong and the region including Japan and Taiwan. In Hong Kong from 1983 to 1997, Mrs. Sng was the Centre Director and then as Regional Director of the Singapore Economic Development Board and Trade Development Board respectively. Mrs. Sng was Singapore's Trade Commissioner in Hong Kong from 1990 to 1997. Mrs. Sng holds a Bachelor of Arts degree from the Nanyang University in Singapore and has wide experience in various fields of industrial investment, business development, strategic and financial management, especially in property investment and management. In 1996, Mrs. Sng was conferred the title of PPA(P) – Pingat Pentadbiran Awam (Perak), the Singapore Public Administration Medal (Silver) by the Republic of Singapore.

## DIRECTORS' BIOGRAPHICAL INFORMATION

**Colin Stevens RUSSEL**, aged 74, has been an Independent Non-executive Director and a member of the Remuneration Committee of the Company since January 2005. He has been a member of the Audit Committee of the Company since January 2005 and the Chairman of the Audit Committee of the Company since January 2007. He is also an Independent Non-executive Director of CK Life Sciences Int'l., (Holdings) Inc., ARA Asset Management Limited and Husky Energy Inc. All the companies mentioned above are listed companies. He also holds directorships in certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. 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.

## DIRECTORS' BIOGRAPHICAL INFORMATION

**LAN Hong Tsung, David**, aged 75, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since February 2005. He is also an Independent Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited and SJM Holdings Limited, a Non-executive Director and Co-Chairman of Aurum Pacific (China) Group Limited. All the companies mentioned above are listed companies. Dr. Lan is also an Independent Non-executive Director of ARA Asset Management (Fortune) Limited, which manages Fortune Real Estate Investment Trust, a real estate investment trust listed on the SEHK and SGX-ST, and of ARA Asset Management (Prosperity) Limited, which manages Prosperity Real Estate Investment Trust, a real estate investment trust listed on SEHK. He is currently the Chairman of David H T Lan Consultants Ltd., Supervisor of Nanyang Commercial Bank (China), Limited and holds directorship at Nanyang Commercial Bank Ltd. He is also a Senior Advisor of Mitsui & Company (Hong Kong) Limited and the President of the International Institute of Management. He also holds directorships in certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. Dr. Lan was the Secretary for Home Affairs of the HKSAR Government till his retirement in July 2000. He had served as civil servant in various capacities for 39 years and was awarded the Gold Bauhinia Star Medal on 1st July, 2000. He was appointed as the 10th and 11th National Committee Member of the Chinese People's Political Consultative Conference of the People's Republic of China. Dr. Lan is a Chartered Secretary and a Fellow Member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. He received his Bachelor of Arts degree from the University of London and completed the Advanced Management Program of the Harvard Business School, Boston. He was also a Fellow at Queen Elizabeth House, University of Oxford. Dr. Lan was conferred with Doctor of Humanities, honoris causa by Don Honorio Ventura Technological State University, and holder of Visiting Professorship Awards of Bulacan State University and Tarlac State University.

## DIRECTORS' BIOGRAPHICAL INFORMATION

**Barrie COOK**, aged 72, acted as an Executive Director of the Company from 2000 to September 2003 and a Non-executive Director of the Company from October 2003 to December 2011, and has been an Independent Non-executive Director of the Company since January 2012. He is the Honorary Chairman of the Hong Kong Construction Materials Association. Mr. Cook is a past Chairman of the East Asian Cement Forum, the Hong Kong Cement Association and the Waste Reduction Committee of the HKSAR Government. He was previously a member of the Advisory Council on the Environment and the Council for Sustainable Development of the HKSAR Government, and was the Convenor of the Hong Kong Business Coalition on the Environment. Mr. Cook was very active in community affairs through his work with the Hong Kong General Chamber of Commerce. Mr. Cook holds a bachelor of Science Degree in Civil Engineering, and he is a Chartered Civil Engineer of the United Kingdom and a Fellow of the Chartered Management Institute of the United Kingdom.

**LEE Pui Ling, Angelina**, aged 66, acted as an Independent Non-executive Director of the Company from May 1996 to September 2004 and has been a Non-executive Director of the Company since September 2004. She is a practising solicitor, has a Bachelor of Laws degree and is a Fellow of the Institute of Chartered Accountants in England and Wales. She is active in public service and is currently a Member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority and a member of the Takeovers and Mergers Panel of the Securities and Futures Commission. She is also a Non-executive Director of TOM Group Limited and Henderson Land Development Company Limited, and an Independent Non-executive Director of Great Eagle Holdings Limited. All the companies mentioned above are listed companies.

**George Colin MAGNUS**, aged 79, acted as an Executive Director and Deputy Chairman of the Company from May 1996 to October 2005 and has been a Non-executive Director of the Company since November 2005. He is also a Non-executive Director of CK Hutchison Holdings Limited, a Director of Husky Energy Inc., and an Independent Non-executive Director of HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited. He was previously a Non-executive Director of Cheung Kong (Holdings) Limited and Hutchison Whampoa Limited which was privatised by way of a scheme of arrangement on 3rd June, 2015. Except for CKH, HWL and HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong or overseas. He is also a director of a substantial shareholder of the Company within the meaning of Part XV of the SFO, and a director of a company controlled by certain substantial shareholders of the Company. He holds a Master's degree in Economics.

## DIRECTORS' BIOGRAPHICAL INFORMATION

**MAN Ka Keung, Simon**, aged 58, has been an Alternate Director to Mr. Ip Tak Chuen, Edmond, Deputy Chairman of the Company, since February 2008. He joined the Cheung Kong Group in December 1987. He is a Member of the Executive Committee and the General Manager, Accounts Department of Cheung Kong Property Holdings Limited (a company listed on the SEHK since 3rd June, 2015). He was previously a Member of the Executive Committee and the General Manager, Accounts Department of CK Hutchison Holdings Limited, a listed company, and a Member of the Executive Committee of Cheung Kong (Holdings) Limited, both of which are substantial shareholders of the Company within the meaning of Part XV of the SFO. He also holds directorships in certain companies controlled by certain substantial shareholders of the Company. He has over 34 years of experience in accounting, auditing, tax and finance. He holds a Bachelor's degree in Economics and is an associate member of The Institute of Chartered Accountants in Australia.

**Eirene YEUNG**, aged 54, Alternate Director to Mr. Kam Hing Lam, the Group Managing Director of the Company, and the Company Secretary of the Company. She is also a Member of the Executive Committee, General Manager, Company Secretarial Department and the Company Secretary of Cheung Kong Property Holdings Limited (a company listed on the SEHK since 3rd June, 2015). She was previously a Member of the Executive Committee, General Manager, Company Secretarial Department and the Company Secretary of CK Hutchison Holdings Limited, and a Member of the Executive Committee and the Company Secretary of Cheung Kong (Holdings) Limited. CK Hutchison and CKH are substantial shareholders of the Company within the meaning of Part XV of the SFO. She is also the Company Secretary of CK Life Sciences Int'l., (Holdings) Inc. Except for CKH, all the companies mentioned above are listed companies. Ms. Yeung is a Non-executive Director of ARA Asset Management (Fortune) Limited, the manager of Fortune Real Estate Investment Trust (listed in Hong Kong and Singapore). She also holds directorships in certain companies controlled by certain substantial shareholders of the Company. Ms. Yeung joined the Cheung Kong Group in August 1994. She is a solicitor of the High Court of the HKSAR and of the Senior Courts of England and Wales. She is also a fellow member of The Hong Kong Institute of Directors, The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.

# CONSOLIDATED INCOME STATEMENT

for the six months ended 30th June

HK\$ million	Notes	Unaudited	
		2015	2014
Group turnover	2	2,879	2,968
Share of turnover of joint ventures	2	11,235	10,811
		14,114	13,779
<b>Group turnover</b>	2	<b>2,879</b>	2,968
Other income	3	361	123
Operating costs	4	(1,500)	(2,100)
Finance costs		(405)	(410)
Exchange (loss)/gain		(106)	52
Share of results of associates		1,374	21,170
Share of results of joint ventures		2,914	2,619
<b>Profit before taxation</b>		<b>5,517</b>	24,422
Taxation	5(a)	(11)	(21)
<b>Profit for the period</b>	6	<b>5,506</b>	24,401
<b>Attributable to:</b>			
Shareholders of the Company		5,253	24,119
Owners of perpetual capital securities		258	284
Non-controlling interests		(5)	(2)
		5,506	24,401
<b>Earnings per share</b>	7	<b>HK\$2.10</b>	HK\$9.89

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30th June

HK\$ million	Unaudited	
	2015	2014
<b>Profit for the period</b>	<b>5,506</b>	24,401
<b>Other comprehensive income</b>		
Items that may be reclassified subsequently to profit or loss:		
(Loss)/Gain from fair value changes of available-for-sale financial assets	(62)	625
Gain/(Loss) from fair value changes of derivatives designated as effective cash flow hedges	91	(3)
Gain/(Loss) from fair value changes of derivatives designated as effective net investment hedges	40	(1,068)
Exchange differences on translation of financial statements of foreign operations	(278)	2,087
Share of other comprehensive (expense)/income of associates	(42)	418
Share of other comprehensive (expense)/income of joint ventures	(105)	147
Reserves released upon disposal of investments in securities	73	–
Income tax relating to components of other comprehensive income	(11)	(120)
	<b>(294)</b>	2,086
Items that will not be reclassified to profit or loss:		
Share of other comprehensive income/(expense) of associates	10	(178)
Share of other comprehensive expense of joint ventures	(195)	(31)
Income tax relating to components of other comprehensive income	15	54
	<b>(170)</b>	(155)
Other comprehensive (expense)/income for the period	<b>(464)</b>	1,931
<b>Total comprehensive income for the period</b>	<b>5,042</b>	26,332
<b>Attributable to:</b>		
Shareholders of the Company	<b>4,789</b>	26,053
Owners of perpetual capital securities	<b>258</b>	284
Non-controlling interests	<b>(5)</b>	(5)
	<b>5,042</b>	26,332

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

HK\$ million	Notes	Unaudited 30/6/2015	Audited 31/12/2014
Property, plant and equipment		2,385	2,452
Investment properties		305	305
Interests in associates		53,361	54,135
Interests in joint ventures		60,662	52,999
Investments in securities		2,136	3,889
Derivative financial instruments		177	86
Goodwill and intangible assets		2,553	2,877
Deferred tax assets		15	15
Other non-current assets		6	–
<b>Total non-current assets</b>		<b>121,600</b>	116,758
Inventories		216	175
Derivative financial instruments		120	825
Debtors and prepayments	9	874	1,204
Bank balances and deposits		7,753	7,108
<b>Total current assets</b>		<b>8,963</b>	9,312
Bank and other loans		38	1,690
Derivative financial instruments		518	24
Creditors and accruals	10	3,840	4,749
Taxation		91	108
<b>Total current liabilities</b>		<b>4,487</b>	6,571
<b>Net current assets</b>		<b>4,476</b>	2,741
<b>Total assets less current liabilities</b>		<b>126,076</b>	119,499
Bank and other loans		17,828	16,947
Derivative financial instruments		303	214
Deferred tax liabilities		498	552
Other non-current liabilities		33	40
<b>Total non-current liabilities</b>		<b>18,662</b>	17,753
<b>Net assets</b>		<b>107,414</b>	101,746
Representing:			
Share capital	11	2,520	2,440
Reserves		96,889	91,296
<b>Equity attributable to shareholders of the Company</b>		<b>99,409</b>	93,736
Perpetual capital securities		7,933	7,933
Non-controlling interests		72	77
<b>Total equity</b>		<b>107,414</b>	101,746

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30th June, 2015

HK\$ million	Attributable to shareholders of the Company											Total
	Share capital	Share premium	Contributed surplus	Property revaluation reserve	Investment revaluation reserve	Hedging reserve	Exchange translation reserve	Retained profits	Sub-total	Perpetual capital securities	Non-controlling interests	
At 1st January, 2015 (audited)	2,440	11,665	6,062	68	722	(1,388)	(1,119)	75,286	93,736	7,933	77	101,746
Profit for the period	-	-	-	-	-	-	-	5,253	5,253	258	(5)	5,506
Loss from fair value changes of available-for-sale financial assets	-	-	-	-	(62)	-	-	-	(62)	-	-	(62)
Gain from fair value changes of derivatives designated as effective cash flow hedges	-	-	-	-	-	91	-	-	91	-	-	91
Gain from fair value changes of derivatives designated as effective net investment hedges	-	-	-	-	-	-	40	-	40	-	-	40
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	(278)	-	(278)	-	-	(278)
Share of other comprehensive income/(expense) of associates	-	-	-	-	-	110	(152)	10	(32)	-	-	(32)
Share of other comprehensive expense of joint ventures	-	-	-	-	-	(105)	-	(195)	(300)	-	-	(300)
Reserves released upon disposal of securities	-	-	-	-	73	-	-	-	73	-	-	73
Income tax relating to components of other comprehensive income	-	-	-	-	-	(11)	-	15	4	-	-	4
Total comprehensive income/(expense) for the period	-	-	-	-	11	85	(390)	5,083	4,789	258	(5)	5,042
Dividend paid	-	-	-	-	-	-	-	(3,716)	(3,716)	-	-	(3,716)
Interest paid on perpetual capital securities	-	-	-	-	-	-	-	-	-	(258)	-	(258)
Issue of new ordinary shares	80	4,520	-	-	-	-	-	-	4,600	-	-	4,600
<b>At 30th June, 2015 (unaudited)</b>	<b>2,520</b>	<b>16,185</b>	<b>6,062</b>	<b>68</b>	<b>733</b>	<b>(1,303)</b>	<b>(1,509)</b>	<b>76,653</b>	<b>99,409</b>	<b>7,933</b>	<b>72</b>	<b>107,414</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

for the six months ended 30th June, 2014

HK\$ million	Attributable to shareholders of the Company												Total
	Share capital	Share premium	Treasury shares	Contributed surplus	Property revaluation reserve	Investment revaluation reserve	Hedging reserve	Exchange translation reserve	Retained profits	Sub-total	Perpetual capital securities	Non-controlling interests	
At 1st January, 2014 (audited)	2,496	13,900	(2,291)	6,062	68	1,902	(945)	906	48,087	70,185	10,329	84	80,598
Profit for the period	-	-	-	-	-	-	-	-	24,119	24,119	284	(2)	24,401
Gain from fair value changes of available-for-sale financial assets	-	-	-	-	-	625	-	-	-	625	-	-	625
Loss from fair value changes of derivatives designated as effective cash flow hedges	-	-	-	-	-	-	(3)	-	-	(3)	-	-	(3)
Loss from fair value changes of derivatives designated as effective net investment hedges	-	-	-	-	-	-	-	(1,068)	-	(1,068)	-	-	(1,068)
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	2,090	-	2,090	-	(3)	2,087
Share of other comprehensive income/(expense) of associates	-	-	-	-	-	-	50	368	(178)	240	-	-	240
Share of other comprehensive income/(expense) of joint ventures	-	-	-	-	-	-	147	-	(31)	116	-	-	116
Income tax relating to components of other comprehensive income	-	-	-	-	-	(76)	(44)	-	54	(66)	-	-	(66)
Total comprehensive income/(expense) for the period	-	-	-	-	-	549	150	1,390	23,964	26,053	284	(5)	26,332
Dividend paid	-	-	-	-	-	-	-	-	(3,318)	(3,318)	-	-	(3,318)
Interest paid on perpetual capital securities	-	-	-	-	-	-	-	-	-	-	(340)	-	(340)
Redemption of perpetual capital securities	(56)	(2,235)	2,291	-	-	-	-	-	3	3	(2,340)	-	(2,337)
At 30th June, 2014 (unaudited)	2,440	11,665	-	6,062	68	2,451	(795)	2,296	68,736	92,923	7,933	79	100,935

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30th June

HK\$ million	Unaudited	
	2015	2014
Net cash from operating activities	2,392	708
Net cash (utilised in)/from investing activities	(1,919)	2,191
Net cash from/(utilised in) financing activities	171	(3,902)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>644</b>	<b>(1,003)</b>
Cash and cash equivalents at 1st January	7,100	5,955
<b>Cash and cash equivalents at 30th June</b>	<b>7,744</b>	<b>4,952</b>
<b>Analysis of balances of cash and cash equivalents:</b>		
Bank balances and deposits	7,753	4,957
Bank overdrafts	(9)	(5)
	<b>7,744</b>	<b>4,952</b>

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

The consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies adopted for the preparation of the consolidated interim financial statements are consistent with those set out in the Group’s consolidated annual financial statements for the year ended 31st December, 2014, except for adoption of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA which are effective to the Group for accounting periods beginning on or after 1st January, 2015. The adoption of the new HKFRSs has no material impact on the Group’s results and financial position for the current or prior periods.

## 2. GROUP TURNOVER AND SHARE OF TURNOVER OF JOINT VENTURES

Group turnover represents net sales of infrastructure materials, interest income from loans granted to associates and joint ventures, sales of waste management services, distribution from investments in securities classified as infrastructure investments, and income from the supply of water.

In addition, the Group presents its proportionate share of turnover of joint ventures. Turnover of associates is not included.

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 2. GROUP TURNOVER AND SHARE OF TURNOVER OF JOINT VENTURES (CONT'D)

The Group turnover and share of turnover of joint ventures for the current period is analysed as follows:

HK\$ million	Six months ended 30th June	
	2015	2014
Sales of infrastructure materials	1,156	1,240
Interest income from loans granted to associates	195	227
Interest income from loans granted to joint ventures	865	742
Sales of waste management services	616	645
Distribution from investments in securities	24	89
Income from the supply of water	23	25
<b>Group turnover</b>	<b>2,879</b>	2,968
<b>Share of turnover of joint ventures</b>	<b>11,235</b>	10,811
	<b>14,114</b>	13,779

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 3. OTHER INCOME

Other income includes the following:

HK\$ million	Six months ended 30th June	
	2015	2014
Bank and other interest income	51	38
Gain on disposal of an associate	–	12
Gain on disposal of a joint venture	34	–

## 4. OPERATING COSTS

Operating costs include the following:

HK\$ million	Six months ended 30th June	
	2015	2014
Cost of inventories sold	1,000	1,078
Cost of services provided	346	356
Depreciation of property, plant and equipment	110	113
Amortisation of intangible assets	14	15

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 5. TAXATION

- (a) Taxation is provided for at the applicable tax rate on the estimated assessable profits less available tax losses. Deferred taxation is provided on temporary differences under the liability method using tax rates applicable to the Group's operations in different countries.

HK\$ million	Six months ended 30th June	
	2015	2014
Current taxation – Hong Kong	2	4
Current taxation – outside Hong Kong	8	13
Deferred taxation	1	4
<b>Total</b>	<b>11</b>	21

- (b) As at 31st December, 2014, a subsidiary of the Company paid AUD64 million in aggregate, to the Australian Tax Office ("ATO") being an amount equivalent to 50 per cent (which percentage is based on ATO Administrative Guidelines) of the tax in dispute, including interest and penalties, claimed by the ATO, pending the resolution of a dispute with the ATO regarding the deductibility of certain fees paid by that subsidiary for income tax purposes.

In June 2015, the Company and other relevant parties entered into an agreement with the ATO to resolve the above tax disputes. Under the settlement, the ATO will cease to pursue the legal proceedings against the Company in respect of unpaid tax, penalties and interests, and no penalties will be levied against the Company or its subsidiaries. A sum of approximately AUD24 million will be refunded from the ATO and approximately AUD60 million was charged to the consolidated income statement during the period under review.

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 6. PROFIT FOR THE PERIOD AND SEGMENT INFORMATION

for the six months ended 30th June

HK\$ million	Infrastructure Investments														Unallocated Items		Consolidated				
	Investment in Power Assets*				Mainland China				New Zealand		Canada and Netherlands		Sub-total		Infrastructure related business		Consolidated				
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014			
Group turnover*	-	-	796	665	219	316	-	-	644	678	64	69	1,723	1,728	1,156	1,240	-	-	2,879	2,968	
Share of turnover of joint ventures	-	-	8,655	8,877	768	8	268	335	280	320	643	742	10,614	10,282	621	529	-	-	11,235	10,811	
	-	-	9,451	9,542	987	324	268	335	924	998	707	811	12,337	12,010	1,777	1,769	-	-	14,114	13,779	
Group turnover	-	-	796	665	219	316	-	-	644	678	64	69	1,723	1,728	1,156	1,240	-	-	2,879	2,968	
Bank and other interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Gain on disposal of an associate	-	-	-	-	-	-	1	-	-	-	-	-	1	-	18	25	32	13	51	38	
Gain on disposal of a joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	12	-	-	-	-	-	12	
Other income	-	-	-	-	-	-	34	-	-	-	-	-	34	-	-	-	-	-	34	-	
Change in fair value of derivative financial instruments	-	-	-	-	-	-	59	61	-	-	-	-	59	61	12	10	59	2	130	73	
Depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	146	-	146	-	
Other operating expenses	-	-	(2)	(3)	-	-	-	-	(72)	(78)	-	-	(74)	(81)	(49)	(47)	(1)	-	(124)	(128)	
Finance costs	-	-	(20)	(22)	-	-	(1)	(1)	(445)	(467)	-	-	(466)	(490)	(1,040)	(1,115)	130	(367)	(1,376)	(1,972)	
Exchange (loss)/gain	-	-	(1)	(1)	-	-	-	-	(39)	(41)	-	-	(40)	(42)	(1)	-	(365)	(367)	(405)	(410)	
Share of results of associates and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(106)	52	(106)	52	
<b>Profit/(Loss) before taxation</b>	<b>1,258</b>	<b>20,960</b>	<b>2,408</b>	<b>2,365</b>	<b>330</b>	<b>214</b>	<b>114</b>	<b>154</b>	<b>(2)</b>	<b>(6)</b>	<b>76</b>	<b>36</b>	<b>2,926</b>	<b>2,763</b>	<b>104</b>	<b>66</b>	-	-	<b>4,288</b>	<b>23,789</b>	
Taxation	-	-	-	-	-	-	(5)	(14)	(1)	(5)	(1)	-	(7)	(18)	(4)	(3)	(105)	(667)	<b>5,517</b>	<b>24,422</b>	
<b>Profit/(Loss) for the period</b>	<b>1,258</b>	<b>20,960</b>	<b>3,181</b>	<b>3,005</b>	<b>549</b>	<b>542</b>	<b>202</b>	<b>200</b>	<b>85</b>	<b>81</b>	<b>139</b>	<b>105</b>	<b>4,156</b>	<b>3,933</b>	<b>197</b>	<b>175</b>	<b>(105)</b>	<b>(667)</b>	<b>5,506</b>	<b>24,401</b>	
<b>Attributable to:</b>																					
Shareholders of the Company	1,258	20,960	3,181	3,005	549	542	202	200	85	81	139	105	4,156	3,933	202	177	(363)	(951)	5,253	24,119	
Owners of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5)	(2)	-	-	258	284	
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(105)	(667)	(5)	(2)	
	<b>1,258</b>	<b>20,960</b>	<b>3,181</b>	<b>3,005</b>	<b>549</b>	<b>542</b>	<b>202</b>	<b>200</b>	<b>85</b>	<b>81</b>	<b>139</b>	<b>105</b>	<b>4,156</b>	<b>3,933</b>	<b>197</b>	<b>175</b>	<b>(105)</b>	<b>(667)</b>	<b>5,506</b>	<b>24,401</b>	

# Sales of infrastructure materials comprise sales in Hong Kong of HK\$753 million (2014: HK\$755 million), sales in Mainland China of HK\$401 million (2014: HK\$485 million) and sales in other region of HK\$2 million (2014: nil).

\* During the period, the Group has a 38.87 per cent (2014: 38.87 per cent) equity interest in Power Assets Holdings Limited ("Power Assets"), which is listed on The Stock Exchange of Hong Kong Limited. The share of the results of Power Assets during the six months ended 30th June, 2014 included the share of gain on disposal from spin-off and separate listing of the Hong Kong electricity business which is operated by The Hongkong Electric Company, Limited amounting to approximately HK\$19 billion.

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 6. PROFIT FOR THE PERIOD AND SEGMENT INFORMATION (CONT'D)

Segment profit attributable to shareholders of the Company represents the profit earned by each segment after the profit attributable to owners of perpetual capital securities and non-controlling interests without allocation of gains or losses from treasury activities, corporate overheads and other expenses of the Group's head office.

## 7. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to shareholders of the Company of HK\$5,253 million (2014: HK\$24,119 million) and on the weighted average of 2,506,351,276 shares (2014: 2,439,610,945 shares) in issue during the interim period.

## 8. INTERIM DIVIDEND

The interim dividend declared by the Board of Directors is as follows:

HK\$ million	Six months ended 30th June	
	2015	2014
Interim dividend of HK\$0.6 per share (2014: HK\$0.525 per share)	1,512	1,281

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 9. DEBTORS AND PREPAYMENTS

Included in debtors and prepayments are trade debtors of HK\$363 million (HK\$438 million at 31st December, 2014) and their aging analysis is as follows:

HK\$ million	30/6/2015	31/12/2014
Current	284	289
Less than 1 month past due	59	123
1 to 3 months past due	22	40
More than 3 months but less than 12 months past due	23	11
More than 12 months past due	12	16
Amount past due	116	190
Allowance for doubtful debts	(37)	(41)
<b>Total after allowance</b>	<b>363</b>	438

Trade with customers is carried out largely on credit, except for new customers, residential customers of waste management services and customers with unsatisfactory payment records, where payment in advance is normally required. Invoices are normally due within 1 month of issuance, except for certain well-established customers, where the terms are extended to 2 months, and certain customers with disputed items, where the terms are negotiated individually. Each customer has a maximum credit limit, which was granted and approved by senior management in accordance with the laid-down credit review policy and procedures.

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 10. CREDITORS AND ACCRUALS

Included in creditors and accruals are trade creditors of HK\$240 million (HK\$282 million at 31st December, 2014) and their aging analysis is as follows:

HK\$ million	30/6/2015	31/12/2014
Current	155	171
1 month	30	31
2 to 3 months	13	14
Over 3 months	42	66
<b>Total</b>	<b>240</b>	282

## 11. SHARE CAPITAL

	Number of Shares	Amount HK\$ million
Ordinary shares of HK\$1 each		
<b>Authorised:</b>		
<b>At 1st January, 2015 and 30th June, 2015</b>	<b>4,000,000,000</b>	<b>4,000</b>
<b>Issued and fully paid:</b>		
At 1st January, 2015	2,439,610,945	2,440
Issue of new shares via a share placement exercise	80,000,000	80
<b>At 30th June, 2015</b>	<b>2,519,610,945</b>	<b>2,520</b>

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 12. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

### (a) Financial assets and liabilities measured at fair value

The following table provides an analysis of the Group's financial instruments that are measured at fair value at the end of the reporting period:

Assets measured at fair value								
	Level 1		Level 2		Level 3		Total	
HK\$ million	30/6/2015	31/12/2014	30/6/2015	31/12/2014	30/6/2015	31/12/2014	30/6/2015	31/12/2014
<b>Financial assets at fair value through profit or loss</b>								
Equity securities, unlisted	–	–	46	46	–	–	46	46
<b>Available-for-sale financial assets</b>								
Stapled securities, listed overseas	1,325	1,526	–	–	–	–	1,325	1,526
Stapled securities, listed in Hong Kong	–	1,526	–	–	–	–	–	1,526
Debt securities, unlisted	–	–	208	207	–	–	208	207
Equity securities, unlisted	–	–	3	32	–	–	3	32
<b>Derivative financial instruments</b>								
Forward foreign exchange contracts	–	–	201	897	–	–	201	897
Interest rate swaps	–	–	96	14	–	–	96	14

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 12. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONT'D)

### (a) Financial assets and liabilities measured at fair value (Cont'd)

Liabilities measured at fair value								
	Level 1		Level 2		Level 3		Total	
HK\$ million	30/6/2015	31/12/2014	30/6/2015	31/12/2014	30/6/2015	31/12/2014	30/6/2015	31/12/2014
<b>Derivative financial instruments</b>								
Forward foreign exchange contracts	–	–	738	1	–	–	738	1
Interest rate swaps	–	–	83	237	–	–	83	237

During the six months ended 30th June, 2015, there were no transfers between Level 1 and Level 2 (2014: nil).

### (b) Valuation techniques and inputs used in Level 2 fair value measurements

The fair values of the financial assets and the financial liabilities included in Level 2 category above have been determined in accordance with generally accepted pricing models.

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 13. COMMITMENTS

The Group's capital commitments outstanding at 30th June, 2015 and not provided for in the consolidated interim financial statements are as follows:

HK\$ million	Contracted but not provided for		Authorised but not contracted for	
	30/6/2015	31/12/2014	30/6/2015	31/12/2014
Investment in a joint venture	28	–	146	189
Plant and machinery	115	43	505	529
<b>Total</b>	<b>143</b>	43	<b>651</b>	718

## 14. CONTINGENT LIABILITIES

The contingent liabilities of the Group are as follows:

HK\$ million	30/6/2015	31/12/2014
Guarantee in respect of bank loan drawn by a joint venture	1,222	1,338
Other guarantees given in respect of a joint venture	781	836
Performance bond indemnities	95	91
Sub-contractor warranties	6	7
<b>Total</b>	<b>2,104</b>	2,272

## 15. REVIEW OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The consolidated interim financial statements are unaudited, but have been reviewed by the Audit Committee.

# DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th June, 2015, 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 (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, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

## (1) LONG POSITIONS IN SHARES

Name of Company	Name of Director	Capacity	Number of Ordinary Shares / Share Stapled Units				Total	Approximate % of Shareholding
			Personal Interests	Family Interests	Corporate Interests	Other Interests		
Company	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	5,428,000 (Note 1)	5,428,000	0.21%
	Kam Hing Lam	Beneficial owner	100,000	-	-	-	100,000	0.003%
CK Hutchison Holdings Limited	Li Tzar Kuoi, Victor	Beneficial owner, interest of child or spouse, interest of controlled corporations & beneficiary of trusts	220,000	405,200	2,572,350 (Note 3)	1,028,753,254 (Note 2)	1,031,950,804	26.73%
	Kam Hing Lam	Beneficial owner & interest of child or spouse	51,040	57,360	-	-	108,400	0.002%
	Fok Kin Ning, Canning	Interest of controlled corporation	-	-	4,111,438 (Note 7)	-	4,111,438	0.10%
	Chow Woo Mo Fong, Susan	Beneficial owner	129,960	-	-	-	129,960	0.003%
	Frank John Sixt	Beneficial owner	136,800	-	-	-	136,800	0.003%
	Lan Hong Tsung, David	Beneficial owner	13,680	-	-	-	13,680	0.0003%

# DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

## (1) LONG POSITIONS IN SHARES (CONT'D)

Name of Company	Name of Director	Capacity	Number of Ordinary Shares / Share Stapled Units				Total	Approximate % of Shareholding
			Personal Interests	Family Interests	Corporate Interests	Other Interests		
	Lee Pui Ling, Angelina	Beneficial owner	40,524	-	-	-	40,524	0.001%
	George Colin Magnus	Beneficial owner, interest of child or spouse & founder & beneficiary of a discretionary trust	83,360	16,771	-	833,868 (Note 8)	933,999	0.02%
	Man Ka Keung, Simon	Beneficial owner & interest of child or spouse	9,895 (Note 9)	11,895 (Note 9)	-	-	11,895	0.0003%
Power Assets Holdings Limited	Li Tzar Kuoi, Victor	Interest of child or spouse	-	151,000	-	-	151,000	0.007%
	Kam Hing Lam	Interest of child or spouse	-	100,000	-	-	100,000	0.004%
	Lee Pui Ling, Angelina	Beneficial owner	8,800	-	-	-	8,800	0.0004%
HK Electric Investments and HK Electric Investments Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	-	-	7,870,000 (Note 5)	-	7,870,000	0.08%
	Kam Hing Lam	Interest of child or spouse	-	1,025,000	-	-	1,025,000	0.01%
	Ip Tak Chuen, Edmond	Beneficial owner	1,300,000	-	-	-	1,300,000	0.01%
	Fok Kin Ning, Canning	Interest of controlled corporation	-	-	2,000,000 (Note 7)	-	2,000,000	0.02%
	Lee Pui Ling, Angelina	Beneficial owner	2,000	-	-	-	2,000	0.00002%

# DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

## (1) LONG POSITIONS IN SHARES (CONT'D)

Name of Company	Name of Director	Capacity	Number of Ordinary Shares / Share Stapled Units				Total	Approximate % of Shareholding
			Personal Interests	Family Interests	Corporate Interests	Other Interests		
Hutchison Telecommunications (Australia) Limited	Fok Kin Ning, Canning	Beneficial owner & interest of controlled corporation	4,100,000	-	1,000,000 (Note 7)	-	5,100,000	0.037%
	Frank John Sixt	Beneficial owner	1,000,000	-	-	-	1,000,000	0.007%
Hutchison Telecommunications Hong Kong Holdings Limited	Li Tzar Kuoi, Victor	Interest of child or spouse, interest of controlled corporations & beneficiary of trusts	-	192,000	2,519,250 (Note 4)	153,280 (Note 6)	2,864,530	0.05%
	Fok Kin Ning, Canning	Interest of controlled corporation	-	-	1,202,380 (Note 7)	-	1,202,380	0.025%
	Chow Woo Mo Fong, Susan	Beneficial owner	250,000	-	-	-	250,000	0.005%
	George Colin Magnus	Beneficial owner & interest of child or spouse	13,201	132	-	-	13,333	0.0003%

## (2) LONG POSITIONS IN UNDERLYING SHARES

Name of Company	Name of Director	Capacity	Number of Underlying Shares				Total
			Personal Interests	Family Interests	Corporate Interests	Other Interests	
Hutchison Telecommunications Hong Kong Holdings Limited	Frank John Sixt	Beneficial owner	255,000 (Note 11)	-	-	-	255,000

# DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

## (3) LONG POSITIONS IN DEBENTURES

Name of Company	Name of Director	Capacity	Amount of Debentures				Total
			Personal Interests	Family Interests	Corporate Interests	Other Interests	
Hutchison Whampoa Finance (CI) Limited	Man Ka Keung, Simon	Beneficial owner & interest of child or spouse	US\$100,000 7.45% Notes due 2017 (Note 10)	US\$100,000 7.45% Notes due 2017 (Note 10)	–	–	US\$100,000 7.45% Notes due 2017
Hutchison Whampoa International (09) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	–	–	US\$45,792,000 7.625% Notes due 2019 (Note 4)	–	US\$45,792,000 7.625% Notes due 2019
Hutchison Whampoa International (09/19) Limited	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	US\$4,000,000 5.75% Notes due 2019 (Note 7)	–	US\$4,000,000 5.75% Notes due 2019
Hutchison Whampoa International (10) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	–	–	US\$35,395,000 Subordinated Guaranteed Perpetual Capital Securities (Note 4)	–	US\$35,395,000 Subordinated Guaranteed Perpetual Capital Securities
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	US\$5,000,000 Subordinated Guaranteed Perpetual Capital Securities (Note 7)	–	US\$5,000,000 Subordinated Guaranteed Perpetual Capital Securities
	Frank John Sixt	Beneficial owner	US\$1,000,000 Subordinated Guaranteed Perpetual Capital Securities	–	–	–	US\$1,000,000 Subordinated Guaranteed Perpetual Capital Securities

# DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

## (3) LONG POSITIONS IN DEBENTURES (CONT'D)

Name of Company	Name of Director	Capacity	Amount of Debentures				Total
			Personal Interests	Family Interests	Corporate Interests	Other Interests	
Hutchison Whampoa International (12) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	-	-	US\$16,800,000 Subordinated Guarantee Perpetual Capital Securities (Note 4)	-	US\$16,800,000 Subordinated Guarantee Perpetual Capital Securities

Notes:

- The discretionary beneficiaries of each of The Li Ka-Shing Unity Discretionary Trust ("DT1") and another discretionary trust ("DT2") are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children and Mr. Li Tzar Kai, Richard. Each of the trustees of DT1 and DT2 holds units in The Li Ka-Shing Unity Trust ("UT1") but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of UT1 holds a total of 5,428,000 shares of the Company.

The entire issued share capital of TUT1 and of the trustees of DT1 and DT2 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 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.

By virtue of the above and as a director of the Company and a discretionary beneficiary of each of DT1 and DT2, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the shares of the Company held by TUT1 as trustee of UT1 under the SFO.

# DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Notes (Cont'd):

2. The 1,028,753,254 shares in CK Hutchison Holdings Limited ("CK Hutchison") comprise:
  - (a) 936,462,744 shares held by TUT1 as trustee of UT1 together with certain companies 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"). By virtue of being a director of the Company and a discretionary beneficiary of each of DT1 and DT2 as described in Note 1 above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares of CK Hutchison held by TUT1 as trustee of UT1 and TUT1 related companies under the SFO.
  - (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"). The discretionary beneficiaries of each of the two discretionary trusts ("DT3" and "DT4") are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children and Mr. Li Tzar Kai, Richard. Each of the trustees of DT3 and 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 entire issued share capital of TUT3 and of the trustees of DT3 and DT4 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 CK Hutchison 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 CK Hutchison 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. By virtue of the above and as a director of the Company and a discretionary beneficiary of each of DT3 and DT4, Mr. Li Tzar Kuoi, Victor is also taken to have a duty of disclosure in relation to the said 7,863,264 shares of CK Hutchison held by TUT3 as trustee of UT3 under the SFO.
  - (c) 84,427,246 shares held by a company controlled by Li Ka-Shing Castle Trustee Corporation Limited as trustee of DT3.

# DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Notes (Cont'd):

3. The 2,572,350 shares in CK Hutchison comprise:
  - (a) 2,272,350 shares held by certain companies in 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) 300,000 shares held by Li Ka Shing Foundation Limited ("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. Such interests are held by certain companies of which Mr. Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.
5. The 7,870,000 share stapled units in HK Electric Investments and HK Electric Investments Limited comprise:
  - (a) 2,700,000 share stapled units held by a wholly-owned subsidiary of Li Ka Shing (Overseas) Foundation ("LKSOFF"). By virtue of the terms of the constituent documents of LKSOFF, 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 LKSOFF.
  - (b) 5,170,000 share stapled units 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.
6. 153,280 shares in Hutchison Telecommunications Hong Kong Holdings Limited ("HTHK") are held by TUT3 as trustee of UT3. By virtue of being a director of the Company and discretionary beneficiary of each of DT3 and DT4 as described in Note 2(b) above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said 153,280 shares of HTHK held by TUT3 as trustee of UT3 under the SFO.

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Notes (Cont'd):

7. These interests are held by a company which is equally owned by Mr. Fok Kin Ning, Canning and his wife.
8. Such interests comprise 184,000 shares held by a company controlled by a trust under which Mr. George Colin Magnus is a discretionary beneficiary and 649,868 shares indirectly held by a trust of which Mr. George Colin Magnus is the settlor and a discretionary beneficiary.
9. Such 9,895 shares are jointly held by Mr. Man Ka Keung, Simon and his wife and the remaining 2,000 shares are held by his wife.
10. Such interests are jointly held by Mr. Man Ka Keung, Simon and his wife.
11. Such underlying shares are derived from the 17,000 American Depositary Shares (each representing 15 ordinary shares) in HTHK beneficially owned by Mr. Frank John Sixt.

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 30th June, 2015, 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.

# INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at 30th June, 2015, shareholders (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	Capacity	Number of Ordinary Shares	Total	Approximate % of Shareholding
Hutchison Infrastructure Holdings Limited	Beneficial owner	1,906,681,945 (Note i)	1,906,681,945	75.67%
Hutchison International Limited	Interest of controlled corporation	1,906,681,945 (Note ii)	1,906,681,945	75.67%
Hutchison Whampoa Limited	Interest of controlled corporations	1,906,681,945 (Note ii)	1,906,681,945	75.67%
Cheung Kong (Holdings) Limited	Interest of controlled corporations	1,906,681,945 (Note iii)	1,906,681,945	75.67%
CK Global Investments Limited	Interest of controlled corporations	1,906,681,945 (Note iii)	1,906,681,945	75.67%
CK Hutchison Holdings Limited	Interest of controlled corporations	1,906,681,945 (Note iv)	1,906,681,945	75.67%

# INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

## 2. LONG POSITIONS OF OTHER PERSONS IN THE SHARES OF THE COMPANY

Name	Capacity	Number of Ordinary Shares	Total	Approximate % of Shareholding
The Capital Group Companies, Inc.	Interest of controlled corporations	151,407,500	151,407,500	6.01%

Notes:

- i. 1,906,681,945 shares of the Company are held by Hutchison Infrastructure Holdings Limited, a subsidiary of HWL. Its interests are duplicated in the interests of HWL in the Company described in Note ii below.
- ii. HWL is deemed to be interested in the 1,906,681,945 shares of the Company referred to in Note i above as it holds more than one-third of the issued share capital of Hutchison International Limited, which holds more than one-third of the issued share capital of Hutchison Infrastructure Holdings Limited.
- iii. CKH and CK Global Investments Limited ("CK Global") are deemed to be interested in the 1,906,681,945 shares of the Company referred to in Note ii above as certain subsidiaries of CKH and CK Global hold more than one-third of the issued share capital of HWL.
- iv. CK Hutchison is deemed to be interested in the 1,906,681,945 shares of the Company referred to in Note iii above as CK Hutchison hold more than one-third of the issued share capital of CKH and CK Global.

Save as disclosed above, as at 30th June, 2015, 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.

## CORPORATE GOVERNANCE

The Board of Directors (“Board”) and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. 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 Listing Rules throughout the six months ended 30th June, 2015. 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 Company does not consider it necessary to have a nomination committee as 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 and the Group Managing Director. In respect of code provision A.6.7 of the CG Code, two Non-executive Directors did not attend the annual general meeting of the Company held on 14th May, 2015 due to an overseas commitment and health reason respectively.

The Group is committed to achieving and maintaining standards of openness, probity and accountability. In line with this commitment and in compliance with the CG Code, the Audit Committee of the Company has established the Procedures for Reporting Possible Improprieties in Matters of Financial Reporting, Internal Control or Other Matters. In addition, the Company has established the Policy on Handling of Confidential Information, Information Disclosure, and Securities Dealing for compliance by the Company’s employees.

# CORPORATE GOVERNANCE

## (1) BOARD COMPOSITION AND BOARD PRACTICES

The Board is collectively responsible for the oversight of the management of the business and affairs of the Group with the objective of enhancing shareholders' value. The Board consists of a total of sixteen Directors, comprising eight Executive Directors, two Non-executive Directors and six Independent Non-executive Directors. One of the Executive Directors also acts as Alternate Director to two Executive Directors and two Alternate Directors were appointed. More than one-third of the Board are Independent Non-executive Directors and more than one of them have appropriate professional qualifications, or accounting or related financial management expertise as required by the Listing Rules. All Directors (including Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company's Bye-laws and the CG Code.

The positions of the Chairman of the Board and the Group Managing Director are currently held by separate individuals with a view to maintaining an effective segregation of duties respecting management of the Board and the day-to-day management of the Group's business.

All Directors have made active contribution to the affairs of the Board and the Board has always acted in the best interests of the Group. In addition to regular Board meetings, the Chairman of the Board meets with the Non-executive Directors (including Independent Non-executive Directors) without the presence of the Executive Directors at least once every year.

The Company Secretary is responsible to the Board for ensuring that Board procedures are followed and for ensuring that the Board is briefed on all legislative, regulatory and corporate governance developments and that the Board has regard to them when making decisions. The Company Secretary is also directly responsible for the Group's compliance with the continuing obligations of the Listing Rules, Codes on Takeovers and Mergers and Share Buy-backs, Companies Ordinance, SFO and other applicable laws, rules and regulations.

# CORPORATE GOVERNANCE

## (2) MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 31st March, 2004, which will be revised and adopted from time to time. Confirmation has been received from all Directors that they have complied with the required standards set out in the Model Code during the six months ended 30th June, 2015.

Written guidelines on no less exacting terms than the Model Code relating to securities transactions for employees are set out in the Employee Handbook of the Company.

## (3) INTERNAL CONTROLS

The Company has an internal audit function in place to provide an independent assessment of the Group's internal control system and review of its effectiveness in accordance with the CG Code. The Group Internal Audit prepares its audit plan using a risk based methodology in consultation with, but independent of, the management for review by the audit committee of the Company ("Audit Committee"). The audit work focuses on financial, operational and compliance controls review and those areas of the Group's activities with significant perceived risks. An integral part of the internal audit function is to monitor and ensure effective implementation of these internal control systems.

The Board, through the Audit Committee, has conducted a review of the effectiveness of the internal control system of the Group for the six months ended 30th June, 2015.

# CORPORATE GOVERNANCE

## (4) AUDIT COMMITTEE

The Company established the Audit Committee in December 1998 and has formulated its written terms of reference, which have from time to time be modified, in accordance with the prevailing provisions of the CG Code. The Audit Committee comprises five Independent Non-executive Directors, namely, Mr. Colin Stevens Russel (Chairman of the Audit Committee), Mr. Cheong Ying Chew, Henry, Mrs. Kwok Eva Lee, Mrs. Sng Sow-mei alias Poon Sow Mei and Mr. Lan Hong Tsung, David. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control procedures, 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.

The Group's interim report for the six months ended 30th June, 2015 has been reviewed by the Audit Committee.

## (5) REMUNERATION COMMITTEE

In compliance with the CG Code, the Company established its remuneration committee ("Remuneration Committee") on 1st January, 2005 with a majority of the members thereof being Independent Non-executive Directors. The Remuneration Committee comprises the Chairman of the Board, Mr. Li Tzar Kuoi, Victor, and two Independent Non-executive Directors, namely, Mr. Cheong Ying Chew, Henry (Chairman of the Remuneration Committee) and Mr. Colin Stevens Russel.

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.

# CORPORATE GOVERNANCE

## (6) INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

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 Branch 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 compliance with the CG Code, the Company has established a shareholders communication policy in March 2012 which is subject to review on a regular basis to ensure its effectiveness.

## OTHER INFORMATION

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30th June, 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

### DISCLOSURE UNDER CHAPTER 13 OF THE LISTING RULES

The following information is disclosed in accordance with Rules 13.21 and 13.22 of Chapter 13 of the Listing Rules:

As at 30th June, 2015, the Group's financial assistance to certain affiliated companies exceeded the assets ratio of 8 per cent. A combined statement of financial position of the affiliated companies as at 30th June, 2015 is set out below:

<b>HK\$ million</b>	
Non-current assets	418,758
Current assets	20,882
Current liabilities	(31,681)
Non-current liabilities	(317,960)
Net assets	89,999
Share capital	37,433
Reserves	52,531
Non-controlling interest	35
Total equity	89,999

As at 30th June, 2015, the consolidated attributable interest of the Group in these affiliated companies amounted to HK\$60,323 million.

# OTHER INFORMATION

## RISK FACTORS

The Group's businesses, financial conditions, results of operations or growth prospects may be affected by risks and uncertainties directly or indirectly pertaining to the Group's businesses. The risk factors set out in the Company's Annual Report 2014 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 in the Company's Annual Report 2014 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 Interim Report does not constitute a recommendation or advice to invest in the shares 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 of the Company.

*This interim report 2015 (both English and Chinese versions) ("Interim Report") has been posted on the Company's website at [www.cki.com.hk](http://www.cki.com.hk). Shareholders who have chosen (or are deemed to have consented) to read the Company's corporate communications (including but not limited to the Interim Report) published on the Company's website in place of receiving printed copies thereof may request the printed copy of the Interim Report in writing to the Company c/o the Company's Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong or by email to [cki.ecom@computershare.com.hk](mailto:cki.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 Interim Report posted on the Company's website will upon request in writing to the Company c/o the Company's Branch Share Registrar or by email to [cki.ecom@computershare.com.hk](mailto:cki.ecom@computershare.com.hk) promptly be sent the Interim 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 Branch Share Registrar or sending a notice to [cki.ecom@computershare.com.hk](mailto:cki.ecom@computershare.com.hk).*

*Shareholders who have chosen to receive printed copy of the corporate communications in either English or Chinese version will receive both English and Chinese versions of the Interim Report since both language versions are bound together into one booklet.*

