

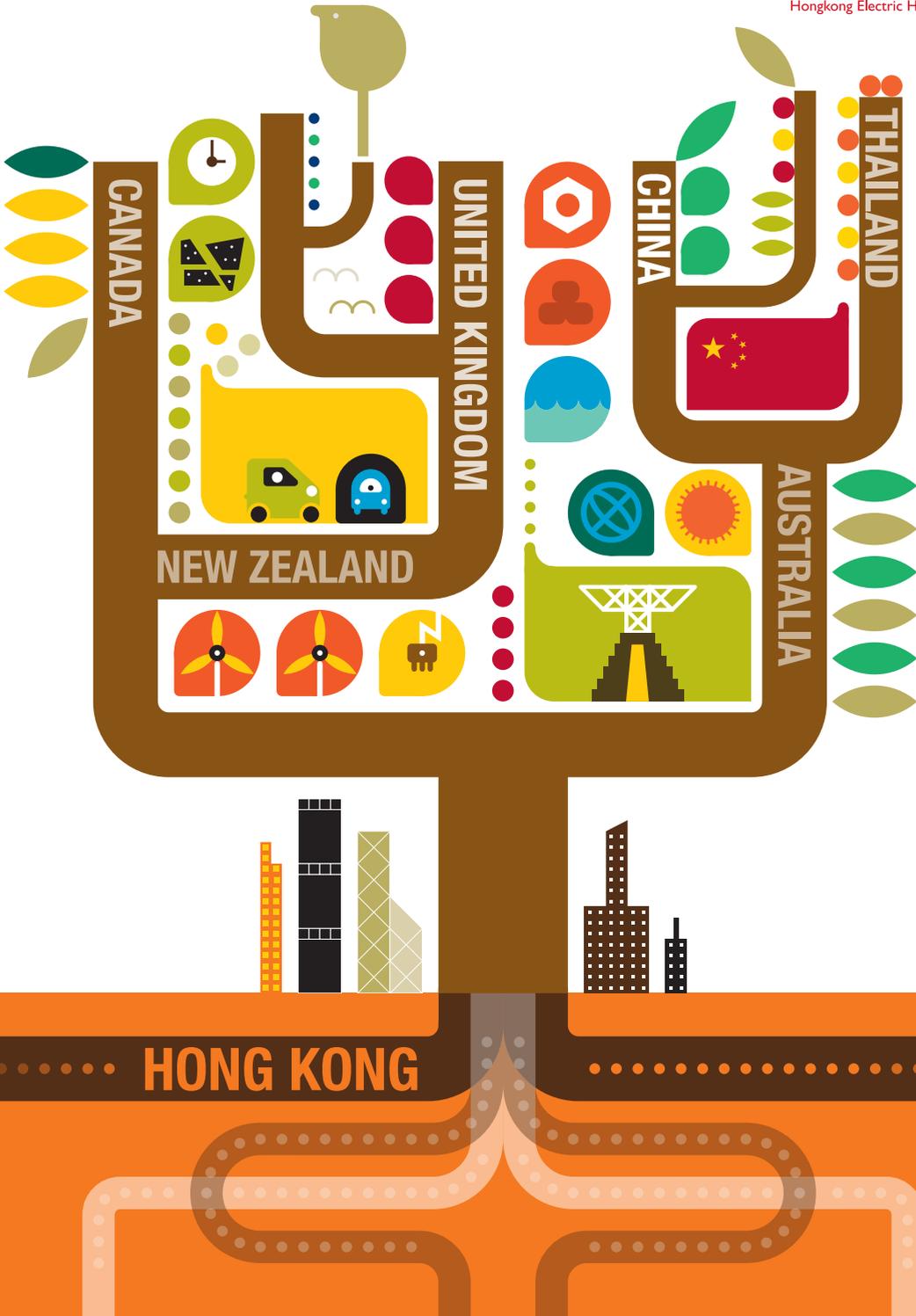


港燈  
HK Electric

(Stock Code: 6)

**Interim Report 2010**  
Hongkong Electric Holdings Ltd.

Growing from our strengths



## HIGHLIGHTS

	Six months ended 30th June		
	2010	2009	Change
	<i>HK\$ million</i>	<i>HK\$ million</i>	
Profit from Hong Kong operations	<b>1,776</b>	1,785	-0.5%
Profit from operations outside Hong Kong	<b>978</b>	883	+10.8%
Profit attributable to shareholders	<b>2,754</b>	2,668	+3.2%
Earnings per share	<b>\$1.29</b>	\$1.25	+3.2%
Dividend per share	<b>\$0.62</b>	\$0.62	—

This Interim Report has been posted in both the English and Chinese languages on the Company's website at [www.heh.com](http://www.heh.com). If shareholders who have chosen to receive corporate communications through the Company's website are unable to gain access to the Interim Report, they may request that a copy of this Interim Report be sent to them free of charge by mail.

Shareholders may at any time choose to receive all future corporate communications either in printed form or through the Company's website by writing to the Company at the registered office, 44 Kennedy Road, Hong Kong or the share registrar, Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or by emailing to the Company's email address at [mail@heh.com](mailto:mail@heh.com).

## CONTENTS

2	Corporate Information
3	Key Dates and Share Information
4	Chairman's Statement
7	Financial Review
10	Unaudited Consolidated Income Statement
11	Unaudited Consolidated Statement of Comprehensive Income
12	Unaudited Consolidated Balance Sheet
13	Unaudited Consolidated Statement of Changes in Equity
14	Unaudited Condensed Consolidated Cash Flow Statement
15	Notes to the Unaudited Interim Financial Report
25	Corporate Governance
32	Other Information

# CORPORATE INFORMATION

## Board of Directors

### Executive Directors

FOK Kin Ning, Canning (*Chairman*)  
TSO Kai Sum (*Group Managing Director*)  
CHOW WOO Mo Fong, Susan\*  
Andrew John HUNTER  
KAM Hing Lam  
LI Tzar Kuoi, Victor  
Neil Douglas MCGEE (*Group Finance Director*)  
Frank John SIXT  
WAN Chi Tin (*Director of Engineering (Planning & Development)*)  
YUEN Sui See (*Director of Operations*)

### Non-executive Directors

Ronald Joseph ARCULLI  
LEE Lan Yee, Francis  
George Colin MAGNUS

### Independent Non-executive Directors

Holger KLUGE  
Ralph Raymond SHEA  
WONG Chung Hin

### Alternate Director

CHAN Loi Shun (*Alternate Director to KAM Hing Lam*)

\* Also Alternate Director to FOK Kin Ning, Canning and Frank John SIXT

## Audit Committee

WONG Chung Hin (*Chairman*)  
Ronald Joseph ARCULLI  
Holger KLUGE  
Ralph Raymond SHEA

## Remuneration Committee

FOK Kin Ning, Canning (*Chairman*)  
Ralph Raymond SHEA  
WONG Chung Hin

## Company Secretary

WONG Lee Wah, Lillian

## Principal Banker

The Hongkong and Shanghai Banking Corporation Limited

## Solicitors

Mayer Brown JSM

## Auditors

KPMG

## Registered Office

44 Kennedy Road, Hong Kong  
Telephone : 2843 3111  
Facsimile : 2537 1013  
E-mail : mail@heh.com

## Website

www.heh.com

## Share Registrar

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716,  
17th Floor, Hopewell Centre,  
183 Queen's Road East,  
Wanchai, Hong Kong

## ADR Depository

Citibank, N.A.  
Shareholder Services  
P.O. Box 43077, Providence,  
Rhode Island 02940-3077, U.S.A.

## KEY DATES AND SHARE INFORMATION

### Key Dates

<b>Interim Results Announcement</b>	28th July 2010
<b>Ex-dividend Date</b>	26th August 2010
<b>Closure of Register of Members</b>	30th August 2010 to 6th September 2010 (both days inclusive)
<b>Payment of Interim Dividend (HK\$0.62 per share)</b>	7th September 2010
<b>Financial Year End</b>	31st December 2010

### Share Information

<b>Board Lot</b>	500 shares
<b>Market Capitalisation as at 30th June 2010</b>	HK\$99.14 billion
<b>Stock Codes</b>	
The Stock Exchange of Hong Kong Limited	6
Bloomberg	6 HK
Reuters	0006.HK
ADR Ticker Symbol	HGKGY
CUSIP Number	438580300

# CHAIRMAN'S STATEMENT

## Half Year Results

The Group's unaudited consolidated net profit, after tax and Scheme of Control transfers, for the six months ended 30th June 2010 was HK\$2,754 million, an increase of 3.2% over the same period in 2009. Earnings from the Group's Hong Kong operations were HK\$1,776 million (2009: HK\$1,785 million). Earnings from the Group's operations outside Hong Kong for the six month period were HK\$978 million compared with HK\$883 million for the same period in 2009. The higher first half 2010 earnings from operations outside Hong Kong were primarily due to the increased holding in Northern Gas Networks, a full six month results from the Mainland China power station interests, higher exchange translation of Australian sourced income and the inclusion of earnings from the interest in the Seabank Power Station which was acquired in June.

## Interim Dividend

The Directors have today declared an interim dividend for 2010 of HK\$0.62 (2009: HK\$0.62) per share. The dividend will be payable on 7th September 2010, to shareholders whose names appear in the Company's Register of Members on 6th September 2010.

## Hong Kong Operations

The Hongkong Electric Co., Ltd. (HEC) unit sales of electricity for the first six months of 2010 were 5,040 million kWh, 1.4% higher than that recorded for the first six months of 2009. The higher unit sales were primarily due to the warmer weather in the earlier part of the year partially offset by the effect of various energy saving initiatives. Sales to the residential and commercial sectors grew by 3.9% and 0.8% respectively while sales to the industrial sector fell by 1.4%.

During the first six months of 2010, the emission reduction programme at the Lamma Power Station which was started several years ago neared its end with the successful completion of the flue gas desulphurization (FGD) plant works for the coal-fired Units 2, 4 and 5 and the commissioning of the low nitrogen oxide burners for Units 4 and 5. Over 95% of the electricity now being generated at the Lamma Power Station is being generated by gas and coal-fired units fitted with FGD plant and low nitrogen oxide burners. The emission reduction programme has resulted in a substantial reduction in emission levels of sulphur dioxide, nitrogen oxide and particulates at the power station.

Progress was made on HEC's renewable energy projects. In May this year, the Environmental Impact Assessment Report for HEC's proposed 100 MW offshore wind farm was approved by the Government and an environmental permit for the project was issued in June. Wind monitoring activities are scheduled to commence in early 2011 with a target date for commercial operation of the wind farm in 2015. Work on a 550 kW thin film photovoltaic solar energy system comprising some 5,500 thin film photovoltaic modules installed on the roof of the Lamma Power Station has been substantially completed. The electricity produced from this renewable energy initiative will contribute to the lowering of carbon levels at the power station.

During the period, our excellent customer service and operational performance continued to receive outside recognition. All of HEC's 18 published service pledges were met during the period. World class supply reliability of over 99.999% was maintained.

System development and reliability work undertaken during the period included over 96.5 kilometers of cable being laid and the commissioning of the Marsh Road 132 kV Switching Station and associated 132 kV circuits. Work continued on substation upgrading.

HEC continued to support various initiatives in the community in the areas of energy efficiency, renewable energy, education and the environment.

### **Operations outside Hong Kong**

Hongkong Electric International Limited (HEI) holds the Group's investments outside Hong Kong. All of HEI's investments performed satisfactorily during the first six months of 2010. The Australian electricity distribution businesses recorded higher revenues while the China power station business benefited from increased demand. In Canada Stanley Power recorded higher margins at its Sheerness power station. The higher results compared with the same period last year for Northern Gas Networks in the U.K. reflected the increased holding in the business. The power generation business in Thailand and the electricity distribution business in New Zealand performed in line with expectations. The higher results from the wind farm operations in Mainland China reflected a full six months of operations in 2010.

In June, HEI completed the acquisition of a 25% interest in the Seabank Power Station, a 1,140 MW gas-fired power station near Bristol in the U.K. Electricity from the power station is sold under a power purchase agreement with the gas for the power station being provided by the offtaker. The Seabank acquisition has added to HEI's growing portfolio of investments in assets which provide stable and certain returns.

## **CHAIRMAN'S STATEMENT** *(Continued)*

### **Outlook**

While there is continuing uncertainty regarding the direction of the world's major economies, the Group with its strong balance sheet is well placed to meet this challenging environment.

In Hong Kong, we expect HEC to see continued pressure on fuel costs with coal prices being supported by demand within Asia and gas prices reflecting higher oil prices. With the emission reduction programme at the Lamma Power Station substantially complete HEC's focus is now on the increasing environmental issues over the next five years and beyond in areas such as air quality standards and carbon levels. This will require HEC to consider in particular the fuel mix for the Lamma Power Station generating units going forward, the fuel mix is at present approximately 70% coal and 30% gas.

Earnings from the Group's operations outside Hong Kong continue to represent a growing proportion of the Group's overall earnings reflecting the implementation of the Group's strategy of growing its earnings base from activities outside Hong Kong. Following the acquisition of the interest in the Seabank Power Station in the U.K., HEI will continue to look for investment opportunities outside Hong Kong with further acquisitions being targeted by HEI for 2010.

I would like to thank the board of directors and all employees of the Group for their commitment and contributions during the first six months of 2010.

**Fok Kin Ning, Canning**

**Chairman**

Hong Kong, 28th July 2010

# FINANCIAL REVIEW

## Capital Expenditure, Liquidity and Financial Resources

Capital expenditure during the period amounted to HK\$758 million (2009: HK\$727 million), which was primarily funded by cash from operations. Total external borrowings outstanding at 30th June 2010 were HK\$13,748 million (31st December 2009: HK\$12,247 million), comprising unsecured bank loans and debt securities in issue. In addition, the Group had undrawn committed bank facilities of HK\$5,480 million (31st December 2009: HK\$6,500 million) and bank deposits and cash of HK\$4,713 million (31st December 2009: HK\$5,093 million).

## Treasury Policies, Financing Activities and Capital Structure

The Group manages its financial risks in accordance with guidelines laid down in its treasury policy, which is approved by the Board. The treasury policy is designed to manage the Group's currency, interest rate and counterparty risks. The Group aims to ensure that adequate financial resources are available for refinancing and business growth.

As at 30th June 2010, the net debt of the Group was HK\$9,035 million (31st December 2009: HK\$7,154 million) with a net debt-to-equity ratio of 18% (31st December 2009: 14%). In December 2009, Standard and Poor's affirmed the A+ long term credit ratings of Hongkong Electric Holdings Limited and The Hongkong Electric Company, Limited with a stable outlook.

The profile of the Group's external borrowings, after taking into account of interest rate swaps and committed refinancing, was as follows:—

- (1) 69% were in Hong Kong dollars and 31% in Australian dollars;
- (2) 75% were bank loans and 25% were capital market instruments;
- (3) 0% was repayable within 1 year, 55% were repayable between 2 and 5 years and 45% were repayable beyond 5 years;
- (4) 54% were in fixed rate and 46% were in floating rate.

Currency and interest rate risks are actively managed in accordance with the Group's treasury policy. Derivative financial instruments are used primarily for managing interest rate and foreign currency risks and not for speculative purposes. Treasury transactions are only executed with counterparties with acceptable credit ratings to control credit risk exposure.

## **FINANCIAL REVIEW** *(Continued)*

The Group's policy is to maintain a portion of its debt at fixed interest rates. Interest rate risk is managed by either securing fixed or floating rate borrowings or by using interest rate derivatives.

The Group's principal foreign currency exposures arise from its investments outside Hong Kong and from the import of fuel and capital equipment. Foreign currency transaction exposure is managed mainly through forward contracts. As at 30th June 2010, over 98% of the Group's transaction exposure was either denominated in United States dollars or hedged into Hong Kong or United States dollars. Where considered appropriate, currency exposure arising from investments outside Hong Kong is mitigated by financing those investments in local currency borrowings. Foreign currency fluctuations will affect the translated value of the net assets of investments outside Hong Kong and the resultant translation difference is included in the Group's reserve account. Income received from the Group's investments outside Hong Kong which is not denominated in Hong Kong dollars is in general converted into United States dollars on receipt.

The contractual notional amounts of derivative financial instruments outstanding at 30th June 2010 amounted to HK\$8,063 million (31st December 2009: HK\$7,891 million).

### **Charges on Group Assets**

The Group's interest in an associate with a carrying value of HK\$703 million (31st December 2009: HK\$740 million) has been pledged as part of the security to secure project financing facilities granted to that associate.

The Group's interest in a jointly controlled entity with a carrying value of HK\$3,101 million (31st December 2009: HK\$2,991 million) has been pledged as part of the security to secure project financing facilities granted to that jointly controlled entity.

### **Contingent Liabilities**

As at 30th June 2010, the Group had given guarantees and indemnities totaling HK\$1,653 million (31st December 2009: HK\$1,642 million).

The Company has given guarantees and indemnities in respect of bank and other borrowing facilities made available to and financial commitments of subsidiaries totalling HK\$4,218 million (31st December 2009: HK\$4,212 million). Out of this amount, HK\$4,208 million (31st December 2009: HK\$4,202 million), while being a contingent liability of the Company, is reflected in the unaudited Consolidated Balance Sheet of the Group.

## Employees

The Group continues its policy of pay-for-performance and the pay levels are monitored to ensure competitiveness is maintained. The Group's total remuneration costs for the six months ended 30th June 2010, excluding directors' emoluments, amounted to HK\$404 million (2009: HK\$451 million). As at 30th June 2010, the Group employed 1,865 (30th June 2009: 1,863) permanent employees. No share option scheme is in operation.

The Group provides training for employees in management and functional skills, language skills, computer knowledge and technology relevant to the Group's industry by both classroom training and e-learning platforms. Training schemes for university graduates, trainee technicians and apprentices and other job-related programmes are also available for employees to develop and enhance their skills and abilities. In addition, talks are arranged to provide updates on company developments and wellness information.

## UNAUDITED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June 2010  
(Expressed in Hong Kong dollars)

	Note	Six months ended 30th June	
		2010	2009
		\$ million	\$ million
<b>Turnover</b>	4	<b>4,777</b>	4,718
Direct costs		<b>(1,889)</b>	(1,834)
		<b>2,888</b>	2,884
Other revenue and other net income		<b>483</b>	387
Other operating costs		<b>(394)</b>	(398)
<b>Operating profit</b>		<b>2,977</b>	2,873
Finance costs		<b>(173)</b>	(152)
Share of profits less losses of associates		<b>431</b>	429
Share of profits less losses of jointly controlled entities		<b>280</b>	180
<b>Profit before taxation</b>	5	<b>3,515</b>	3,330
Income tax	6	<b>(402)</b>	(384)
<b>Profit after taxation</b>		<b>3,113</b>	2,946
Scheme of Control transfers to:	7		
Tariff Stabilisation Fund		<b>(359)</b>	(278)
Rate Reduction Reserve		<b>—</b>	—
		<b>(359)</b>	(278)
<b>Profit attributable to equity shareholders of the Company</b>			
Hong Kong operations		<b>1,776</b>	1,785
Operations outside Hong Kong		<b>978</b>	883
<b>Profit for the period</b>		<b>2,754</b>	2,668
<b>Earnings per share — basic and diluted</b>	8	<b>\$1.29</b>	\$1.25

The notes on pages 15 to 24 form part of this unaudited interim financial report. Details of dividends payable to equity shareholders of the Company attributable to the profit for the period are set out in note 18.

## UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June 2010  
(Expressed in Hong Kong dollars)

	<b>Six months ended 30th June</b>	
	<b>2010</b>	2009
	<b>\$ million</b>	\$ million
<b>Profit for the period</b>	<u><b>2,754</b></u>	<u>2,668</u>
<b>Other comprehensive (loss)/income for the period</b>		
Exchange differences on translating operations outside Hong Kong, including associates and jointly controlled entities	<b>(157)</b>	799
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments recognised during the period	<b>(40)</b>	26
Amounts transferred to the initial carrying amount of hedged items	<b>(3)</b>	4
Net deferred tax credited/(charged) to other comprehensive income	<b>24</b>	(3)
	<b>(19)</b>	27
Share of other comprehensive income of associates:		
Other comprehensive income	<b>35</b>	452
Net deferred tax charged to other comprehensive income	<b>(10)</b>	(129)
	<u><b>25</b></u>	<u>323</u>
	<u><b>(151)</b></u>	<u>1,149</u>
<b>Total comprehensive income for the period attributable to equity shareholders of the Company</b>	<u><u><b>2,603</b></u></u>	<u><u>3,817</u></u>

The notes on pages 15 to 24 form part of this unaudited interim financial report.

## UNAUDITED CONSOLIDATED BALANCE SHEET

At 30th June 2010

(Expressed in Hong Kong dollars)

	Note	(Unaudited) 30th June 2010 \$ million	(Audited) 31st December 2009 \$ million
<b>Non-current assets</b>			
Fixed assets			
— Property, plant and equipment		42,921	42,715
— Assets under construction		2,159	2,540
— Interests in leasehold land held for own use under finance leases		2,180	2,209
	9	47,260	47,464
Interest in associates	10	15,051	13,472
Interest in jointly controlled entities	11	5,843	5,793
Other non-current financial assets		67	67
Derivative financial instruments	16	27	31
Deferred tax assets		15	2
Employee retirement benefit assets		539	486
		68,802	67,315
<b>Current assets</b>			
Inventories		880	930
Trade and other receivables	12	1,383	1,059
Fuel Clause Recovery Account		733	552
Bank deposits and cash	13	4,713	5,093
		7,709	7,634
<b>Current liabilities</b>			
Trade and other payables	14	(1,587)	(1,600)
Bank overdrafts — unsecured		(3)	—
Current portion of bank loans and other borrowings	15	(10)	—
Current taxation		(392)	(236)
		(1,992)	(1,836)
<b>Net current assets</b>			
		5,717	5,798
<b>Total assets less current liabilities</b>			
		74,519	73,113
<b>Non-current liabilities</b>			
Interest-bearing borrowings	15	(13,735)	(12,247)
Derivative financial instruments	16	(63)	(26)
Customers' deposits		(1,713)	(1,676)
Deferred tax liabilities		(5,686)	(5,622)
Employee retirement benefit liabilities		(902)	(899)
		(22,099)	(20,470)
<b>Rate Reduction Reserve</b>			
		(9)	(14)
<b>Tariff Stabilisation Fund</b>			
		(844)	(485)
<b>Net assets</b>			
		51,567	52,144
<b>Capital and reserves</b>			
Share capital	17	2,134	2,134
Reserves		49,433	50,010
<b>Total equity attributable to equity shareholders of the Company</b>			
		51,567	52,144

The notes on pages 15 to 24 form part of this unaudited interim financial report.

## UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June 2010

(Expressed in Hong Kong dollars)

\$ million	Attributable to equity shareholders of the Company						Total
	Share capital	Share premium	Exchange reserve	Hedging reserve	Revenue reserve	Proposed/ declared dividend	
Balance at 1st January 2009	2,134	4,476	(609)	(481)	38,627	3,180	47,327
Changes in equity for the six months ended 30th June 2009:							
Final dividend in respect of the previous year approved and paid	—	—	—	—	—	(3,180)	(3,180)
Interim dividend (see note 18)	—	—	—	—	(1,323)	1,323	—
Total comprehensive income for the period	—	—	799	245	2,773	—	3,817
Balance at 30th June 2009	<u>2,134</u>	<u>4,476</u>	<u>190</u>	<u>(236)</u>	<u>40,077</u>	<u>1,323</u>	<u>47,964</u>
<b>Balance at 1st January 2010</b>	<b>2,134</b>	<b>4,476</b>	<b>554</b>	<b>(116)</b>	<b>41,916</b>	<b>3,180</b>	<b>52,144</b>
Changes in equity for the six months ended 30th June 2010:							
Final dividend in respect of the previous year approved and paid	—	—	—	—	—	(3,180)	(3,180)
Interim dividend (see note 18)	—	—	—	—	(1,323)	1,323	—
Total comprehensive income for the period	—	—	(157)	45	2,715	—	2,603
<b>Balance at 30th June 2010</b>	<b><u>2,134</u></b>	<b><u>4,476</u></b>	<b><u>397</u></b>	<b><u>(71)</u></b>	<b><u>43,308</u></b>	<b><u>1,323</u></b>	<b><u>51,567</u></b>

The notes on pages 15 to 24 form part of this unaudited interim financial report.

## UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th June 2010

(Expressed in Hong Kong dollars)

	<b>Six months ended 30th June</b>	
	<b>2010</b>	2009
	<b>\$ million</b>	\$ million
<b>Net cash generated from operating activities</b>	<b>3,317</b>	3,081
<b>Net cash used in investing activities</b>	<b>(2,072)</b>	(4,393)
<b>Net cash used in financing activities</b>	<b>(1,643)</b>	(1,750)
<b>Net decrease in cash and cash equivalents</b>	<b>(398)</b>	(3,062)
<b>Cash and cash equivalents at 1st January</b>	<b>5,093</b>	7,135
<b>Effect of foreign exchange rate changes</b>	<b>15</b>	(31)
<b>Cash and cash equivalents at 30th June</b>	<b><u>4,710</u></b>	<u>4,042</u>
<b>Analysis of the balances of cash and cash equivalents</b>		
Bank deposits and cash	<b>4,713</b>	4,042
Bank overdrafts — unsecured	<b>(3)</b>	—
	<b><u>4,710</u></b>	<u>4,042</u>

The notes on pages 15 to 24 form part of this unaudited interim financial report.

## **NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

*(Expressed in Hong Kong dollars)*

### **1. Review of unaudited interim financial report**

This unaudited interim financial report has been reviewed by the Audit Committee.

### **2. Basis of preparation**

This unaudited interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The unaudited interim financial report has been prepared in accordance with the same accounting policies adopted in the 2009 annual audited financial statements, except for the accounting policy changes that are expected to be reflected in the 2010 annual audited financial statements. Details of these changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This unaudited interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the 2009 annual audited financial statements. The condensed consolidated interim unaudited financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The financial information relating to the financial year ended 31st December 2009 that is included in this unaudited interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory audited financial statements for the year ended 31st December 2009 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 3rd March 2010.

### 3. Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKAS 27 (Revised), *Consolidated and Separate Financial Statements*
- HKFRS 3 (Revised), *Business Combinations*
- Amendment to HKAS 39, *Financial Instruments: Recognition and Measurement* — *Eligible Hedged Items*
- Improvements to HKFRSs (2009)

The adoption of these amendments to standards has no material financial effect on the Group's results and financial position for the current or prior periods.

### 4. Turnover and segmental reporting

The analyses of the principal activities of the operations of the Group during the period are as follows:

\$ million	2010							All other activities	Total
	Sales of electricity	Infrastructure investments					Sub-total		
	Hong Kong	Australia	United Kingdom	Mainland China	Others				
<b>For the six months ended 30th June</b>									
<b>Revenue</b>									
Group turnover	4,773	—	—	—	—	—	4	4,777	
Other revenue and other net income	23	—	—	30	—	30	20	73	
<b>Reportable segment revenue</b>	<b>4,796</b>	<b>—</b>	<b>—</b>	<b>30</b>	<b>—</b>	<b>30</b>	<b>24</b>	<b>4,850</b>	
<b>Result</b>									
Segment earnings	3,450	—	—	16	—	16	(20)	3,446	
Depreciation and amortisation	(879)	—	—	—	—	—	—	(879)	
Interest income	—	268	9	—	121	398	12	410	
Operating profit	2,571	268	9	16	121	414	(8)	2,977	
Finance costs	(46)	(127)	—	—	—	(127)	—	(173)	
Share of profits less losses of associates and jointly controlled entities	—	234	171	293	12	710	1	711	
Profit before taxation	2,525	375	180	309	133	997	(7)	3,515	
Income tax	(421)	—	26	(3)	(4)	19	—	(402)	
Profit after taxation	2,104	375	206	306	129	1,016	(7)	3,113	
Scheme of Control transfers	(359)	—	—	—	—	—	—	(359)	
<b>Reportable segment profit</b>	<b>1,745</b>	<b>375</b>	<b>206</b>	<b>306</b>	<b>129</b>	<b>1,016</b>	<b>(7)</b>	<b>2,754</b>	
<b>At 30th June</b>									
<b>Reportable segment assets</b>	<b>50,786</b>	<b>6,773</b>	<b>4,385</b>	<b>6,121</b>	<b>3,688</b>	<b>20,967</b>	<b>4,758</b>	<b>76,511</b>	
<b>Reportable segment liabilities</b>	<b>(20,390)</b>	<b>(4,292)</b>	<b>—</b>	<b>(3)</b>	<b>(2)</b>	<b>(4,297)</b>	<b>(257)</b>	<b>(24,944)</b>	

	Infrastructure investments						All other activities	Total
	Sales of electricity	Infrastructure investments						
\$ million	Hong Kong	Australia	United Kingdom	Mainland China	Others	Sub-total		
For the six months ended 30th June								
Revenue								
Group turnover	4,700	—	—	—	—	—	18	4,718
Other revenue and other net income	14	—	—	2	—	2	1	17
Reportable segment revenue	<u>4,714</u>	<u>—</u>	<u>—</u>	<u>2</u>	<u>—</u>	<u>2</u>	<u>19</u>	<u>4,735</u>
Result								
Segment earnings	3,274	—	—	(6)	—	(6)	27	3,295
Depreciation and amortisation	(792)	—	—	—	—	—	—	(792)
Interest income	—	216	—	14	94	324	46	370
Operating profit	2,482	216	—	8	94	318	73	2,873
Finance costs	(43)	(109)	—	—	—	(109)	—	(152)
Share of profits less losses of associates and jointly controlled entities	—	195	174	180	59	608	1	609
Profit before taxation	2,439	302	174	188	153	817	74	3,330
Income tax	(407)	—	18	—	(1)	17	6	(384)
Profit after taxation	2,032	302	192	188	152	834	80	2,946
Scheme of Control transfers	(278)	—	—	—	—	—	—	(278)
Reportable segment profit	<u>1,754</u>	<u>302</u>	<u>192</u>	<u>188</u>	<u>152</u>	<u>834</u>	<u>80</u>	<u>2,668</u>
At 30th June								
Reportable segment assets	<u>49,245</u>	<u>5,840</u>	<u>2,774</u>	<u>5,897</u>	<u>3,332</u>	<u>17,843</u>	<u>4,151</u>	<u>71,239</u>
Reportable segment liabilities	<u>(18,990)</u>	<u>(3,924)</u>	<u>30</u>	<u>—</u>	<u>(51)</u>	<u>(3,945)</u>	<u>(340)</u>	<u>(23,275)</u>

## 5. Profit before taxation

	<b>Six months ended 30th June</b>	
	<b>2010</b>	2009
	<b>\$ million</b>	\$ million
Profit before taxation is arrived at after charging/(crediting):		
Finance costs		
Interest on borrowings	<b>201</b>	181
Less: Interest capitalised to fixed assets	<b>(20)</b>	(22)
Interest transferred to fuel cost	<b>(8)</b>	(7)
	<b>173</b>	152
Depreciation		
Depreciation charges for the period	<b>905</b>	815
Less: Depreciation capitalised to fixed assets	<b>(55)</b>	(52)
	<b>850</b>	763
Amortisation of leasehold land	<b>29</b>	29
Net profit on sale of fixed assets	<b>2</b>	1
	<b><u>2</u></b>	<b><u>1</u></b>

## 6. Income tax

	<b>Six months ended 30th June</b>	
	<b>2010</b>	2009
	<b>\$ million</b>	\$ million
<b>Current tax</b>		
The Company and its subsidiaries		
— Hong Kong	<b>362</b>	334
— Operations outside Hong Kong	<b>(22)</b>	(17)
	<b>340</b>	317
<b>Deferred tax</b>		
The Company and its subsidiaries — Hong Kong		
Origination and reversal of temporary differences	<b>62</b>	67
	<b>402</b>	384
	<b><u>402</u></b>	<b><u>384</u></b>

The provision for Hong Kong Profits Tax is calculated at 16.5% (2009: 16.5%) of the estimated assessable profits for the six months ended 30th June 2010. Taxation for operations outside Hong Kong is similarly calculated using tax rates applicable in the relevant countries.

## 7. Scheme of Control transfers

The Scheme of Control transfers are mid-year notional transfers. The actual Scheme of Control transfers can only be determined in accordance with the Scheme of Control at the year end.

## 8. Earnings per share

The calculation of earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of \$2,754 million for the six months ended 30th June 2010 (2009: \$2,668 million) and 2,134,261,654 ordinary shares (2009: 2,134,261,654 ordinary shares) in issue throughout the period.

There were no dilutive potential ordinary shares in existence during the six months periods ended 30th June 2010 and 2009.

## 9. Fixed assets

\$ million	Site formation and buildings	Plant, machinery and equipment	Assets under construction	Sub-total	Interests in leasehold land held for own use under finance leases	Total fixed assets
Net book value at						
1st January 2010	9,040	33,675	2,540	45,255	2,209	47,464
Additions	—	140	618	758	—	758
Transfers between categories	49	950	(999)	—	—	—
Disposals	—	(28)	—	(28)	—	(28)
Depreciation/amortisation	(121)	(784)	—	(905)	(29)	(934)
<b>Net book value at 30th June 2010</b>	<b><u>8,968</u></b>	<b><u>33,953</u></b>	<b><u>2,159</u></b>	<b><u>45,080</u></b>	<b><u>2,180</u></b>	<b><u>47,260</u></b>
Cost	13,753	57,856	2,159	73,768	2,815	76,583
Accumulated amortisation and depreciation	(4,785)	(23,903)	—	(28,688)	(635)	(29,323)
<b>Net book value at 30th June 2010</b>	<b><u>8,968</u></b>	<b><u>33,953</u></b>	<b><u>2,159</u></b>	<b><u>45,080</u></b>	<b><u>2,180</u></b>	<b><u>47,260</u></b>

## 10. Interest in associates

	<b>30th June 2010</b>	31st December 2009
	<b>\$ million</b>	\$ million
Share of net assets	<b>7,234</b>	6,616
Loans to unlisted associates	<b>7,514</b>	6,600
Amounts due from unlisted associates	<b>303</b>	256
	<b><u>15,051</u></b>	<u>13,472</u>

With effect from 1st January 2010, the investments in Huaneng Hongkong Electric Dali Wind Power Company Limited and Huaneng Laoting Wind Power Company Limited have been classified as associated companies (previously they were classified as jointly controlled entities).

## 11. Interest in jointly controlled entities

	<b>30th June 2010</b>	31st December 2009
	<b>\$ million</b>	\$ million
Share of net assets	<b>5,838</b>	5,742
Amounts due from unlisted jointly controlled entities	<b>5</b>	51
	<b><u>5,843</u></b>	<u>5,793</u>

## 12. Trade and other receivables

The ageing analysis of trade debtors, which are neither individually nor collectively considered to be impaired, are as follows:

	<b>30th June 2010</b>	31st December 2009
	<b>\$ million</b>	\$ million
Current	<b>771</b>	569
1 to 3 months past due	<b>30</b>	35
More than 3 months past due but less than 12 months past due	<b>16</b>	12
	<hr/>	<hr/>
Trade debtors	<b>817</b>	616
Other receivables	<b>523</b>	402
	<hr/>	<hr/>
	<b>1,340</b>	1,018
Derivative financial instruments	<b>25</b>	13
Deposits and prepayments	<b>18</b>	28
	<hr/>	<hr/>
	<b>1,383</b>	1,059
	<hr/> <hr/>	<hr/> <hr/>

Electricity bills issued to domestic, small industrial, commercial and miscellaneous customers for electricity supplies are due upon presentation whereas maximum demand customers are allowed a credit period of 16 working days. If settlements by maximum demand customers are received after the credit period, a surcharge of 5% can be added to the electricity bills.

## 13. Bank deposits and cash

	<b>30th June 2010</b>	31st December 2009
	<b>\$ million</b>	\$ million
Deposits with banks and other financial institutions with 3 months or less to maturity when placed	<b>4,696</b>	4,993
Cash at bank and in hand	<b>17</b>	100
	<hr/>	<hr/>
	<b>4,713</b>	5,093
	<hr/> <hr/>	<hr/> <hr/>

## 14. Trade and other payables

	<b>30th June 2010</b>	31st December 2009
	<b>\$ million</b>	\$ million
Due within 1 month or on demand	<b>289</b>	709
Due after 1 month but within 3 months	<b>206</b>	325
Due after 3 months but within 12 months	<b>1,089</b>	563
	<b>1,584</b>	1,597
Derivative financial instruments	<b>3</b>	3
	<b>1,587</b>	1,600

## 15. Non-current interest-bearing borrowings

	<b>30th June 2010</b>	31st December 2009
	<b>\$ million</b>	\$ million
Bank loans	<b>10,230</b>	9,192
Current portion	<b>(10)</b>	—
	<b>10,220</b>	9,192
Hong Kong dollar notes	<b>3,515</b>	3,055
Total	<b>13,735</b>	12,247

## 16. Derivative financial instruments

	<b>30th June 2010</b>	31st December 2009
	<b>\$ million</b>	\$ million
Derivative financial instruments used for hedging:		
— Interest rate swaps	<b>(36)</b>	5
— Foreign exchange forward contracts	<b>22</b>	10
Total	<b>(14)</b>	15
Current portion of derivative financial instruments	<b>(22)</b>	(10)
	<b>(36)</b>	5
Represented by:		
Derivative financial instruments assets	<b>27</b>	31
Derivative financial instruments liabilities	<b>(63)</b>	(26)
	<b>(36)</b>	5

## 17. Share capital

	<b>Number of shares</b>	<b>30th June 2010 \$ million</b>	31st December 2009 \$ million
Authorised:			
Ordinary shares of \$1 each	<u>3,300,000,000</u>	<u>3,300</u>	<u>3,300</u>
Issued and fully paid:			
Ordinary shares of \$1 each	<u>2,134,261,654</u>	<u>2,134</u>	<u>2,134</u>

There were no movements in the share capital of the Company during the period.

## 18. Interim dividend

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

	<b>Six months ended 30th June 2010 \$ million</b>	2009 \$ million
Interim dividend of 62 cents per ordinary share (2009: 62 cents per ordinary share)	<u>1,323</u>	<u>1,323</u>

## 19. Capital commitments

The Group's outstanding capital commitments not provided for in the unaudited interim financial report were as follows:

	<b>30th June 2010 \$ million</b>	31st December 2009 \$ million
Contracted for:		
Capital expenditure	<u>1,684</u>	1,367
Investment in jointly controlled entities	<u>5</u>	37
	<u>1,689</u>	<u>1,404</u>
Authorised but not contracted for:		
Capital expenditure	<u>9,292</u>	<u>10,303</u>

## 20. Contingent liabilities

	<b>30th June 2010</b>	31st December 2009
	<b>\$ million</b>	\$ million
Financial guarantees issued in respect of banking facilities available to		
— Associates	<b>1,240</b>	1,229
— Jointly controlled entities	<b>403</b>	403
Other guarantees and indemnities	<b>10</b>	10
	<b><u>1,653</u></b>	<u>1,642</u>

## 21. Material related party transactions

The Group had the following material transactions with related parties during the period:

### (a) Shareholder

On 4th June 2010, the Company entered into an agreement with Cheung Kong Infrastructure Holdings Limited, a substantial shareholder holding approximately 38.87% of the issued shares of the Company, to purchase a 50% interest in a company which holds a 50% stake in Seabank Power Limited, an electricity-generating company located near Bristol in the United Kingdom. The consideration for the transaction was \$1,234 million. The transaction constituted a connected transaction for the Company. The acquisition was completed on 10th June 2010.

### (b) Associates

Interest income received/receivable from associates in respect of the loans to associates amounted to \$387 million for the six months ended 30th June 2010 (2009: \$308 million). At 30th June 2010, the total outstanding interest bearing loan balances due from associates were \$7,514 million (31st December 2009: \$6,600 million).

### (c) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's Directors, is as follows:

	<b>Six months ended 30th June 2010</b>	2009
	<b>\$ million</b>	\$ million
Short-term employee benefits	<b>30</b>	30
Post-employment benefits	<b>3</b>	2
	<b><u>33</u></b>	<u>32</u>

# CORPORATE GOVERNANCE

## Corporate Governance Practices

The Company is committed to maintaining high standards of corporate governance. The Company recognises that sound and effective corporate governance practices are fundamental to the smooth, effective and transparent operation of a company and its ability to attract investment, protect the rights of shareholders and stakeholders, and enhance shareholder value.

The Company has complied with the applicable code provisions in the Code on Corporate Governance Practices set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the six months ended 30th June 2010.

## The Board of Directors

The Board, led by the Chairman, is responsible for the approval and monitoring of Group-wide strategies and policies, approval of annual budgets and business plans, evaluation of the performance of the Group, and oversight of management.

The Board consists of a total of sixteen Directors, comprising ten Executive Directors, three Non-executive Directors and three Independent Non-executive Directors. All Directors are required to retire from office by rotation and are subject to re-election by shareholders at the annual general meeting once every three years pursuant to the articles of association of the Company.

The positions of the Chairman and the Group Managing Director are held by separate individuals. The Chairman is responsible for providing leadership to, and overseeing the functioning and effective running of, the Board. In addition to Board meetings, the Chairman holds meetings with Executive Directors and two meetings annually with Non-executive Directors without the presence of the Executive Directors. The Group Managing Director, working with the executive management team of each operating unit, is responsible for managing the businesses of the Group, attending to formulation and successful implementation of Group policies and assuming full accountability to the Board for all Group operations.

The Board meets at least four times a year. Additional board meetings will be held when warranted. Directors also participate in the consideration and approval of matters of the Company by way of written resolutions circulated to Directors together with supporting explanatory write-up, coupled with briefings from the Group Managing Director, the Group Finance Director or the Company Secretary as required.

## CORPORATE GOVERNANCE *(Continued)*

### Model Code for Securities Transactions by Directors

The Board of Directors of the Company has adopted the Model Code for Securities Transactions by Directors ("Model Code") set out in Appendix 10 of the Listing Rules as the Group's code of conduct regarding Directors' securities transactions. All Directors have confirmed following specific enquiry that they have complied with the required standards set out in the Model Code throughout the six months ended 30th June 2010.

### Changes of Information of Directors

The changes in the information of Directors since the publication of the 2009 annual report in April 2010 are set out below pursuant to Rule 13.51B(1) of the Listing Rules:

#### **Name of Director**

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Fok Kin Ning, Canning	Appointed as Alternate Director to Mrs. Chow Woo Mo Fong, Susan, a Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited  Resigned as Chairman and Non-executive Director of Hutchison Telecommunications International Limited ("HTIL")
Chow Woo Mo Fong, Susan	Resigned as a Non-executive Director of HTIL and ceased to act as Alternate Director to Messrs. Fok Kin Ning, Canning and Frank John Sixt of HTIL
Andrew John Hunter	Appointed as Deputy Managing Director of Cheung Kong Infrastructure Holdings Limited
Kam Hing Lam	Ceased to be a Non-executive Director of Spark Infrastructure Group
Li Tzar Kuoi, Victor	Ceased to be a member of the Greater Pearl River Delta Business Council of the Hong Kong Special Administrative Region
George Colin Magnus	Appointed as a Non-executive Director of Husky Energy Inc.
Frank John Sixt	Resigned as a Non-executive Director of HTIL
Chan Loi Shun <i>(Alternate Director to Kam Hing Lam)</i>	Ceased to act as Alternate Director to Mr. Kam Hing Lam of Spark Infrastructure Group  Appointed as a Non-executive Director of Spark Infrastructure Group

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## **Internal Controls**

The Board has overall responsibility for the Group's system of internal controls and reviews its effectiveness through the Audit Committee to ensure that policies and procedures in place for the identification and management of risks are adequate.

The Internal Audit function of the Group provides independent assurance as to the existence and effectiveness of the risk management activities and controls in the Group's business operations. Using risk assessment methodology and taking into account the scope and nature of the Group's activities, Internal Audit prepares its yearly audit plan which is reviewed and approved by the Audit Committee. The scope of work performed by the Internal Audit function includes financial and operations reviews, recurring and unscheduled audits, fraud investigation and productivity efficiency reviews.

## **Remuneration Committee**

The Remuneration Committee comprises three members, two of whom are Independent Non-executive Directors. It is chaired by Mr. Fok Kin Ning, Canning and the other members are Messrs. Ralph Raymond Shea and Wong Chung Hin.

The principal responsibilities of the Remuneration Committee include reviewing and considering the Company's policy for remuneration of Executive Directors and senior management, and determining their remuneration packages. The terms of reference of the Remuneration Committee are published on the Company's website.

## **Audit Committee**

The Audit Committee comprises three Independent Non-executive Directors and one Non-executive Director. It is chaired by Mr. Wong Chung Hin and the other members are Messrs. Ronald Joseph Arculli, Holger Kluge and Ralph Raymond Shea.

The Audit Committee reports directly to the Board of Directors and its principal responsibilities include the review and supervision of the Group's financial reporting and internal control systems and the review of the Company's financial statements. It also meets regularly with the Company's external auditors to discuss the audit process and accounting issues. The terms of reference of the Audit Committee are published on the Company's website.

## CORPORATE GOVERNANCE (Continued)

### Communication with Shareholders

The Company has established a range of communication channels between itself and its shareholders and investors. These include the annual general meeting, the annual and interim reports, notices, announcements and circulars, the Company's website at www.heh.com and meetings with investors and analysts. All shareholders have the opportunity to put questions to the Board at the annual general meeting, and at other times by e-mailing or writing to the Company.

Shareholders may at any time change their choice of language (English or Chinese or both) or means of receipt (printed copies or through the Company's website) of corporate communications by writing or e-mailing the Company.

The Company handles share registration and related matters for shareholders through Computershare Hong Kong Investor Services Limited, the Company's share registrar.

### Interests of Directors in Shares and Underlying Shares of the Company

At 30th June 2010, the interests of the Directors in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SF Ordinance")) as recorded in the register required to be kept under Section 352 of the SF Ordinance or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code were as follows:

#### Long Positions in Shares of the Company

Name of Director	Capacity	Nature of Interests	Number of Shares Held	Total	Approximate % of Shareholding
Lee Lan Yee, Francis	Beneficial owner	Personal	739	739	≈0%
Yuen Sui See	Beneficial owner	Personal	1,500	1,500	≈0%
Ronald Joseph Arculli	Interest of controlled corporation	Corporate	2,011	2,011	≈0%
Li Tzar Kuoi, Victor	Interest of child or spouse	Family	151,000	829,750,612	≈38.87%
	Beneficiary of trusts	Other	829,599,612 (Notes 1 and 2)		

Notes:

- (1) These shares are held by subsidiaries of Cheung Kong Infrastructure Holdings Limited ("CKI").

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 Li Ka-Shing Unity Trustee Corporation Limited ("TDT1", which is the trustee of DT1) and Li Ka-Shing Unity Trustcorp Limited ("TDT2", which is the trustee of DT2) holds units in 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 and its related companies in which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings ("TUT1 related companies") hold more than one-third of the issued share capital of Cheung Kong (Holdings) Limited ("CKH"). Certain subsidiaries of CKH in turn together hold more than one-third of the issued share capital of Hutchison Whampoa Limited ("HWL"). A subsidiary of HWL in turn holds more than one-third of the issued share capital of CKI.

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"). Each of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Unity Holdco. TUT1 is only interested in the shares of CKH 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 CKH independently without any reference to Unity Holdco or any of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard as a holder of the shares of Unity Holdco as aforesaid.

By virtue of the above and as a discretionary beneficiary of each of DT1 and DT2 and as a Director of CKH, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the shares of CKH held by TUT1 as trustee of UT1 and TUT1 related companies, the shares of HWL held by the subsidiaries of CKH, the shares of CKI held by the subsidiary of HWL and the shares of the Company held by the subsidiaries of CKI under the SF Ordinance as a Director of the Company. Although Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Unity Holdco and is a discretionary beneficiary of each of DT1 and DT2, he is not a director of CKH and has no duty of disclosure in relation to the shares of CKH held by TUT1 as trustee of UT1 and TUT1 related companies under the SF Ordinance.

- (2) Mr. Li Tzar Kuoi, Victor, by virtue of his interests as described in Note (1) above and as a Director of the Company, is also deemed to be interested in the shares of subsidiaries and associated corporations (within the meaning of Part XV of the SF Ordinance) of the Company held through the Company under the SF Ordinance.

Save as disclosed above, at 30th June 2010, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SF Ordinance) as recorded in the register required to be kept by the Company under Section 352 of the SF Ordinance, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## CORPORATE GOVERNANCE *(Continued)*

### Interests of Substantial Shareholders and Other Person in Shares and Underlying Shares of the Company

According to the register kept under Section 336 of the SF Ordinance and information received by the Company, at 30th June 2010, shareholders (other than Directors or chief executives of the Company) who had interests in the shares and underlying shares of the Company were as follows:

#### Substantial Shareholders

##### Long Positions in Shares of the Company

Name	Capacity	Number of Shares Held	Approximate % of Shareholding
Interman Development Inc.	Beneficial owner	186,736,842 (Note 1)	8.75%
Venniton Development Inc.	Beneficial owner	197,597,511 (Note 1)	9.26%
Univest Equity S.A.	Beneficial owner	279,011,102 (Note 1)	13.07%
Monitor Equities S.A.	Beneficial owner & interest of controlled corporation	287,211,674 (Note 1)	13.46%
Hyford Limited	Interest of controlled corporations	829,599,612 (Note 2)	38.87%
Cheung Kong Infrastructure Holdings Limited	Interest of controlled corporations	829,599,612 (Note 2)	38.87%
Hutchison Infrastructure Holdings Limited	Interest of controlled corporations	829,599,612 (Note 3)	38.87%
Hutchison International Limited	Interest of controlled corporations	829,599,612 (Note 3)	38.87%
Hutchison Whampoa Limited	Interest of controlled corporations	829,599,612 (Note 3)	38.87%
Cheung Kong (Holdings) Limited	Interest of controlled corporations	829,599,612 (Note 4)	38.87%
Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust	Trustee	829,599,612 (Note 5)	38.87%
Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust	Trustee & beneficiary of a trust	829,599,612 (Note 6)	38.87%
Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust	Trustee & beneficiary of a trust	829,599,612 (Note 6)	38.87%
Li Ka-shing	Founder of discretionary trusts & interest of controlled corporations	829,599,612 (Note 6)	38.87%

## Other Person

### Long Position in Shares of the Company

Name	Capacity	Number of Shares Held	Approximate % of Shareholding
Capital Research and Management Company	Investment Manager	213,104,500	9.98%

Notes:

- (1) These are direct or indirect wholly-owned subsidiaries of Hyford Limited ("Hyford") and their interests are duplicated in the same 829,599,612 shares of the Company held by Hyford described in Note (2) below.
- (2) Cheung Kong Infrastructure Holdings Limited ("CKI") is deemed to be interested in the 829,599,612 shares of the Company as referred to in Note (1) above as it holds more than one-third of the issued share capital of Hyford indirectly. Its interests are duplicated in the interest of Hutchison Whampoa Limited ("HWL") in the Company described in Note (3) below.
- (3) HWL is deemed to be interested in the 829,599,612 shares of the Company as referred to in Note (2) 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 ("HIH"). HIH holds more than one-third of the issued share capital of CKI.
- (4) Cheung Kong (Holdings) Limited ("CKH") is deemed to be interested in the 829,599,612 shares of the Company as referred to in Note (3) above as certain subsidiaries of CKH hold more than one-third of the issued share capital of HWL.
- (5) Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of The Li Ka-Shing Unity Trust ("UT1") is deemed to be interested in those shares of the Company described in Note (4) above as TUT1 as trustee of UT1 and its related companies in which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings hold more than one-third of the issued share capital of CKH.
- (6) By virtue of the SF Ordinance, each of Mr. Li Ka-shing, being the settlor and may being regarded as a founder of each of The Li Ka-Shing Unity Discretionary Trust ("DT1") and another discretionary trust ("DT2") for the purpose of the SF Ordinance, Li Ka-Shing Unity Trustee Corporation Limited ("TDT1") as trustee of DT1 and Li Ka-Shing Unity Trustcorp Limited ("TDT2") as trustee of DT2 is deemed to be interested in the same block of shares TUT1 as trustee of UT1 is deemed to be interested in as referred to in Note (5) above as all issued and outstanding units in UT1 are held by TDT1 as trustee of DT1 and by TDT2 as trustee of DT2. More than one-third of the issued share capital of TUT1 and of the trustees of the said discretionary trusts are owned by Li Ka-Shing Unity Holdings Limited ("Unity Holdco"). Mr. Li Ka-shing owns one-third of the issued share capital of Unity Holdco.

Save as disclosed above, at 30th June 2010, there was no other person (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SF Ordinance.

## OTHER INFORMATION

### Closure of Register of Members

The register of members will be closed from Monday, 30th August 2010 to Monday, 6th September 2010, both days inclusive, for the purpose of ascertaining shareholders entitled to the interim dividend. To qualify for the interim dividend, all transfers accompanied by the relevant share certificates should be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 27th August 2010.

### Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's issued shares during the six months ended 30th June 2010.

### Disclosure under Rule 13.22 of Chapter 13 of the Listing Rules

In relation to the provision of financial assistance by the Group to certain affiliated companies, a combined balance sheet of the affiliated companies as at 30th June 2010 required to be disclosed under Rule 13.22 of Chapter 13 of the Listing Rules is set out below:

Combined balance sheet of the affiliated companies <i>as at 30th June 2010</i>	HK\$ million
Non-current assets	83,490
Current assets	4,374
Current liabilities	(6,858)
Non-current liabilities	<u>(67,442)</u>
Net assets	<u><u>13,564</u></u>
Share capital	6,441
Reserves	<u>7,123</u>
Capital and reserves	<u><u>13,564</u></u>

As at 30th June 2010, the consolidated attributable interest of the Group in these affiliated companies amounted to HK\$11,094 million.