



CHEUNG KONG INFRASTRUCTURE HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 1038)



GET CONNECTED

INTERIM REPORT 2012



GET CONNECTED

CKI is in the business of making connections across its global portfolio of infrastructure investments. The Group connects people and businesses to a spectrum of networks, encompassing those of electricity, gas, water and transportation.

ABOUT CKI

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

THE HALF YEAR AT A GLANCE

Profit attributable to shareholders (HK\$ million)	4,686
Earnings per share (HK\$)	1.98
Interim dividend per share (HK\$)	0.40



	Interim Results 2	C		
Financial Review 7	Directors' Biographical Information 9	O	Consolidated Income Statement 18	
	Consolidated Statement of Comprehensive Income 19	N	Consolidated Statement of Financial Position 20	
		T	Consolidated Statement of Changes in Equity 21	Condensed Consolidated Statement of Cash Flows 23
Notes to the Consolidated Interim Financial Statements 24	Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures 34	E	Interests and Short Positions of Shareholders 41	
	Corporate Governance 43	N	Other Information 47	
		T	Corporate Information and Key Dates 49	
		S		

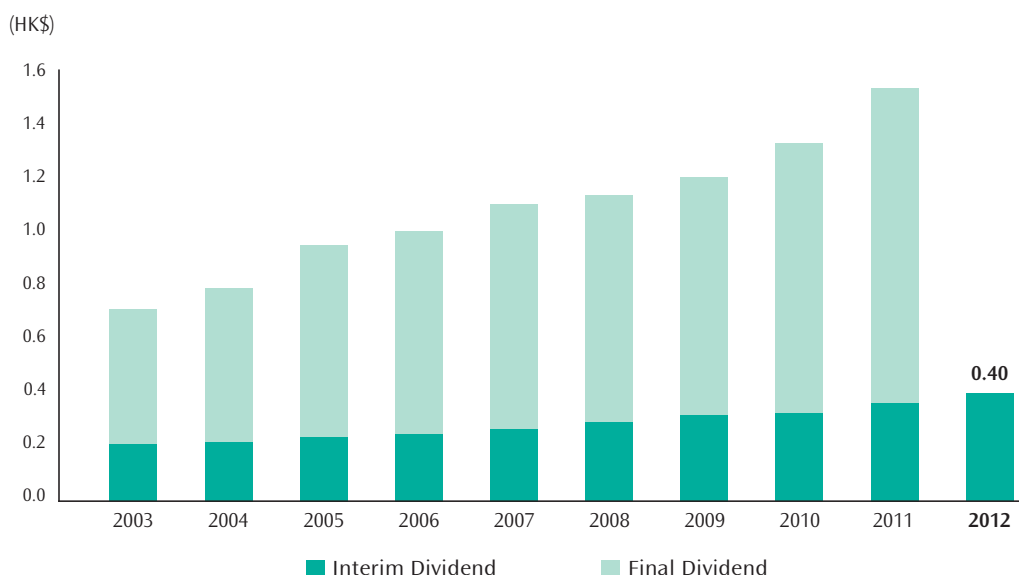
INTERIM RESULTS

MOMENTUM CONTINUES

Profit Attributable to Shareholders

	Six months ended 30th June, 2012 HK\$ million	Six months ended 30th June, 2011 HK\$ million	Variance
Profit attributable to shareholders	4,686	3,983	+18%
Interim dividend per share	HK\$0.40	HK\$0.365	+10%

Dividends Per Share



Cheung Kong Infrastructure Holdings Limited (“CKI” or the “Group”) continued its upward momentum in the first half of 2012. Unaudited profit attributable to shareholders for the six months ended 30th June, 2012 increased by 18% to HK\$4,686 million.

The Board of Directors of CKI (the “Board”) has declared an interim dividend for 2012 of HK\$0.40 per share (2011: HK\$0.365), a 10% increase over the same period last year. This is consistent with the Group’s continued upward trend of dividend growth since listing in 1996. The interim dividend will be paid on Friday, 31st August, 2012 to shareholders whose names appear on the Register of Members of the Company on Thursday, 30th August, 2012.

INTERIM RESULTS

	Six months ended 30th June, 2012 HK\$ million	Six months ended 30th June, 2011 HK\$ million	Variance
Profit contribution from:			
– Power Assets	1,672	1,564	+7%
– United Kingdom portfolio	2,721	1,879	+45%
– Australia portfolio	581	694	-16%
– Mainland China portfolio	239	215	+11%
– Canada portfolio	63	52	+21%
– New Zealand portfolio	19	26	-27%
– Materials business	175	162	+8%

International Businesses Drive Growth of Power Assets

Benefitting from the organic growth of its international portfolio, Power Assets recorded a satisfactory performance during the interim period. Profit contribution increased by 7% to HK\$1,672 million.

Overseas operations' profit contributions reported a growth of 13% over the results in the same period last year; conversely, contributions from Hong Kong operations recorded a slight drop of 2%.

The proportion of profit contribution from overseas investments to local operations is now 60/40.

Outstanding Contributions from UK Businesses

Profit contribution from the United Kingdom businesses increased by 45% to reach HK\$2,721 million.

The acquisition of Northumbrian Water was completed in October 2011. Its contribution to CKI during the period under review amounted to HK\$538 million, exceeding the Group's expectations.

INTERIM RESULTS

A solid performance was achieved by UK Power Networks. Profit contribution from this project was HK\$1,751 million, representing an increase of 21% over the same period last year. This growth resulted from the implementation of cost improvement programmes, upward revenue adjustments led by higher inflation, and a reduction in corporate tax rate.

During the first half of 2012, Northern Gas Networks also performed well with profit contribution rising by 16% to reach HK\$371 million. The company has now commenced discussions for the next regulatory review, which covers the service period from 2013-2021. Negotiations are proceeding smoothly and an acceptable outcome is expected.

The Group's other operations in the United Kingdom, including Seabank Power, delivered contributions in accordance with budget.

Stable Operational Performance from Australia Investments

The Australia portfolio recorded a drop of 16% at HK\$581 million. This comparative decline over the same period last year is primarily due to a one-off gain which was recorded in the 2011 interim results following CKI's disposal of its interest in the Manager of Spark Infrastructure. Excluding this factor, the performance of the Group's investments in Australia was in line with budget.

ETSA Utilities, the electricity distribution network in South Australia, reported profit contribution of HK\$342 million; and CHEDHA, which is comprised of CitiPower and Powercor, the two electricity distribution networks in Victoria, recorded profit contribution of HK\$147 million.

Secure Cashflows from Other Investments

CKI's investments in Mainland China, Canada and New Zealand have all generated secure cashflows during the period under review.

Mainland China

Profit contribution for investments in Mainland China amounted to HK\$239 million, a growth of 11% from the interim period last year. The increment was led by a rise in income from Shen-Shan Highway (Eastern Section) and Tangshan Tangle Road.

INTERIM RESULTS

Canada

Canada's contribution was HK\$63 million, a 21% increase as compared to the same period last year. This was primarily due to acquisition costs related to the Meridian Cogeneration Plant incurred during the interim period last year.

New Zealand

In New Zealand, profit contribution was HK\$19 million, a 27% decline from the interim period last year. The causes of the drop were the increase in interest expense resulting from the refinanced non-recourse new loan, as well as a reduction in interest deductibility in tax.

Steady Growth in Materials Business

The Group's materials business reported steady growth. Profit contribution was HK\$175 million, an 8% increase over the same period last year. This growth was driven by improved margins in the concrete division and the asphalt operations.

EXPANDED CAPITAL BASE

During the first half of 2012, two equity raising exercises were completed to enlarge CKI's capital base. In February 2012, approximately US\$300 million (about HK\$2.3 billion) of additional funds were raised through an issue of fixed rate callable perpetual securities via a fiduciary. In addition, a share placement exercise was completed in March 2012, raising over HK\$2.3 billion. These two activities increased the Group's free float by 20%.

As of 30th June, 2012, CKI had cash on hand of over HK\$8 billion and a gearing ratio of 7%. We are in a very strong position for further acquisitions.

OUTLOOK

Looking ahead, the global macro-economic environment remains volatile. For the infrastructure industry, businesses are relatively resilient. Regulated businesses generating secure revenues stand CKI in good stead to weather continued economic uncertainty.

A challenging economic landscape may also create opportunities. Acquisition prospects for quality assets often arise during periods of instability.

INTERIM RESULTS

Backed by our strong financial platform, we will continue to seek acquisitions that further enhance our asset base and income stream. Simultaneously, we will work hard to further grow and expand our existing businesses to generate improved returns for our shareholders.

I would like to take this opportunity to thank the Board, management and staff for their dedication and efforts, as well as our shareholders for their continued support.

LI TZAR KUOI, VICTOR

Chairman

Hong Kong, 19th July, 2012

FINANCIAL REVIEW

FINANCIAL RESOURCES, TREASURY ACTIVITIES AND GEARING RATIO

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

As at 30th June, 2012, cash and bank deposits on hand amounted to HK\$8,711 million and the total borrowings of the Group, which were all denominated in foreign currencies, amounted to HK\$13,133 million. Of the total borrowings, 86 per cent were repayable in 2012, 1 per cent were repayable between 2013 and 2016 and 13 per cent repayable beyond 2016. The Group is making good progress in refinancing of the borrowings maturing in 2012, and has secured two Australian dollar facilities to refinance the existing Australian dollar facility. The Group's financing activities continue to be well received and fully supported by its bankers.

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

As at 30th June, 2012, the Group maintained a net debt to equity ratio of 7 per cent, which was based on its net debt of HK\$4,422 million and total equity of HK\$66,129 million. This ratio was lower than the net debt to equity ratio of 14 per cent at the year end of 2011. This change was mainly due to the funds raised in the issue of perpetual securities via a fiduciary and the share placement conducted during the period.

To minimise currency risk exposure in respect of its investments in other countries, the Group generally hedges those investments with the appropriate level of borrowings denominated in the local currencies of those countries. The Group also entered into certain interest rate and currency swaps to mitigate interest rate and other currency exposure risks. As at 30th June, 2012, the notional amounts of these derivative instruments amounted to HK\$27,921 million.

FINANCIAL REVIEW

CHARGE ON GROUP ASSETS

As at 30th June, 2012:

- the Group's obligations under finance leases totalling HK\$69 million were secured by charges over the leased assets with carrying value of HK\$66 million; and
- certain plant and machinery of the Group with carrying value of HK\$80 million were pledged to secure bank borrowings totalling HK\$28 million granted to the Group.

CONTINGENT LIABILITIES

As at 30th June, 2012, the Group was subject to the following contingent liabilities:

HK\$ million	
Guarantees given in respect of affiliated companies	987
Sub-contractor warranties	9
Total	996

EMPLOYEES

The Group, including its subsidiaries but excluding affiliated companies, employs a total of 1,068 employees. Employees' cost (excluding directors' emoluments) amounted to HK\$140 million. The Group ensures that the pay levels of its employees are competitive and that its employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system.

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

DIRECTORS' BIOGRAPHICAL INFORMATION

LI Tzar Kuoi, Victor, aged 47, has been the Chairman of the Company since its incorporation in May 1996. He has been a member of the Remuneration Committee of the Company since March 2005 and acted as the Chairman of the Remuneration Committee of the Company from March 2005 to December 2011. He is also the Managing Director and Deputy Chairman of Cheung Kong (Holdings) Limited, Deputy Chairman of Hutchison Whampoa Limited, the Chairman of CK Life Sciences Int'l., (Holdings) Inc., an Executive Director of Power Assets Holdings Limited and Co-Chairman of Husky Energy Inc. All the companies mentioned above are listed companies. Mr. Victor Li is also the Deputy Chairman of Li Ka Shing Foundation Limited, Li Ka Shing (Overseas) Foundation and Li Ka Shing (Canada) Foundation, and a Director of The Hongkong and Shanghai Banking Corporation Limited. Mr. Victor Li serves as a member of the Standing Committee of the 11th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He is also a member of the Council for Sustainable Development of the Hong Kong Special Administrative Region ("HKSAR") and Vice Chairman of the Hong Kong General Chamber of Commerce, and was previously a member of the Commission on Strategic Development of the HKSAR. Mr. Victor Li is also the Honorary Consul of Barbados in Hong Kong. He is a director of certain substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Bachelor of Science degree in Civil Engineering, a Master of Science degree in Structural Engineering and an honorary degree, Doctor of Laws, honoris causa (LL.D.). Mr. Victor Li is a son of Mr. Li Ka-shing, a substantial shareholder of the Company within the meaning of Part XV of the SFO, and a nephew of Mr. Kam Hing Lam, the Group Managing Director of the Company.

KAM Hing Lam, aged 65, has been the Group Managing Director of the Company since its incorporation in May 1996. He has also been the Deputy Managing Director of Cheung Kong (Holdings) Limited since February 1993. He is also the President and Chief Executive Officer of CK Life Sciences Int'l., (Holdings) Inc., and an Executive Director of Hutchison Whampoa Limited and Power Assets Holdings Limited. All the companies mentioned above are listed companies. Mr. Kam is also the Chairman of Hui Xian Asset Management Limited, which manages Hui Xian Real Estate Investment Trust, a real estate investment trust listed on The Stock Exchange of Hong Kong Limited ("SEHK"). Mr. Kam is also a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. Mr. Kam is a member of the 11th Beijing Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration. Mr. Kam is an uncle of Mr. Li Tzar Kuoi, Victor, the Chairman of the Company.

DIRECTORS' BIOGRAPHICAL INFORMATION

IP Tak Chuen, Edmond, aged 60, has been an Executive Director of the Company since its incorporation in May 1996 and Deputy Chairman of the Company since February 2003. He is also Deputy Managing Director of Cheung Kong (Holdings) Limited. In addition, he is the Senior Vice President and Chief Investment Officer of CK Life Sciences Int'l., (Holdings) Inc., a Non-executive Director of TOM Group Limited, ARA Asset Management Limited, AVIC International Holding (HK) Limited, Real Nutraceutical Group Limited and Shougang Concord International Enterprises Company Limited. Mr. Ip was previously a Non-executive Director of Excel Technology International Holdings Limited. All the companies mentioned above are listed companies. Mr. Ip is also a Non-executive Director of ARA Asset Management (Fortune) Limited, which manages Fortune Real Estate Investment Trust, a real estate investment trust listed on SEHK and the Singapore Exchange Securities Trading Limited ("SGX-ST"), a Director of ARA Trust Management (Suntec) Limited, which manages Suntec Real Estate Investment Trust, a real estate investment trust listed on SGX-ST, and a Non-executive Director of Hui Xian Asset Management Limited, which manages Hui Xian Real Estate Investment Trust, a real estate investment trust listed on SEHK. He is also a director of a substantial shareholder of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Bachelor of Arts degree in Economics and a Master of Science degree in Business Administration.

FOK Kin Ning, Canning, aged 60, has been an Executive Director and Deputy Chairman of the Company since March 1997. He is currently the Group Managing Director of Hutchison Whampoa Limited and a Non-executive Director of Cheung Kong (Holdings) Limited. In addition, Mr. Fok is the Chairman of Hutchison Harbour Ring Limited, Hutchison Telecommunications Hong Kong Holdings Limited, Hutchison Telecommunications (Australia) Limited, Hutchison Port Holdings Management Pte. Limited ("HPPM") as the trustee-manager of Hutchison Port Holdings Trust and Power Assets Holdings Limited, Co-Chairman of Husky Energy Inc. and Alternate Director to Mrs. Chow Woo Mo Fong, Susan, a Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited. Except for HPPM, all the companies/business trust mentioned above are listed in Hong Kong or overseas. Mr. Fok is also a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a member of The Institute of Chartered Accountants in Australia.

DIRECTORS' BIOGRAPHICAL INFORMATION

Andrew John HUNTER, aged 53, has been an Executive Director of the Company since December 2006 and Deputy Managing Director of the Company since May 2010. He acted as the Chief Operating Officer of the Company from December 2006 to May 2010. Mr. Hunter is also an Executive Director of Power Assets Holdings Limited, a listed company. He also holds directorships in certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. Prior to the appointment to the board of Power Assets Holdings Limited in 1999, Mr. Hunter was the Finance Director of the Hutchison Property Group. He holds a Master of Arts degree and a Master's degree in Business Administration. He is a member of the Institute of Chartered Accountants of Scotland and of the Hong Kong Institute of Certified Public Accountants. He has over 29 years of experience in accounting and financial management.

CHAN Loi Shun, aged 49, has been an Executive Director of the Company since January 2011 and Chief Financial Officer of the Company since January 2006. He joined Hutchison Whampoa Limited, which is a substantial shareholder of the Company within the meaning of Part XV of the SFO, in January 1992 and has been with the Cheung Kong Group since May 1994. Mr. Chan is also an Executive Director of Power Assets Holdings Limited and an Alternate Director to Mr. Kam Hing Lam, an Executive Director of Power Assets Holdings Limited. He is also a Director of Envestra Limited. All the companies mentioned above are listed companies. Mr. Chan is a fellow of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants.

CHOW WOO Mo Fong, Susan, aged 58, has been an Executive Director of the Company since March 1997 and an Alternate Director to Mr. Fok Kin Ning, Canning, Deputy Chairman of the Company, and Mr. Frank John Sixt, an Executive Director of the Company, since May 2006. She is the Deputy Group Managing Director of Hutchison Whampoa Limited. She is also an Executive Director of Hutchison Harbour Ring Limited and Power Assets Holdings Limited, a Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited, a Director of Hutchison Telecommunications (Australia) Limited, and an Alternate Director of HPHM as the trustee-manager of Hutchison Port Holdings Trust, Hutchison Telecommunications (Australia) Limited, Power Assets Holdings Limited and TOM Group Limited. Except for HPHM, all the companies/business trust mentioned above are listed in Hong Kong or overseas. She is also a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. She is a qualified solicitor and holds a Bachelor's degree in Business Administration.

DIRECTORS' BIOGRAPHICAL INFORMATION

Frank John SIXT, aged 60, has been an Executive Director of the Company since its incorporation in May 1996. He is a Non-executive Director of Cheung Kong (Holdings) Limited and the Group Finance Director of Hutchison Whampoa Limited. He is also the Non-executive Chairman of TOM Group Limited, an Executive Director of Power Assets Holdings Limited, a Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited and HPHM as the trustee-manager of Hutchison Port Holdings Trust, a Director of Hutchison Telecommunications (Australia) Limited and Husky Energy Inc., and an Alternate Director of Hutchison Telecommunications (Australia) Limited. Except for HPHM, all the companies/business trust mentioned above are listed in Hong Kong or overseas. Mr. Sixt is also a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Quebec and Ontario, Canada.

TSO Kai Sum, aged 81, has been an Executive Director of the Company since March 1997. He is also the Group Managing Director of Power Assets Holdings Limited, a listed company. He also holds directorships in certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr. Tso initially worked with the Power Assets Group from 1966 to 1981, holding the positions of Chief Project Engineer of The Hongkong Electric Company, Limited and Executive Director of Associated Technical Services Limited. In 1981, he joined International City Holdings Limited as an Executive Director. In 1987, he joined the Hutchison Whampoa Group as the Group Managing Director of Hutchison Whampoa Properties. In 1997, he re-joined the Power Assets Group as Group Managing Director. Mr. Tso holds a Bachelor of Science degree in Civil Engineering and is also a Chartered Engineer. He is a member of the Institute of Civil Engineers and the Institute of Structural Engineers in the United Kingdom.

DIRECTORS' BIOGRAPHICAL INFORMATION

CHEONG Ying Chew, Henry, aged 64, has been an Independent Non-executive Director of the Company since its incorporation in May 1996. He has been a member of the Audit Committee of the Company since December 1998 and acted as the Chairman of the Audit Committee of the Company from December 1998 to December 2006. Mr. Cheong has been a member of the Remuneration Committee of the Company since January 2005 and the Chairman of the Remuneration Committee of the Company since January 2012. He is also an Independent Non-executive Director of Cheung Kong (Holdings) Limited, Hutchison Telecommunications Hong Kong Holdings Limited, TOM Group Limited, CNNC International Limited, Creative Energy Solutions Holdings Limited, New World Department Store China Limited and SPG Land (Holdings) Limited, and an Independent Director of BTS Group Holdings Public Company Limited. Mr. Cheong is an Executive Director and Deputy Chairman of Worldsec Limited. He is also an Alternate Director to Dr. Wong Yick Ming, Rosanna, an Independent Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited. Mr. Cheong was previously an Independent Non-executive Director of Excel Technology International Holdings Limited. All the companies mentioned above are listed companies. He is also a director of a substantial shareholder of the Company within the meaning of Part XV of the SFO, and a director of a company controlled by a substantial shareholder of the Company. Mr. Cheong is a member of the Securities and Futures Appeals Tribunal and a member of the Advisory Committee of the Securities and Futures Commission. He holds a Bachelor of Science degree in Mathematics and a Master of Science degree in Operational Research and Management.

KWOK Eva Lee, aged 70, has been an Independent Non-executive Director of the Company since September 2004. She is also an Independent Non-executive Director of CK Life Sciences Int'l., (Holdings) Inc. and a Director of Li Ka Shing (Canada) Foundation ("LKS Canada Foundation"). She currently serves as Chair and Chief Executive Officer of Amara Holdings Inc. ("Amara"). Mrs. Kwok also acts as an Independent Director for Husky Energy Inc. Mrs. Kwok currently acts as the Chairman of the Remuneration Committee of CK Life Sciences Int'l., (Holdings) Inc. Mrs. Kwok also sits on the Compensation Committee and Corporate Governance Committee of Husky Energy Inc., and the Audit Committee of CK Life Sciences Int'l., (Holdings) Inc. and the Company. Except for LKS Canada Foundation and Amara, all the companies mentioned above are listed companies. In addition, she was an Independent Director of Bank of Montreal, a listed company, and previously sat on the Audit Committee and Pension Fund Society of the Bank of Montreal, the Nominating and Governance Committee of Shoppers Drug Mart Corporation, the Independent Committee of Directors and Human Resources Committee of Telesystems International Wireless (TIW) Inc., the Independent Committee of Directors and the Corporate Governance Committee of Fletcher Challenge Canada Ltd., the Audit and Corporate Governance Committees of Clarica Life Insurance Company and the Corporate Governance Committee of Air Canada.

DIRECTORS' BIOGRAPHICAL INFORMATION

SNG Sow-mei alias POON Sow Mei, aged 71, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since September 2004. She is an Independent Non-executive Director of HPHM as the trustee-manager of Hutchison Port Holdings Trust, a business trust listed on SGX-ST, an Independent Non-executive Director of ARA Asset Management (Fortune) Limited, which manages Fortune Real Estate Investment Trust, a real estate investment trust listed on SEHK and SGX-ST, an Independent Director of ARA Trust Management (Suntec) Limited, which manages Suntec Real Estate Investment Trust, a real estate investment trust listed on SGX-ST, an Independent Non-executive Director of ARA Asset Management (Prosperity) Limited, which manages Prosperity Real Estate Investment Trust, a real estate investment trust listed on SEHK and a Director of INFA Systems Ltd. Mrs. Sng is also a member of the Audit Committee of HPHM, ARA Asset Management (Fortune) Limited, ARA Trust Management (Suntec) Limited and ARA Asset Management (Prosperity) Limited. Since 2001, Mrs. Sng has been the Senior Consultant (International Business) of Singapore Technologies Electronics Ltd. Prior to her appointment with Singapore Technologies Pte Ltd. where Mrs. Sng was the Director, Special Projects (North East Asia) in 2000 and a Consultant in 2001, Mrs. Sng was the Managing Director of CapitaLand Hong Kong Ltd. for investments in Hong Kong and the region including Japan and Taiwan. In Hong Kong from 1983 to 1997, Mrs. Sng was the Centre Director and then as Regional Director of the Singapore Economic Development Board and Trade Development Board respectively. Mrs. Sng was Singapore's Trade Commissioner in Hong Kong from 1990 to 1997. Mrs. Sng holds a Bachelor of Arts degree from the Nanyang University in Singapore and has wide experience in various fields of industrial investment, business development, strategic and financial management, especially in property investment and management. In 1996, Mrs. Sng was conferred the title of PPA(P) – Pingat Pentadbiran Awam (Perak), the Singapore Public Administration Medal (Silver) by the Republic of Singapore.

DIRECTORS' BIOGRAPHICAL INFORMATION

Colin Stevens RUSSEL, aged 71, has been an Independent Non-executive Director and a member of the Remuneration Committee of the Company since January 2005. He has been a member of the Audit Committee of the Company since January 2005 and the Chairman of the Audit Committee of the Company since January 2007. He is also an Independent Non-executive Director of CK Life Sciences Int'l., (Holdings) Inc. and ARA Asset Management Limited, and a Non-executive Director of Husky Energy Inc. All the companies mentioned above are listed companies. Mr. Russel is the founder and Managing Director of Emerging Markets Advisory Services Ltd., a company which provides advisory services to organisations on business strategy and planning, market development, competitive positioning and risk management. He is also Managing Director of EMAS (HK) Limited. He was the Canadian Ambassador to Venezuela, Consul General for Canada in Hong Kong, Director for China of the Department of Foreign Affairs, Ottawa, Director for East Asia Trade in Ottawa, Senior Trade Commissioner for Canada in Hong Kong, Director for Japan Trade in Ottawa, and was in the Trade Commissioner Service for Canada in Spain, Hong Kong, Morocco, the Philippines, London and India. He was Project Manager for RCA Ltd in Liberia, Nigeria, Mexico and India and electronic equipment development engineer in Canada with RCA Ltd and in Britain with Associated Electrical Industries. Mr. Russel is a Professional Engineer and Qualified Commercial Mediator. He received his Master's degree in Business Administration and a degree in electronics engineering from McGill University, Canada.

LAN Hong Tsung, David, aged 72, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since February 2005. He is also an Independent Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited, Hutchison Harbour Ring Limited and SJM Holdings Limited, all being listed companies. Mr. Lan is also an Independent Non-executive Director of ARA Asset Management (Fortune) Limited, which manages Fortune Real Estate Investment Trust, a real estate investment trust listed on SEHK and SGX-ST, and of ARA Asset Management (Prosperity) Limited, which manages Prosperity Real Estate Investment Trust, a real estate investment trust listed on SEHK. He is currently the Chairman of David H T Lan Consultants Ltd. and holds directorship at Nanyang Commercial Bank Ltd. He is also a Senior Advisor of Mitsui & Co. (H.K.) Ltd. He also holds directorships in certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr. Lan was the Secretary for Home Affairs of the HKSAR Government until his retirement in July 2000. He had served as civil servant in various capacities for 39 years. He was awarded the Gold Bauhinia Star Medal (GBS) on 1st July, 2000. In January 2003, he was appointed National Committee Member of the Chinese People's Political Consultative Conference of the People's Republic of China. Mr. Lan is a Chartered Secretary and a fellow member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. He received his Bachelor of Arts degree from the University of London and completed the Advanced Management Program (AMP) of the Harvard Business School, Boston. He was also awarded Fellow, Queen Elizabeth House (Oxford).

DIRECTORS' BIOGRAPHICAL INFORMATION

Barrie COOK, aged 69, acted as an Executive Director of the Company from 2000 to September 2003 and a Non-executive Director of the Company from October 2003 to December 2011, and has been an Independent Non-executive Director of the Company since January 2012. He is the Honorary Chairman of the Hong Kong Construction Materials Association. Mr. Cook is a past Chairman of the East Asian Cement Forum, the Hong Kong Cement Association and the Waste Reduction Committee of the HKSAR Government. He was previously a member of the Advisory Council on the Environment and the Council for Sustainable Development of the HKSAR Government, and was the Convenor of the Hong Kong Business Coalition on the Environment. Mr. Cook was very active in community affairs through his work with the Hong Kong General Chamber of Commerce. Mr. Cook holds a bachelor of Science Degree in Civil Engineering, and he is a Chartered Civil Engineer of the United Kingdom and a Fellow of the Chartered Management Institute of the United Kingdom.

LEE Pui Ling, Angelina, aged 63, acted as an Independent Non-executive Director of the Company from May 1996 to September 2004 and has been a Non-executive Director of the Company since September 2004. She is a practising solicitor, has a Bachelor of Laws degree and is a Fellow of the Institute of Chartered Accountants in England and Wales. She is active in public service and is a Non-executive Director of the Securities and Futures Commission, and a Member of the Takeovers and Mergers Panel and Takeovers Appeal Committee. She is also a Non-executive Director of TOM Group Limited and Henderson Land Development Company Limited, and an Independent Non-executive Director of Great Eagle Holdings Limited. All the companies mentioned above are listed companies.

George Colin MAGNUS, aged 76, acted as an Executive Director and Deputy Chairman of the Company from May 1996 to October 2005 and has been a Non-executive Director of the Company since November 2005. He is also a Non-executive Director of Cheung Kong (Holdings) Limited, Hutchison Whampoa Limited and Power Assets Holdings Limited, and a Director of Husky Energy Inc. All the companies mentioned above are listed companies. He is also a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO. He holds a Master's degree in Economics.

DIRECTORS' BIOGRAPHICAL INFORMATION

MAN Ka Keung, Simon, aged 55, has been an Alternate Director to Mr. Ip Tak Chuen, Edmond, Deputy Chairman of the Company, since February 2008. He joined the Cheung Kong Group in December 1987 and has been the Chief Manager of the Accounts Department of Cheung Kong (Holdings) Limited, which is a listed company and a substantial shareholder of the Company within the meaning of Part XV of the SFO, since January 1996. He also holds directorships in certain companies controlled by certain substantial shareholders of the Company. He is also Director, Corporate Strategy Unit of Cheung Kong (Holdings) Limited. He has over 31 years of experience in accounting, auditing, tax and finance. He holds a Bachelor's degree in Economics and is an associate member of The Institute of Chartered Accountants in Australia.

Eirene YEUNG, aged 51, Alternate Director to Mr. Kam Hing Lam, the Group Managing Director of the Company, and the Company Secretary of the Company. She is also Director, Corporate Strategy Unit and Company Secretary of Cheung Kong (Holdings) Limited, a listed company and a substantial shareholder of the Company within the meaning of Part XV of the SFO, and the Company Secretary of CK Life Sciences Int'l., (Holdings) Inc., a listed company. Ms. Yeung is a Non-executive Director of ARA Asset Management (Fortune) Limited as the manager of Fortune Real Estate Investment Trust (listed in Hong Kong and Singapore). She also holds directorships in certain companies controlled by certain substantial shareholders of the Company. Ms. Yeung joined the Cheung Kong Group in August 1994. She is a solicitor of the High Court of the HKSAR and of the Supreme Court of Judicature in England and Wales. She is also a fellow member of The Hong Kong Institute of Directors, The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.

CONSOLIDATED INCOME STATEMENT

for the six months ended 30th June

HK\$ million	Notes	Unaudited	
		2012	2011
Group turnover	2	2,011	1,677
Share of turnover of jointly controlled entities	2	787	709
		2,798	2,386
Group turnover	2	2,011	1,677
Other income	3	224	387
Operating costs	4	(1,430)	(1,122)
Finance costs		(296)	(277)
Exchange gain		150	110
Share of results of associates		4,130	3,273
Share of results of jointly controlled entities		227	213
Profit before taxation		5,016	4,261
Taxation	5(a)	(14)	(16)
Profit for the period	6	5,002	4,245
Attributable to:			
Shareholders of the Company		4,686	3,983
Owners of perpetual capital securities		314	259
Non-controlling interests		2	3
		5,002	4,245
Earnings per share	7	HK\$1.98	HK\$1.77

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30th June

HK\$ million	Unaudited	
	2012	2011
Profit for the period	5,002	4,245
Other comprehensive income		
Gain from fair value changes of available-for-sale financial assets	319	529
Loss from fair value changes of derivatives designated as effective cash flow hedges	(57)	(79)
Loss from fair value changes of derivatives designated as effective net investment hedges	(189)	(699)
Actuarial loss of defined benefit retirement scheme	–	(12)
Exchange differences on translation of financial statements of foreign operations	5	1,282
Share of other comprehensive expense of associates	(294)	(203)
Reserve released upon disposal of an associate	–	(2)
Income tax relating to components of other comprehensive income	18	26
Other comprehensive (expense)/income for the period	(198)	842
Total comprehensive income for the period	4,804	5,087
Attributable to:		
Shareholders of the Company	4,489	4,823
Owners of perpetual capital securities	314	259
Non-controlling interests	1	5
	4,804	5,087

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

HK\$ million	Notes	Unaudited 30/6/2012	Audited 31/12/2011
Property, plant and equipment		1,197	845
Investment properties		206	206
Interests in associates		64,655	62,504
Interests in jointly controlled entities		1,123	942
Investments in securities		5,509	5,197
Derivative financial instruments		40	158
Deferred tax assets		14	15
Total non-current assets		72,744	69,867
Inventories		180	223
Derivative financial instruments		176	262
Debtors and prepayments	9	555	524
Bank balances and deposits		8,711	5,947
Total current assets		9,622	6,956
Bank and other loans		11,339	11,342
Derivative financial instruments		87	12
Creditors and accruals	10	2,423	2,086
Taxation		97	87
Total current liabilities		13,946	13,527
Net current liabilities		(4,324)	(6,571)
Total assets less current liabilities		68,420	63,296
Bank and other loans		1,794	3,126
Derivative financial instruments		272	201
Deferred tax liabilities		215	187
Other non-current liabilities		10	10
Total non-current liabilities		2,291	3,524
Net assets		66,129	59,772
Representing:			
Share capital	11	2,446	2,339
Reserves		53,258	49,405
Equity attributable to shareholders of the Company		55,704	51,744
Perpetual capital securities	12	10,329	7,933
Non-controlling interests		96	95
Total equity		66,129	59,772

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30th June, 2012

HK\$ million	Attributable to shareholders of the Company												Total
	Share capital	Share premium	Treasury shares	Contributed surplus	Property revaluation reserve	Investment revaluation reserve	Hedging reserve	Exchange translation reserve	Retained profits	Sub-total	Perpetual capital securities	Non-controlling interests	
At 1st January, 2012 (audited)	2,339	7,162	-	6,062	68	770	(938)	1,574	34,707	51,744	7,933	95	59,772
Profit for the period	-	-	-	-	-	-	-	-	4,686	4,686	314	2	5,002
Gain from fair value changes of available-for-sale financial assets	-	-	-	-	-	319	-	-	-	319	-	-	319
Loss from fair value changes of derivatives designated as effective cash flow hedges	-	-	-	-	-	-	(57)	-	-	(57)	-	-	(57)
Loss from fair value changes of derivatives designated as effective net investment hedges	-	-	-	-	-	-	-	(189)	-	(189)	-	-	(189)
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	6	-	6	-	(1)	5
Share of other comprehensive (expense)/income of associates	-	-	-	-	-	-	(292)	12	(14)	(294)	-	-	(294)
Income tax relating to components of other comprehensive income	-	-	-	-	-	(26)	83	-	(39)	18	-	-	18
Total comprehensive income/(expense) for the period	-	-	-	-	-	293	(266)	(171)	4,633	4,489	314	1	4,804
Dividend paid	-	-	-	-	-	-	-	-	(2,784)	(2,784)	-	-	(2,784)
Interest paid on perpetual capital securities	-	-	-	-	-	-	-	-	-	-	(258)	-	(258)
Issue of perpetual capital securities (note 12)	56	2,235	(2,291)	-	-	-	-	-	-	-	2,340	-	2,340
Direct costs for issue of perpetual capital securities	-	(49)	-	-	-	-	-	-	-	(49)	-	-	(49)
Issue of new ordinary shares	51	2,253	-	-	-	-	-	-	-	2,304	-	-	2,304
At 30th June, 2012 (unaudited)	2,446	11,601	(2,291)	6,062	68	1,063	(1,204)	1,403	36,556	55,704	10,329	96	66,129

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

for the six months ended 30th June, 2011

HK\$ million	Attributable to shareholders of the Company											Total
	Share capital	Share premium	Contributed surplus	Property revaluation reserve	Investment revaluation reserve	Hedging reserve	Exchange translation reserve	Retained profits	Sub-total	Perpetual capital securities	Non-controlling interests	
At 1st January, 2011 (audited)	2,254	3,836	6,062	68	186	256	1,149	31,862	45,673	7,933	81	53,687
Profit for the period	-	-	-	-	-	-	-	3,983	3,983	259	3	4,245
Gain from fair value changes of available-for-sale financial assets	-	-	-	-	529	-	-	-	529	-	-	529
Loss from fair value changes of derivatives designated as effective cash flow hedges	-	-	-	-	-	(79)	-	-	(79)	-	-	(79)
Loss from fair value changes of derivatives designated as effective net investment hedges	-	-	-	-	-	-	(699)	-	(699)	-	-	(699)
Actuarial loss of defined benefit retirement scheme	-	-	-	-	-	-	-	(12)	(12)	-	-	(12)
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	1,280	-	1,280	-	2	1,282
Share of other comprehensive (expense)/income of associates	-	-	-	-	-	(400)	222	(25)	(203)	-	-	(203)
Reserve released upon disposal of an associate	-	-	-	-	-	-	(2)	-	(2)	-	-	(2)
Income tax relating to components of other comprehensive income	-	-	-	-	(57)	111	-	(28)	26	-	-	26
Total comprehensive income/(expense) for the period	-	-	-	-	472	(368)	801	3,918	4,823	259	5	5,087
Dividend paid	-	-	-	-	-	-	-	(2,254)	(2,254)	-	-	(2,254)
Interest paid on perpetual capital securities	-	-	-	-	-	-	-	-	-	(259)	-	(259)
At 30th June, 2011 (unaudited)	2,254	3,836	6,062	68	658	(112)	1,950	33,526	48,242	7,933	86	56,261

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30th June

HK\$ million	Unaudited	
	2012	2011
Net cash from operating activities	1,172	425
Net cash from investing activities	1,519	2,005
Net cash from/(utilised) in financing activities	73	(2,813)
Net increase/(decrease) in cash and cash equivalents	2,764	(383)
Cash and cash equivalents at 1st January	5,947	5,438
Cash and cash equivalents at 30th June Bank balances and deposits	8,711	5,055

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

The accounting policies adopted for the preparation of the consolidated interim financial statements are consistent with those set out in the Group’s consolidated annual financial statements for the year ended 31st December, 2011, except for adoption of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA which are effective to the Group for accounting periods beginning on or after 1st January, 2012. The adoption of the new HKFRSs has no material impact on the Group’s results and financial position for the current or prior periods.

2. GROUP TURNOVER AND SHARE OF TURNOVER OF JOINTLY CONTROLLED ENTITIES

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

In addition, the Group presents its proportionate share of turnover of jointly controlled entities. Turnover of associates is not included.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. GROUP TURNOVER AND SHARE OF TURNOVER OF JOINTLY CONTROLLED ENTITIES (CONT'D)

The Group turnover and share of turnover of jointly controlled entities for the current period is analysed as follows:

HK\$ million	Six months ended 30th June	
	2012	2011
Sales of infrastructure materials	1,017	769
Income from the supply of water	18	144
Interest income from loans granted to associates	884	636
Distribution from investments in securities	92	128
Group turnover	2,011	1,677
Share of turnover of jointly controlled entities	787	709
	2,798	2,386

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. OTHER INCOME

Other income includes the following:

HK\$ million	Six months ended 30th June	
	2012	2011
Bank and other interest income	126	114
Gain on disposal of an associate	–	145

4. OPERATING COSTS

Operating costs include the following:

HK\$ million	Six months ended 30th June	
	2012	2011
Depreciation of property, plant and equipment	28	40
Cost of inventories sold	935	740
Change in fair values of investments in securities	–	4
Change in fair values of derivative financial instruments	38	12

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. TAXATION

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

HK\$ million	Six months ended 30th June	
	2012	2011
Current taxation – outside Hong Kong	10	10
Deferred taxation	4	6
Total	14	16

- (b) A subsidiary of the Company is to make a payment of AUD55 million to the Australian Tax Office (“ATO”) being an amount equivalent to 50 per cent (which percentage is based on ATO Administrative Guidelines) of the tax in dispute, including interest and penalties, claimed by the ATO, pending the resolution of a dispute with the ATO regarding the deductibility of certain fees paid by that subsidiary for income tax purposes. The subsidiary is of the view that the fees are deductible and that no amount should be payable to the ATO and that the above amount to be paid is expected to be recovered from the ATO. The subsidiary has obtained legal advice and is poised to vigorously defend its position.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. SEGMENT INFORMATION

for the six months ended 30th June

HK\$ million	Infrastructure Investments																																			
	Investment in Power Assets*				United Kingdom				Australia				Mainland China				Canada and New Zealand				Sub-total				Infrastructure related business				Unallocated items				Consolidated			
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011						
Group turnover #	-	-	531	401	351	377	-	-	112	130	112	130	130	130	994	908	1,017	769	-	-	2,011	1,677	-	-	2,011	1,677	-	-	2,011	1,677						
Share of turnover of jointly controlled entities	-	-	-	-	-	-	341	322	-	-	-	-	-	-	341	322	446	387	-	-	787	709	-	-	787	709	-	-	787	709						
Group turnover	-	-	531	401	351	377	341	322	112	130	112	130	130	130	1,335	1,230	1,463	1,156	-	-	2,798	2,386	-	-	2,798	2,386	-	-	2,798	2,386						
Bank and other interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	994	908	1,017	769	-	-	2,011	1,677	-	-	2,011	1,677	-	-	2,011	1,677						
Gain on disposal of an associate	-	-	-	9	-	-	-	-	-	-	-	-	-	-	-	9	41	39	85	66	126	114	66	66	126	114	66	66	126	114						
Other income	-	-	-	-	-	145	-	-	-	-	-	-	-	-	-	145	-	-	-	-	-	145	-	-	-	145	-	-	-	145						
Change in fair values of investments in securities and derivative financial instruments	-	-	-	25	-	-	89	64	-	-	-	-	-	-	89	89	7	37	2	2	98	128	2	2	98	128	2	2	98	128						
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(38)	(16)	(38)	(16)	(38)	(16)	(38)	(16)	(38)	(16)	(38)	(16)						
Other operating expenses	-	-	(2)	(17)	-	-	-	-	-	-	-	-	-	-	(2)	(17)	(26)	(23)	-	-	(28)	(40)	-	-	(28)	(40)	-	-	(28)	(40)						
Finance costs	-	-	(20)	(102)	-	-	-	(2)	-	-	-	(2)	-	-	(20)	(104)	(968)	(709)	(376)	(253)	(1,364)	(1,066)	(376)	(253)	(1,364)	(1,066)	(376)	(253)	(1,364)	(1,066)						
Exchange gain	-	-	(1)	(16)	-	-	-	-	-	-	-	-	-	-	(1)	(16)	(2)	(2)	(293)	(259)	(296)	(277)	(293)	(259)	(296)	(277)	(293)	(259)	(296)	(277)						
Share of results of associates and jointly controlled entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	150	110	150	110	150	110	150	110	150	110	150	110						
Profit/(Loss) before taxation	1,672	1,564	2,212	1,591	230	172	166	158	(30)	(52)	(30)	(52)	(30)	(52)	2,578	1,869	107	53	-	-	4,357	3,486	-	-	4,357	3,486	-	-	4,357	3,486						
Taxation	-	-	1	(12)	-	-	(16)	(5)	-	-	-	(5)	-	-	(15)	(17)	1	1	(470)	(350)	5,016	4,261	(470)	(350)	(14)	(16)	(470)	(350)	(14)	(16)						
Profit/(Loss) for the period	1,672	1,564	2,721	1,879	581	694	239	215	82	78	82	78	82	78	3,623	2,866	177	165	(470)	(350)	5,002	4,245	(470)	(350)	5,002	4,245	(470)	(350)	5,002	4,245						
Attributable to:																																				
Shareholders of the Company	1,672	1,564	2,721	1,879	581	694	239	215	82	78	82	78	82	78	3,623	2,866	175	162	(784)	(609)	4,686	3,983	(784)	(609)	4,686	3,983	(784)	(609)	4,686	3,983						
Owners of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	314	259	314	259	314	259	314	259	314	259	314	259						
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	3	-	-	2	3	-	-	2	3	-	-	2	3						
	1,672	1,564	2,721	1,879	581	694	239	215	82	78	82	78	82	78	3,623	2,866	177	165	(470)	(350)	5,002	4,245	(470)	(350)	5,002	4,245	(470)	(350)	5,002	4,245						

Sales of infrastructure materials comprise of sales in Hong Kong of HK\$799 million (2011: HK\$538 million), sales in Mainland China of HK\$218 million (2011: HK\$230 million) and sales in other region of HK\$1 million during the six months ended 30th June, 2011.

* During the period, the Group has a 38.87 per cent (2011: 38.87 per cent) equity interest in Power Assets Holdings Limited ("Power Assets"), which is listed on The Stock Exchange of Hong Kong Limited.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. SEGMENT INFORMATION (CONT'D)

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

7. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to shareholders of the Company of HK\$4,686 million (2011: HK\$3,983 million) and on the weighted average of 2,366,397,852 shares (2011: 2,254,209,945 shares) in issue during the interim period.

The shares issued in connection with the issue of perpetual capital securities in February 2012 (note 12) were excluded from the calculation of earnings per share since these shares are disregarded for the purpose of determining the number of shares held by the public.

8. INTERIM DIVIDEND

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

HK\$ million	Six months ended 30th June	
	2012	2011
Interim dividend of HK\$0.4 per share (2011: HK\$0.365 per share)	956	854

During the six months ended 30th June, 2012, interim dividend declared by the Board of Directors amounted to HK\$956 million (2011: HK\$854 million), which is after elimination of HK\$22 million (2011: nil) paid for the shares issued in connection with the issue of perpetual capital securities in February 2012 (note 12).

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

9. DEBTORS AND PREPAYMENTS

Included in debtors and prepayments are trade debtors of HK\$377 million (HK\$310 million at 31st December, 2011) and their aging analysis is as follows:

HK\$ million	30/6/2012	31/12/2011
Current	221	174
Less than 1 month past due	92	90
1 to 3 months past due	70	51
More than 3 months but less than 12 months past due	9	11
More than 12 months past due	21	20
Amount past due	192	172
Allowance for doubtful debts	(36)	(36)
Total after allowance	377	310

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. CREDITORS AND ACCRUALS

Included in creditors and accruals are trade creditors of HK\$178 million (HK\$148 million at 31st December, 2011) and their aging analysis is as follows:

HK\$ million	30/6/2012	31/12/2011
Current	137	106
1 month	26	24
2 to 3 months	2	11
Over 3 months	13	7
Total	178	148

11. SHARE CAPITAL

	Number of Shares	Amount HK\$ million
Ordinary shares of HK\$1 each		
Authorised:		
At 1st January, 2012 and 30th June, 2012	4,000,000,000	4,000
Issued and fully paid:		
At 1st January, 2012	2,338,709,945	2,339
Issue of new shares in connection with the issue of perpetual capital securities (note 12)	56,234,455	56
Issue of new shares via a share placement exercise	50,901,000	51
At 30th June, 2012	2,445,845,400	2,446

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. PERPETUAL CAPITAL SECURITIES

On 27th February, 2012, The Bank of New York Mellon (Luxembourg) S.A. (the “Fiduciary”) issued US\$300 million perpetual capital securities which are listed on the Luxembourg Stock Exchange at an issue price of 100 per cent. Interest is payable semi-annually in arrear based on a fixed rate, which is 7.0 per cent per annum. Payments of interest by the Fiduciary are conditional and may be deferred at the discretion of the Company. The perpetual capital securities have no fixed maturity and are redeemable in whole, but not in part, at the Company’s option on 27th February, 2014 or any interest payment date falling thereafter at their principal amounts together with any accrued, unpaid or deferred interest payments. While any interest payments are unpaid or deferred, the Company will not declare, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank.

On 28th February, 2012, the Company issued 56,234,455 new ordinary shares to the Fiduciary for a consideration of approximately US\$295.4 million (equivalent to approximately HK\$2,291 million). The shares were issued in connection with the issue of the above perpetual capital securities. The Company considered these shares as treasury shares.

13. COMMITMENTS

The Group’s capital commitments outstanding at 30th June, 2012 and not provided for in the consolidated interim financial statements are as follows:

HK\$ million	Contracted but not provided for		Authorised but not contracted for	
	30/6/2012	31/12/2011	30/6/2012	31/12/2011
Plant and machinery	185	695	455	254

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

14. CONTINGENT LIABILITIES

HK\$ million	30/6/2012	31/12/2011
Guarantees given in respect of associates	987	1,144
Sub-contractor warranties	9	11
Total	996	1,155

15. REVIEW OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

As at 30th June, 2012, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (the “Model Code”), to be notified to the Company and the Stock Exchange, were as follows:

(1) LONG POSITIONS IN SHARES

Name of Company	Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
			Personal Interests	Family Interests	Corporate Interests	Other Interests		
Company	Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	1,912,109,945 (Note 1)	1,912,109,945	78.18%
	Kam Hing Lam	Beneficial owner	100,000	–	–	–	100,000	0.004%
Hutchison Whampoa Limited	Li Tzar Kuoi, Victor	Interest of child or spouse, interest of controlled corporations & beneficiary of trusts	–	300,000	1,086,770 (Note 3)	2,141,698,773 (Note 2)	2,143,085,543	50.26%
	Kam Hing Lam	Beneficial owner & interest of child or spouse	60,000	40,000	–	–	100,000	0.002%
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	6,010,875 (Note 5)	–	6,010,875	0.14%
	Chow Woo Mo Fong, Susan	Beneficial owner	190,000	–	–	–	190,000	0.004%
	Frank John Sixt	Beneficial owner	200,000	–	–	–	200,000	0.005%
	Lan Hong Tsung, David	Beneficial owner	20,000	–	–	–	20,000	0.0004%
	Lee Pui Ling, Angelina	Beneficial owner	38,500	–	–	–	38,500	0.0009%

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

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

Name of Company	Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
			Personal Interests	Family Interests	Corporate Interests	Other Interests		
	George Colin Magnus	Beneficial owner, interest of child or spouse & founder & beneficiary of a discretionary trust	40,000	9,900	–	950,100 (Note 6)	1,000,000	0.02%
	Man Ka Keung Simon	Beneficial owner & interest of child or spouse	2,770 (Note 7)	2,770 (Note 7)	–	–	2,770	0.00006%
Power Assets Holdings Limited	Li Tzar Kuoi, Victor	Interest of child or spouse & beneficiary of trusts	–	151,000	–	829,599,612 (Note 4)	829,750,612	38.87%
	Kam Hing Lam	Interest of child or spouse	–	100,000	–	–	100,000	0.004%
	Lee Pui Ling, Angelina	Beneficial owner	8,800	–	–	–	8,800	0.0004%
Hutchison Harbour Ring Limited	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	5,000,000 (Note 5)	–	5,000,000	0.05%
Hutchison Telecommunications (Australia) Limited	Fok Kin Ning, Canning	Beneficial owner & interest of controlled corporation	4,100,000	–	1,000,000 (Note 5)	–	5,100,000	0.037%
	Frank John Sixt	Beneficial owner	1,000,000	–	–	–	1,000,000	0.007%
Hutchison Telecommunications Hong Kong Holdings Limited	Li Tzar Kuoi, Victor	Interest of child or spouse, interest of controlled corporations & beneficiary of trusts	–	192,000	2,519,250 (Note 3)	3,185,136,120 (Note 8)	3,187,847,370	66.15%
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	1,202,380 (Note 5)	–	1,202,380	0.025%
	Chow Woo Mo Fong, Susan	Beneficial owner	250,000	–	–	–	250,000	0.005%
	George Colin Magnus	Beneficial owner & interest of child or spouse	13,201	132	–	–	13,333	0.0003%

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

(2) LONG POSITIONS IN UNDERLYING SHARES

Name of Company	Name of Director	Capacity	Number of Underlying Shares				Total
			Personal Interests	Family Interests	Corporate Interests	Other Interests	
Hutchison Telecommunications Hong Kong Holdings Limited	Frank John Sixt	Beneficial owner	255,000 (Note 9)	–	–	–	255,000

(3) LONG POSITIONS IN DEBENTURES

Name of Company	Name of Director	Capacity	Amount of Debentures				Total
			Personal Interests	Family Interests	Corporate Interests	Other Interests	
Hutchison Whampoa International (03/13) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	–	–	US\$10,208,000 6.5% Notes due 2013 (Note 3)	–	US\$10,208,000 6.5% Notes due 2013
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	US\$1,216,000 6.5% Notes due 2013 (Note 5)	–	US\$1,216,000 6.5% Notes due 2013
	Man Ka Keung, Simon	Beneficial owner & interest of child or spouse	US\$100,000 6.5% Notes due 2013 (Note 7)	US\$100,000 6.5% Notes due 2013 (Note 7)	–	–	US\$100,000 6.5% Notes due 2013
Hutchison Whampoa International (03/33) Limited	Man Ka Keung, Simon	Beneficial owner & interest of child or spouse	US\$200,000 6.25% Notes due 2014 (Note 7)	US\$200,000 6.25% Notes due 2014 (Note 7)	–	–	US\$200,000 6.25% Notes due 2014
Hutchison Whampoa Finance (CI) Limited	Man Ka Keung, Simon	Beneficial owner & interest of child or spouse	US\$100,000 7.45% Notes due 2017 (Note 7)	US\$100,000 7.45% Notes due 2017 (Note 7)	–	–	US\$100,000 7.45% Notes due 2017

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

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

Name of Company	Name of Director	Capacity	Amount of Debentures				Total
			Personal Interests	Family Interests	Corporate Interests	Other Interests	
Hutchison Whampoa International (09) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	–	–	US\$45,792,000 7.625% Notes due 2019 (Note 3)	–	US\$45,792,000 7.625% Notes due 2019
Hutchison Whampoa International (09/19) Limited	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	US\$4,000,000 5.75% Notes due 2019 (Note 5)	–	US\$4,000,000 5.75% Notes due 2019
Hutchison Whampoa International (10) Limited	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	US\$5,000,000 Subordinated Guaranteed Perpetual Capital Securities (Note 5)	–	US\$5,000,000 Subordinated Guaranteed Perpetual Capital Securities
	Frank John Sixt	Beneficial owner	US\$1,000,000 Subordinated Guaranteed Perpetual Capital Securities	–	–	–	US\$1,000,000 Subordinated Guaranteed Perpetual Capital Securities
PHBS Limited	Sng Sow-mei alias Poon Sow Mei	Beneficial owner & interest of child or spouse	US\$1,000,000 Perpetual Capital Securities (Note 10)	US\$1,000,000 Perpetual Capital Securities (Note 10)	–	–	US\$1,000,000 Perpetual Capital Securities

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

Notes:

1. The 1,912,109,945 shares in the Company comprise 1,906,681,945 shares held by a subsidiary of Hutchison Whampoa Limited ("HWL") and 5,428,000 shares held by Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of The Li Ka-Shing Unity Trust ("UT1").

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 UT1 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. 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 HWL.

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 and the shares of the Company held by each of the subsidiary of HWL and TUT1 as trustee of UT1 under the SFO 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 SFO.

Note: Effective from 16th July, 2012, Mr. Li Tzar Kai, Richard ceased to have any interest in the issued share capital of Unity Holdco. Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are respectively interested in one-third and two-third of the entire issued share capital of Unity Holdco.

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

Notes (Cont'd):

2. The 2,141,698,773 shares in HWL comprise:
 - (a) 2,130,202,773 shares held by certain subsidiaries of CKH. By virtue of the interests in shares of CKH in relation to which Mr. Li Tzar Kuoi, Victor has a duty of disclosure under the SFO in the issued share capital of CKH as described in Note 1 above and as a Director of the Company, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares of HWL under the SFO; and
 - (b) 11,496,000 shares held by Li Ka-Shing Castle Trustee Company Limited ("TUT3") as trustee of The Li Ka-Shing Castle Trust ("UT3"). The discretionary beneficiaries of each of the two discretionary trusts ("DT3" and "DT4") are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard. Each of the trustees of DT3 and DT4 holds units in UT3 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust.

The entire issued share capital of TUT3 and the trustees of DT3 and DT4 are owned by Li Ka-Shing Castle Holdings Limited ("Castle 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 Castle Holdco. TUT3 is only interested in the shares of HWL 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 HWL independently without any reference to Castle 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 Castle Holdco as aforesaid.

By virtue of the above and as a discretionary beneficiary of each of DT3 and DT4 and as a director of HWL, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares of HWL held by TUT3 as trustee of UT3 under the SFO as a Director of the Company. Although Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Castle Holdco and is a discretionary beneficiary of each of DT3 and DT4, he is not a Director of the Company and has no duty of disclosure in relation to the shares of HWL held by TUT3 as trustee of UT3 under the SFO.

Note: Effective from 16th July, 2012, Mr. Li Tzar Kai, Richard ceased to have any interest in the issued share capital of Castle Holdco. Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are respectively interested in one-third and two-third of the entire issued share capital of Castle Holdco.

3. Such interests are held by certain companies of which Mr. Li Tzar Kuoi, Victor is interested in the entire issued share capital.
4. By virtue of being a Director of the Company and his deemed interest in those shares of the Company as described in Note 1 above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to those shares of Power Assets Holdings Limited held through the Company under the SFO.

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

Notes (Cont'd):

5. These interests are held by a company which is equally owned by Mr. Fok Kin Ning, Canning and his wife.
6. Such interests are indirectly held by a trust of which Mr. George Colin Magnus is the settlor and a discretionary beneficiary.
7. Such interests are jointly held by Mr. Man Ka Keung, Simon and his wife.
8. Such shares of Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH") comprise:
 - (a) 3,184,982,840 ordinary shares of which 52,092,587 ordinary shares and 3,132,890,253 ordinary shares are held by certain wholly-owned subsidiaries of CKH and HWL respectively. By virtue of the interests in the shares of CKH and HWL in relation to which Mr. Li Tzar Kuoi, Victor has a duty of disclosure under the SFO in the issued share capital of CKH and HWL as described in Notes 1 and 2 above and as a Director of the Company, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares of HTHKH under the SFO; and
 - (b) 153,280 ordinary shares held by TUT3 as trustee of UT3. Mr. Li Tzar Kuoi, Victor as a Director of the Company, by virtue of being a discretionary beneficiary of each of DT3 and DT4 and his deemed interests in TUT3 as trustee of UT3 as described in Note 2(b) above, is taken to have a duty of disclosure in relation to the said shares of HTHKH under the SFO.
9. Such underlying shares are derived from the 17,000 American Depositary Shares (each representing 15 ordinary shares) in HTHKH beneficially owned by Mr. Frank John Sixt.
10. Such interests are jointly held by Mrs. Sng Sow-mei alias Poon Sow Mei and her husband.

Mr. Li Tzar Kuoi, Victor, by virtue of being a Director of the Company and his interests in the share capital of the Company as a discretionary beneficiary of certain discretionary trusts as described in Note 1 above, is deemed to be interested in those securities of subsidiaries and associated companies of the Company held through the Company and in those securities of the subsidiaries of HWL held through HWL under the SFO.

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 30th June, 2012, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at 30th June, 2012, shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

LONG POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES OF THE COMPANY

Name	Capacity	Number of Ordinary Shares	Total	Approximate % of Shareholding
Hutchison Infrastructure Holdings Limited	Beneficial owner	1,906,681,945 (Note i)	1,906,681,945	77.96%
Hutchison International Limited	Interest of controlled corporation	1,906,681,945 (Note ii)	1,906,681,945	77.96%
Hutchison Whampoa Limited	Interest of controlled corporations	1,906,681,945 (Note ii)	1,906,681,945	77.96%
Cheung Kong (Holdings) Limited	Interest of controlled corporations	1,906,681,945 (Note iii)	1,906,681,945	77.96%
Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust	Trustee	1,912,109,945 (Note iv)	1,912,109,945	78.18%
Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust	Trustee & beneficiary of a trust	1,912,109,945 (Note v)	1,912,109,945	78.18%
Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust	Trustee & beneficiary of a trust	1,912,109,945 (Note v)	1,912,109,945	78.18%
Li Ka-shing	Founder of discretionary trusts	1,912,109,945 (Note v)	1,912,109,945	78.18%

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

Notes:

- i. 1,906,681,945 shares of the Company are held by Hutchison Infrastructure Holdings Limited, a subsidiary of HWL. Its interests are duplicated in the interests of HWL in the Company described in Note ii below.
- ii. HWL is deemed to be interested in the 1,906,681,945 shares of the Company referred to in Note i above as it holds more than one-third of the issued share capital of Hutchison International Limited, which holds more than one-third of the issued share capital of Hutchison Infrastructure Holdings Limited.
- iii. CKH is deemed to be interested in the 1,906,681,945 shares of the Company referred to in Note ii above as certain subsidiaries of CKH hold more than one-third of the issued share capital of HWL.
- iv. TUT1 as trustee of UT1 is deemed to be interested in those shares of the Company described in Note iii above as TUT1 as trustee of UT1 and TUT1 related companies hold more than one-third of the issued share capital of CKH and TUT1 as trustee of UT1 holds 5,428,000 shares of the Company.
- v. By virtue of the SFO, each of Mr. Li Ka-shing, being the settlor and may being regarded as a founder of each DT1 and DT2 for the purpose of the SFO, TDT1 as trustee of DT1 and 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 iv 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 Unity Holdco. Mr. Li Ka-shing owns one-third of the issued share capital of Unity Holdco.

Save as disclosed above, as at 30th June, 2012, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CORPORATE GOVERNANCE

The Board of Directors (“Board”) and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Company emphasise a quality Board, sound internal controls, and transparency and accountability to all shareholders.

Subject to as disclosed below, the Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Code on Corporate Governance Practices during the period from 1st January, 2012 to 31st March, 2012 and the Corporate Governance Code (“CG Code”) during the period from 1st April, 2012 to 30th June, 2012 as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”). In respect of code provisions A.5.1 to A.5.4 of the CG Code, the Company does not have a nomination committee. At present, the Company does not consider it necessary to have a nomination committee as the full Board is responsible for reviewing the structure, size and composition of the Board and the appointment of new Directors from time to time to ensure that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company, and the Board as a whole is also responsible for reviewing the succession plan for the Directors, in particular the Chairman of the Board and the Group Managing Director. In respect of code provision A.6.7 of the CG Code, Mr. George Colin Magnus, a Non-executive Director, was unable to attend the annual general meeting of the Company held on 23rd May, 2012 due to an overseas engagement.

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

CORPORATE GOVERNANCE

(1) BOARD COMPOSITION AND BOARD PRACTICES

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

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

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

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

CORPORATE GOVERNANCE

(2) MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the model code for securities transactions by directors of listed issuers set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions effective from 31st March, 2004, which will be amended from time to time. Confirmation has been received from all Directors that they have complied with the required standards set out in the Model Code during the six months ended 30th June, 2012.

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

(3) INTERNAL CONTROLS

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

The Board, through the Audit Committee, has conducted a review of the effectiveness of the internal control system of the Group for the six months ended 30th June, 2012.

(4) AUDIT COMMITTEE

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

The Group's interim report for the six months ended 30th June, 2012 has been reviewed by the Audit Committee.

CORPORATE GOVERNANCE

(5) REMUNERATION COMMITTEE

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

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company’s policy and structure for the remuneration of Directors and the management, and reviewing the remuneration packages of all Executive Directors and the management with reference to the corporate goals and objectives of the Board from time to time.

(6) INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company establishes different communication channels with shareholders and investors, including (i) printed copies of corporate communications (including but not limited to annual reports, interim reports, notices of meetings, circulars and proxy forms) required under the Listing Rules, and shareholders can choose (or are deemed to have consented) to receive such documents using electronic means through the Company’s website; (ii) the annual general meeting provides a forum for shareholders to raise comments and exchange views with the Board; (iii) updated and key information on the Group is available on the website of the Company; (iv) the Company’s website offers a communication channel between the Company and its shareholders and stakeholders; (v) regular press conferences and briefing meetings with analysts are arranged from time to time to update interested parties on the performance of the Group; (vi) the Company’s Branch Share Registrar deals with shareholders for share registration and related matters; and (vii) the Corporate Affairs Department of the Company handles enquiries from shareholders, and investors generally.

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

OTHER INFORMATION

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

During the six months ended 30th June, 2012, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

DISCLOSURE UNDER CHAPTER 13 OF THE LISTING RULES

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

- (1) The Group has entered into a syndicated term loan facility agreement of A\$510 million with the Company acting as guarantor, of which the whole amount was drawn as at 30th June, 2012. The facility will mature in August 2012. Under the provision of the loan agreement, it is an event of default if HWL ceases to own (directly or indirectly) at least 30 per cent of the issued share capital of the Company. The obligation has been complied with.
- (2) The Group has entered into two equity bridge facilities of GBP300 million each ("Facilities") with HSBC Bank plc and Mizuho Corporate Bank, Ltd., Hong Kong Branch acting as the lenders and the Company acting as the guarantor, of which the whole amount of GBP600 million was drawn as at 30th June, 2012. The facilities will mature in October 2012. Under the terms of the Facilities, it is an event of default if, amongst other things, HWL ceases to own beneficially (directly or indirectly) at least 30 per cent of the issued share capital of the Company. The obligation has been complied with. If an event of default under a Facility is declared, then the relevant lender under such Facility may declare the commitment of the facilities to be cancelled, and all advances under such Facility together with interest accrued thereon and any outstanding fees to be immediately due and payable and/or payable on demand subject to the terms and conditions of such Facility. If an event of default occurs under either of the Facilities, it will trigger a cross-default under the other Facility, which may also therefore become immediately due and repayable subject to the terms and conditions of such other Facility.

OTHER INFORMATION

DISCLOSURE UNDER CHAPTER 13 OF THE LISTING RULES (CONT'D)

- (3) As at 30th June, 2012, the Group's financial assistance to certain affiliated companies exceeded the assets ratio of 8 per cent. A combined statement of financial position of the affiliated companies as at 30th June, 2012 is set out below:

HK\$ million	
Non-current assets	273,226
Current assets	17,754
Current liabilities	(22,817)
Non-current liabilities	(220,340)
Net assets	47,823
Share capital	35,754
Reserves	12,017
Non-controlling interests	52
Capital and reserves	47,823

As at 30th June, 2012, the consolidated attributable interest of the Group in these affiliated companies amounted to HK\$38,046 million.

RISK FACTORS

The Group's businesses, financial conditions, results of operations or growth prospects may be affected by risks and uncertainties pertaining to the Group's businesses. The risk factors set out in the Company's Annual Report 2011 are those that could result in the Group's businesses, financial conditions, results of operations or growth prospects differing materially from expected or historical results. Such factors are by no means exhaustive or comprehensive, and there may be other risks in addition to those shown in the Company's Annual Report 2011 which are not known to the Group or which may not be material now but could turn out to be material in the future. In addition, this Interim Report does not constitute a recommendation or advice to invest in the shares of the Company and investors are advised to make their own judgment or consult their own investment advisors before making any investment in the shares of the Company.

CORPORATE INFORMATION AND KEY DATES

DIRECTORS

Executive Directors

LI Tzar Kuoi, Victor (Chairman)

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

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

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

Independent Non-executive Directors

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

Alternate Directors

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

Non-executive Directors

LEE Pui Ling, Angelina
George Colin MAGNUS

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Eirene YEUNG

AUTHORISED REPRESENTATIVES

IP Tak Chuen, Edmond
Eirene YEUNG

PRINCIPAL BANKERS

Australia and New Zealand Banking
Group Limited
Bank of China (Hong Kong) Limited
Bank of Nova Scotia
Barclays Bank PLC
Credit Agricole Corporate and Investment
Bank
Mizuho Corporate Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited
The Royal Bank of Scotland plc

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISERS

Woo, Kwan, Lee & Lo

REGISTERED OFFICE

Clarendon House, Church Street,
Hamilton HM11, Bermuda

PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre,
11 Bermudiana Road,
Pembroke HM08,
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODES

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

WEBSITE

www.cki.com.hk

CORPORATE INFORMATION AND KEY DATES

INVESTOR RELATIONS

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

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KEY DATES

Interim Results Announcement	19th July, 2012
Closure of Register of Members	23rd to 30th August, 2012 (both days inclusive)
Record Date for Interim Dividend	30th August, 2012
Payment of Interim Dividend	31st August, 2012

This interim report 2012 (both English and Chinese versions) ("Interim Report") has been posted on the Company's website at www.cki.com.hk. Shareholders who have chosen (or are deemed to have consented) to read the Company's corporate communications (including but not limited to the Interim Report) published on the Company's website in place of receiving printed copies thereof may request the printed copy of the Interim Report in writing to the Company c/o the Company's Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong or by email to cki.ecom@computershare.com.hk.

Shareholders who have chosen (or are deemed to have consented) to receive the corporate communications using electronic means through the Company's website and who for any reason have difficulty in receiving or gaining access to the Interim Report posted on the Company's website will upon request in writing to the Company c/o the Company's Branch Share Registrar or by email to cki.ecom@computershare.com.hk promptly be sent the Interim Report in printed form free of charge.

Shareholders may at any time choose to change your choice as to the means of receipt (i.e. in printed form or by electronic means through the Company's website) and/or the language of the Company's corporate communications by reasonable prior notice in writing to the Company c/o the Company's Branch Share Registrar or sending a notice to cki.ecom@computershare.com.hk.

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