



Power Assets Holdings Ltd.

電能實業有限公司

(Stock Code: 6)

Interim Report 2011



A New Name • A Global Perspective

HIGHLIGHTS

	Six months ended 30th June		
	2011	2010	Change
	<i>HK\$ million</i>	<i>HK\$ million</i>	
Earnings from operations			
outside Hong Kong	2,275	978	+132.6%
Earnings from HK Electric	1,746	1,743	+0.2%
Earnings from other operations			
in Hong Kong	35	33	+6.1%
Profit attributable to shareholders	4,056	2,754	+47.3%
Earnings per share	\$1.90	\$1.29	+47.3%
Dividend per share	\$0.62	\$0.62	—

This Interim Report has been posted in both the English and Chinese languages on the Company's website at www.powerassets.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@powerassets.com.



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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

George Colin MAGNUS

Independent Non-executive Directors

Holger KLUGE

LEE Lan Yee, Francis

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

Lillian WONG

Principal Banker

The Hongkong and Shanghai Banking Corporation Limited

Solicitors

Mayer Brown JSM

Woo, Kwan, Lee & Lo

Auditors

KPMG

Registered Office

44 Kennedy Road, Hong Kong

Telephone: 2843 3111

Facsimile: 2537 1013

Email: mail@powerassets.com

Website

www.powerassets.com

Share Registrar

Computershare Hong Kong Investor Services Limited

Shops 1712-1716,

17th Floor, Hopewell Centre,

183 Queen's Road East,

Wanchai, Hong Kong

Website: www.computershare.com

Email: hkinfo@computershare.com.hk

ADR (Level 1 Programme)

Depository

Citibank, N.A.

Shareholder Services

P.O. Box 43077, Providence,

Rhode Island 02940-3077, U.S.A.

Website: www.citi.com/dr

Email: citibank@shareholders-online.com

KEY DATES AND SHARE INFORMATION

Key Dates

Interim Results Announcement	27th July 2011
Ex-dividend Date	25th August 2011
Closure of Register of Members	29th August 2011 to 5th September 2011 (both days inclusive)
Payment of Interim Dividend (HK\$0.62 per share)	6th September 2011
Financial Year End	31st December 2011

Share Information

Board Lot	500 shares
Market Capitalisation as at 30th June 2011	HK\$125.71 billion
Ordinary Share to ADR Ratio	1:1
Stock Codes	
The Stock Exchange of Hong Kong Limited	6
Bloomberg	6 HK
Reuters	0006.HK
ADR Ticker Symbol	HGKGY
CUSIP Number	739197200

CHAIRMAN'S STATEMENT

Half Year Results

The Group's unaudited profit for the six months ended 30th June 2011 was HK\$4,056 million, an increase of 47.3% over the same period in 2010. The first half 2011 results were a record high for the Group and for the first time the proportion of earnings derived from activities outside Hong Kong exceeded earnings from our Hong Kong operations.

Earnings from the Group's operations outside Hong Kong were HK\$2,275 million, 133% higher than the HK\$978 million recorded for the first half of 2010. The higher first half 2011 earnings from operations outside Hong Kong were primarily due to higher earnings from Northern Gas Networks, the inclusion of a full six months earnings in 2011 from the interest in Seabank Power Station which was acquired in June last year and to six months earnings from the interest in UK Power Networks Ltd. which was acquired in October 2010.

Earnings from the Group's Hong Kong operations were substantially unchanged at HK\$1,781 million (2010: HK\$1,776 million) and included earnings after scheme of control transfers of The Hongkong Electric Co., Ltd. of HK\$1,746 million (2010: HK\$1,743 million).

Interim Dividend

The board of directors has today declared an interim dividend for 2011 of HK\$0.62 (2010: HK\$0.62) per share. The dividend will be payable on 6th September 2011, to shareholders whose names appear in the Company's Register of Members on 5th September 2011.

Operations outside Hong Kong

The Group currently has investments in mainland China, the United Kingdom, Australia, Thailand, Canada and New Zealand. All of the businesses performed satisfactorily during the first half of 2011.

In Australia, ETSA in South Australia and CitiPower and Powercor in Victoria who operate regulated electricity distribution networks recorded higher revenue following regulatory price resets. In mainland China, our power station interests in Guangdong province benefited from increased electricity demand however the impact of this was partly offset by higher coal prices. In Canada the operations of Stanley Power were expanded through its acquisition of interests it did not already own in the Meridian Co-generation facility. In the U.K. Northern Gas Networks achieved higher gas transportation revenue while the Group benefited from a full six months results from the Seabank Power Station which was acquired in June 2010.

Of particular note however was the performance of UK Power Networks (UKPN) in which the Group has a 40% interest. UKPN owns three regulated electricity distribution networks in England located in London, the South East and the East of England. The networks cover an area of approximately 30,000 square kilometres and have over eight million customers. The interest in UKPN was acquired in October 2010 and the Group's half year 2011 results reflect the significant contribution that the business has made to the overall Group results. The underlying financial performance of the business has exceeded our expectation and we are optimistic regarding the full year results of UKPN. Operationally the focus for UKPN in 2011 will be on meeting performance targets for customer service and safety.

Hong Kong Operations

The Hongkong Electric Co., Ltd. (HK Electric) unit sales of electricity for the first six months of 2011 were substantially unchanged at 5,031 million kWh (2010: 5,040 million kWh) reflecting the lower humidity earlier in the year and various energy saving initiatives undertaken by the Government and various organisations and businesses. Sales to the residential sector grew by 2.7% while sales to the commercial and industrial sectors declined by 0.9% and 2.3% respectively.

The emission reduction programme undertaken at the Lamma Power Station over the last few years which involved the installation of flue gas desulphurisation units and low nitrogen oxide burners has been completed and has resulted in a substantial reduction in emissions. As we now move our focus to air quality and carbon emissions we have progressed projects on two fronts for reducing our carbon footprint. For our proposed 100 MW offshore wind farm stakeholder liaison groups have been established and a dedicated internet site for the wind farm has been set up. We expect to have a wind monitoring system erected at the site to collect wind data by the end of the year with the monitoring programme expected to continue for a year. The 550 kW thin film photovoltaic system installed on the roof of the Lamma Power Station has performed satisfactorily since commissioning in July 2010. This solar power system is to be expanded to 1 MW with the expansion work scheduled for completion in the third quarter of 2012. We have also continued to develop the electric vehicle charging infrastructure on Hong Kong Island, the charging stations are open for public use and are currently free of charge.

Customer service continued to be a priority with all of HK Electric's 18 service pledges having been met during the period. A high supply reliability rating of over 99.999% was maintained during the period reflecting the world class supply reliability enjoyed by our customers.

CHAIRMAN'S STATEMENT *(Continued)*

We continued to review and improve our transmission and distribution network and a number of major system reinforcement plans were implemented to connect new supplies and to improve system reliability. Due to the increase in the number of infrastructure projects underway on Hong Kong Island and increased economic activity there was a significant increase in customer service activities and system construction and upgrading works.

During the first half of the year we issued our first Sustainability Report covering 2010. The report is web based and was issued at the end of April 2011. The report expands upon last year's Social and Environmental report and covers the sustainability performance of Power Assets and its subsidiaries. The theme of the report is "on the road to sustainability" reflecting our commitment toward sustainability.

In Hong Kong we continued our support to various activities in the community which focus on education, smart use of electricity, renewable energy and the environment.

Outlook

The success of the Group's strategy of investing outside Hong Kong in order to establish a solid base from which to grow earnings has been reflected in the record Group earnings achieved in the first half of the year. We will continue to build on this strong foundation as we actively seek out further investment opportunities.

HK Electric having completed its emission reduction programme at the Lamma Power Station which has resulted in a substantial reduction in emissions at the station is now focused on air quality standards and carbon levels. We support the Government's proposals to move toward a low carbon future for Hong Kong by 2020 and will work with them on the fuel mix for the Lamma Power Station in order to help achieve this goal.

I would like to thank the board of directors and our employees for their commitment and dedication during the first six months of 2011.

Fok Kin Ning, Canning

Chairman

Hong Kong, 27th July 2011

FINANCIAL REVIEW

Capital Expenditure, Liquidity and Financial Resources

Capital expenditure during the period amounted to HK\$786 million (2010: HK\$758 million), which was primarily funded by cash from operations and external borrowings. Total external borrowings outstanding at 30th June 2011 were HK\$24,007 million (31st December 2010: HK\$25,773 million), comprising unsecured bank loans and debt securities in issue. The Group had undrawn committed bank facilities at 30th June 2011 of HK\$5,750 million (31st December 2010: HK\$6,500 million) and bank deposits and cash of HK\$3,200 million (31st December 2010: HK\$5,839 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 Company aims to ensure that adequate financial resources are available for refinancing and business growth.

As at 30th June 2011, the net debt of the Group was HK\$20,807 million (31st December 2010: HK\$19,934 million) with a net debt-to-equity ratio of 36% (31st December 2010: 36%) and a net debt-to-total capital ratio of 26% (31st December 2010: 24%). In June 2011, Standard and Poor's affirmed the A+ long term credit ratings of Power Assets 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 and cross currency swaps, was as follows:—

- (1) 66% were in Hong Kong dollars, 21% in Australian dollars and 13% in Sterling pounds;
- (2) 58% were bank loans and 42% were capital market instruments;
- (3) 3% were repayable within 1 year, 49% were repayable between 2 and 5 years and 48% were repayable beyond 5 years;
- (4) 44% were in fixed rate and 56% 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 2011, 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 either entering into forward contracts or 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 2011 amounted to HK\$23,953 million (31st December 2010: HK\$15,918 million).

Charges on Group Assets

The Group's interest in two associates with a carrying value of HK\$15,486 million (31st December 2010: HK\$13,704 million) has been pledged as part of the security to secure financing facilities granted to those associates.

The Group's interest in a jointly controlled entity with a carrying value of HK\$2,970 million (31st December 2010: HK\$3,259 million) has been pledged as part of the security to secure financing facilities granted to that jointly controlled entity.

Contingent Liabilities

As at 30th June 2011, the Group had given guarantees and indemnities totalling HK\$3,267 million (31st December 2010: HK\$2,126 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\$8,394 million (31st December 2010: HK\$13,200 million). Out of this amount, HK\$8,389 million (31st December 2010: HK\$13,190 million), while being a contingent liability of the Company, is reflected in the 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 2011, excluding directors' emoluments, amounted to HK\$424 million (2010: HK\$404 million). As at 30th June 2011, the Group employed 1,856 (2010: 1,865) permanent employees. No share option scheme is in operation.

For sustainability of the business, 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 2011
(Expressed in Hong Kong dollars)

	Note	Six months ended 30th June	
		2011 \$ million	2010 \$ million
Turnover	4	4,684	4,777
Direct costs		<u>(1,946)</u>	<u>(1,889)</u>
		2,738	2,888
Other revenue and other net income		789	483
Other operating costs		<u>(608)</u>	<u>(394)</u>
Operating profit		2,919	2,977
Finance costs		(307)	(173)
Share of profits less losses of associates		1,778	431
Share of profits less losses of jointly controlled entities		<u>244</u>	<u>280</u>
Profit before taxation	5	4,634	3,515
Income tax	6	<u>(368)</u>	<u>(402)</u>
Profit after taxation		4,266	3,113
Scheme of Control transfers to:	7		
Tariff Stabilisation Fund		<u>(210)</u>	<u>(359)</u>
Rate Reduction Reserve		<u>—</u>	<u>—</u>
		<u>(210)</u>	<u>(359)</u>
Profit attributable to equity shareholders of the Company			
Hong Kong operations		<u>1,781</u>	<u>1,776</u>
Operations outside Hong Kong		<u>2,275</u>	<u>978</u>
Profit for the period		<u>4,056</u>	<u>2,754</u>
Earnings per share — basic and diluted 8		<u>\$1.90</u>	<u>\$1.29</u>

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 2011
(Expressed in Hong Kong dollars)

	Six months ended 30th June	
	2011	2010
	\$ million	\$ million
Profit for the period	<u>4,056</u>	<u>2,754</u>
Other comprehensive income/(loss) for the period		
Exchange differences on translating operations outside Hong Kong, including associates and jointly controlled entities	758	(157)
Net investment hedge	(187)	—
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments recognised during the period	(152)	(40)
Amounts transferred to the initial carrying amount of hedged items	(7)	(3)
Net deferred tax credited to other comprehensive income	47	24
	(112)	(19)
Share of other comprehensive income of associates:		
Other comprehensive (loss)/income	(324)	35
Net deferred tax credited/(charged) to other comprehensive income	94	(10)
	<u>(230)</u>	<u>25</u>
	<u>229</u>	<u>(151)</u>
Total comprehensive income for the period attributable to equity shareholders of the Company	<u><u>4,285</u></u>	<u><u>2,603</u></u>

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

UNAUDITED CONSOLIDATED BALANCE SHEET

At 30th June 2011

(Expressed in Hong Kong dollars)

	Note	(Unaudited) 30th June 2011 \$ million	(Audited) 31st December 2010 \$ million
Non-current assets			
Fixed assets			
— Property, plant and equipment		43,154	43,533
— Assets under construction		2,439	2,238
— Interests in leasehold land held for own use under finance leases		2,124	2,153
		<u>47,717</u>	<u>47,924</u>
Interest in associates	9	31,827	29,472
Interest in jointly controlled entities	10	5,482	5,984
Other non-current financial assets	11	67	67
Derivative financial instruments	16	31	77
Deferred tax assets		22	—
Employee retirement benefit assets		891	842
		<u>86,037</u>	<u>84,366</u>
Current assets			
Inventories		904	747
Trade and other receivables	12	1,512	1,182
Fuel Clause Recovery Account		585	569
Bank deposits and cash	13	3,200	5,839
		<u>6,201</u>	<u>8,337</u>
Current liabilities			
Trade and other payables	14	(1,387)	(1,702)
Bank overdrafts — unsecured		—	(2)
Current portion of bank loans and other borrowings	15	(661)	(8,459)
Current taxation		(246)	(163)
		<u>(2,294)</u>	<u>(10,326)</u>
Net current assets/(liabilities)		<u>3,907</u>	<u>(1,989)</u>
Total assets less current liabilities		<u>89,944</u>	<u>82,377</u>
Non-current liabilities			
Interest-bearing borrowings	15	(23,346)	(17,312)
Derivative financial instruments	16	(260)	(132)
Customers' deposits		(1,766)	(1,748)
Deferred tax liabilities		(5,845)	(5,771)
Employee retirement benefit liabilities		(731)	(730)
		<u>(31,948)</u>	<u>(25,693)</u>
Rate Reduction Reserve		<u>(1)</u>	<u>(4)</u>
Tariff Stabilisation Fund		<u>(753)</u>	<u>(543)</u>
Net assets		<u>57,242</u>	<u>56,137</u>
Capital and reserves			
Share capital	17	2,134	2,134
Reserves		55,108	54,003
Total equity attributable to equity shareholders of the Company		<u>57,242</u>	<u>56,137</u>

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 2011

(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 2010	2,134	4,476	554	(116)	41,916	3,180	52,144
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
Balance at 30th June 2010	<u>2,134</u>	<u>4,476</u>	<u>397</u>	<u>(71)</u>	<u>43,308</u>	<u>1,323</u>	<u>51,567</u>
Balance at 1st January 2011	2,134	4,476	1,090	114	45,143	3,180	56,137
Changes in equity for the six months ended 30th June 2011:							
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	—	—	571	(293)	4,007	—	4,285
Balance at 30th June 2011	<u>2,134</u>	<u>4,476</u>	<u>1,661</u>	<u>(179)</u>	<u>47,827</u>	<u>1,323</u>	<u>57,242</u>

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 2011

(Expressed in Hong Kong dollars)

	Six months ended 30th June	
	2011	2010
	\$ million	\$ million
Net cash generated from operating activities	2,731	3,317
Net cash generated from/(used in) investing activities	160	(2,072)
Net cash used in financing activities	<u>(5,535)</u>	<u>(1,643)</u>
Net decrease in cash and cash equivalents	(2,644)	(398)
Cash and cash equivalents at 1st January	5,837	5,093
Effect of foreign exchange rate changes	<u>7</u>	<u>15</u>
Cash and cash equivalents at 30th June	<u><u>3,200</u></u>	<u><u>4,710</u></u>
Analysis of the balances of cash and cash equivalents		
Bank deposits and cash	3,200	4,713
Bank overdrafts — unsecured	<u>—</u>	<u>(3)</u>
	<u><u>3,200</u></u>	<u><u>4,710</u></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 2010 annual audited financial statements, except for the accounting policy changes that are expected to be reflected in the 2011 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 2010 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 2010 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 2010 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 2nd March 2011.

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 24 (Revised), *Related party disclosures*
- Amendment to HK(IFRIC) — Int 14, *HKAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction*
- Improvements to HKFRSs 2010

The adoption of these amendments to HKFRSs has no material impact on the Group's result 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	2011							All other activities	Total
	Sales of electricity	Infrastructure investments					Sub-total		
		Hong Kong	Australia	United Kingdom	Mainland China	Others			
For the six months ended 30th June									
Revenue									
Group turnover	4,679	—	—	—	—	—	5	4,684	
Other revenue and other net income	16	—	—	37	—	37	28	81	
Reportable segment revenue	4,695	—	—	37	—	37	33	4,765	
Result									
Segment earnings	3,316	—	—	22	—	22	(216)	3,122	
Depreciation and amortisation	(912)	—	—	—	—	—	1	(911)	
Interest income	—	315	244	—	129	688	20	708	
Operating profit	2,404	315	244	22	129	710	(195)	2,919	
Finance costs	(56)	(156)	(136)	—	—	(292)	41	(307)	
Share of profits less losses of associates and jointly controlled entities	—	212	1,547	260	2	2,021	1	2,022	
Profit before taxation	2,348	371	1,655	282	131	2,439	(153)	4,634	
Income tax	(392)	—	30	(4)	—	26	(2)	(368)	
Profit after taxation	1,956	371	1,685	278	131	2,465	(155)	4,266	
Scheme of Control transfers	(210)	—	—	—	—	—	—	(210)	
Reportable segment profit	1,746	371	1,685	278	131	2,465	(155)	4,056	
At 30th June									
Reportable segment assets	51,660	8,319	19,856	5,762	3,452	37,389	3,189	92,238	
Reportable segment liabilities	(26,190)	(5,160)	(3,234)	(3)	—	(8,397)	(409)	(34,996)	

\$ million	Sales of electricity							All other activities	Total
	Infrastructure investments								
	Hong Kong	Australia	United Kingdom	Mainland China	Others	Sub-total			
For the six months ended 30th June									
Revenue									
Group turnover	4,773	—	—	—	—	—	4	4,777	
Other revenue and other net income	23	—	—	30	—	30	20	73	
Reportable segment revenue	<u>4,796</u>	<u>—</u>	<u>—</u>	<u>30</u>	<u>—</u>	<u>30</u>	<u>24</u>	<u>4,850</u>	
Result									
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)	
Reportable segment profit	<u>1,745</u>	<u>375</u>	<u>206</u>	<u>306</u>	<u>129</u>	<u>1,016</u>	<u>(7)</u>	<u>2,754</u>	
At 30th June									
Reportable segment assets	<u>50,786</u>	<u>6,773</u>	<u>4,385</u>	<u>6,121</u>	<u>3,688</u>	<u>20,967</u>	<u>4,758</u>	<u>76,511</u>	
Reportable segment liabilities	<u>(20,390)</u>	<u>(4,292)</u>	<u>—</u>	<u>(3)</u>	<u>(2)</u>	<u>(4,297)</u>	<u>(257)</u>	<u>(24,944)</u>	

5. Profit before taxation

	Six months ended 30th June	
	2011	2010
	\$ million	\$ million
Profit before taxation is arrived at after charging/(crediting):		
Finance costs		
Interest on borrowings	340	201
Less: Interest capitalised to fixed assets	(23)	(20)
Interest transferred to fuel cost	(10)	(8)
	307	173
Depreciation		
Depreciation charges for the period	940	905
Less: Depreciation capitalised to fixed assets	(58)	(55)
	882	850
Amortisation of leasehold land	29	29
Net profit on sale of fixed assets	—	2
	<u> </u>	<u> </u>

6. Income tax

	Six months ended 30th June	
	2011	2010
	\$ million	\$ million
Current tax		
The Company and its subsidiaries		
— Hong Kong	305	362
— Operations outside Hong Kong	(28)	(22)
	<u>277</u>	<u>340</u>
Deferred tax		
The Company and its subsidiaries — Hong Kong origination and reversal of temporary differences	91	62
	<u>368</u>	<u>402</u>

The provision for Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profits for the six months ended 30th June 2011. 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 \$4,056 million for the six months ended 30th June 2011 (2010: \$2,754 million) and 2,134,261,654 ordinary shares (2010: 2,134,261,654 ordinary shares) in issue throughout the period.

There were no dilutive potential ordinary shares in existence during the six months ended 30th June 2011 and 2010.

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 2011	8,879	34,654	2,238	45,771	2,153	47,924
Additions	2	197	587	786	—	786
Transfers between categories	82	304	(386)	—	—	—
Disposals	—	(24)	—	(24)	—	(24)
Depreciation/amortisation	(122)	(818)	—	(940)	(29)	(969)
Net book value at 30th June 2011	8,841	34,313	2,439	45,593	2,124	47,717
Cost	13,869	59,285	2,439	75,593	2,816	78,409
Accumulated amortisation and depreciation	(5,028)	(24,972)	—	(30,000)	(692)	(30,692)
Net book value at 30th June 2011	8,841	34,313	2,439	45,593	2,124	47,717

10. Interest in associates

	30th June 2011 \$ million	31st December 2010 \$ million
Share of net assets	18,955	17,117
Loans to unlisted associates	12,430	11,958
Amounts due from unlisted associates	442	397
	<u>31,827</u>	<u>29,472</u>

11. Interest in jointly controlled entities

	30th June 2011 \$ million	31st December 2010 \$ million
Share of net assets	5,480	5,982
Amounts due from unlisted jointly controlled entities	2	2
	<u>5,482</u>	<u>5,984</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:

	30th June 2011 \$ million	31st December 2010 \$ million
Current	813	582
1 to 3 months past due	27	37
More than 3 months past due but less than 12 months past due	17	18
Trade debtors	857	637
Other receivables	583	425
	<u>1,440</u>	<u>1,062</u>
Derivative financial instruments	50	74
Deposits and prepayments	22	46
	<u>1,512</u>	<u>1,182</u>

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

	30th June 2011 \$ million	31st December 2010 \$ million
Deposits with banks and other financial institutions with 3 months or less to maturity when placed Cash at bank and on hand	3,154 46	5,802 37
	<u>3,200</u>	<u>5,839</u>

14. Trade and other payables

	30th June 2011 \$ million	31st December 2010 \$ million
Due within 1 month or on demand	458	539
Due after 1 month but within 3 months	127	455
Due after 3 months but within 12 months	786	708
Creditors	1,371	1,702
Derivative financial instruments	16	—
	<u>1,387</u>	<u>1,702</u>

15. Non-current interest-bearing borrowings

	30th June 2011 \$ million	31st December 2010 \$ million
Bank loans	14,035	18,228
Current portion	(150)	(8,459)
	<u>13,885</u>	<u>9,769</u>
Hong Kong dollar notes	4,225	3,786
United States dollar notes	5,747	3,757
	<u>9,972</u>	<u>7,543</u>
Current portion	(511)	—
	<u>9,461</u>	<u>7,543</u>
	<u>23,346</u>	<u>17,312</u>

Included in the current portion of bank loans outstanding as at 31st December 2010 were short term bridge facilities totaling GBP700 million which were repaid during the period.

16. Derivative financial instruments

	30th June 2011 \$ million	31st December 2010 \$ million
Derivative financial instruments used for hedging:		
— Cross currency swaps	(36)	(123)
— Interest rate swaps	(66)	40
— Foreign exchange forward contracts	(93)	102
Total	(195)	19
Current portion of derivative financial instruments	(34)	(74)
	<u>(229)</u>	<u>(55)</u>
Represented by:		
Derivative financial instruments assets	31	77
Derivative financial instruments liabilities	(260)	(132)
	<u>(229)</u>	<u>(55)</u>

17. Share Capital

	Number of shares	30th June 2011 \$ million	31st December 2010 \$ 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:

	Six months ended 30th June 2011 \$ million	2010 \$ million
Interim dividend of \$0.62 per ordinary share (2010: \$0.62 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:

	30th June 2011 \$ million	31st December 2010 \$ million
Contracted for:		
Capital expenditure	1,917	1,576
Investment in associates	—	465
	<u>1,917</u>	<u>2,041</u>
Authorised but not contracted for:		
Capital expenditure	<u>8,445</u>	<u>9,377</u>

20. Contingent liabilities

	30th June 2011 \$ million	31st December 2010 \$ million
Financial guarantees issued in respect of banking facilities available to:		
— Associates	1,819	1,685
Other guarantees given in respect of:		
— Subsidiaries	5	10
— Associates	1,443	431
	<u>3,267</u>	<u>2,126</u>

21. Material related party transactions

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

(a) Shareholder

On 17th June 2011, a wholly owned subsidiary of the Company entered into an agreement with a wholly owned subsidiary of Cheung Kong Infrastructure Holdings Limited ("CKI"), a substantial shareholder holding approximately 38.87% of the issued shares of the Company. Pursuant to the agreement, the subsidiary of the Company undertook a turnkey solution project for the subsidiary of CKI at a consideration of \$26 million. The project is expected to be completed in February 2013.

(b) Subsidiaries

Management fees and services fees recharged by the Company to subsidiaries amounted to \$72 million (2010: \$72 million) for the period. At 30th June 2011, the amounts due from subsidiaries were \$33,847 million (31st December 2010: \$30,043 million). The transactions and balances with subsidiaries are eliminated on consolidation.

(c) Associates

Interest income received/receivable from associates in respect of the loans to associates amounted to \$687 million for the six months ended 30th June 2011 (2010: \$387 million). At 30th June 2011, the total outstanding interest bearing loan balances were \$12,430 million (31st December 2010: \$11,958 million).

(d) Key management personnel remuneration

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

	Six months ended 30th June	
	2011	2010
	\$ million	\$ million
Short-term employee benefits	32	30
Post-employment benefits	2	3
	<u>34</u>	<u>33</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 Group's corporate governance is maintained through a framework of processes, policies and guidelines.

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 2011.

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. Management is responsible for the day-to-day operations of the Group under the leadership of the Group Managing Director.

As at 30th June 2011, the Board consists of a total of sixteen Directors, comprising ten Executive Directors, two Non-executive Directors and four 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 to ensure that the Board acts in the best interests of the Group. 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 the 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 2011.

Changes of Information of Directors

The changes in the information of Directors are set out below pursuant to Rule 13.51B(1) of the Listing Rules:

Name of Director

Andrew John Hunter	Ceased to be the Chief Financial Officer of Cheung Kong (Holdings) Limited
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Ceased to be Director of Spark Infrastructure Group

Kam Hing Lam	Chairman of Hui Xian Asset Management Limited, the manager of Hui Xian Real Estate Investment Trust, a real estate investment trust listed on The Stock Exchange of Hong Kong Limited
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Holger Kluge	Appointed as Chair of the board of directors of Shoppers Drug Mart Corporation
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Lee Lan Yee, Francis	Re-designated from a Non-executive Director to an Independent Non-executive Director of the Company
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Chan Loi Shun <i>(Alternate Director to Kam Hing Lam)</i>	Ceased to be Director of Spark Infrastructure Group
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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 Control

The Board has overall responsibility for the Group's system of internal control 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 Internal Audit includes financial and operations reviews, recurring and unscheduled audits, fraud investigation, productivity efficiency review and laws and regulations compliance review.

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 Remuneration Committee reports directly to the Board of Directors and its principal responsibilities include the review and consideration of the Company's policy for remuneration of Executive Directors and senior management, and the determination of 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 interim and annual financial statements. The Committee 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, letters, announcements and circulars, the Company's website at www.powerassets.com, meetings with investors and analysts, and press releases. All shareholders have the opportunity to put questions to the Board at general meetings, and at other times by writing or e-mailing 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 2011, 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%
Kam Hing Lam	Interest of child or spouse	Family	100,000	100,000	≈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 2011, 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 2011, 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 Positions 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 2011, 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, 29th August 2011 to Monday, 5th September 2011, 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, 26th August 2011.

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 2011.

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 2011 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 as at 30th June 2011	HK\$ million
Non-current assets	194,942
Current assets	13,813
Current liabilities	(19,194)
Non-current liabilities	<u>(148,422)</u>
Net assets	<u><u>41,139</u></u>
Share capital	29,301
Reserves	<u>11,838</u>
Capital and reserves	<u><u>41,139</u></u>

As at 30th June 2011, the consolidated attributable interest of the Group in these affiliated companies amounted to HK\$27,331 million.