



Power Assets Holdings Ltd.

電能實業有限公司

(Stock Code: 6)

Interim Report 2012



HIGHLIGHTS

Six months ended 30th June

	2012	2011	Change
	<i>HK\$ million</i>	<i>HK\$ million</i>	
Earnings from operations			
outside Hong Kong	2,579	2,275	+13.4%
Earnings from HK Electric	1,736	1,746	-0.6%
Earnings from other operations			
in Hong Kong	18	35	-48.6%
Profit attributable to shareholders	4,333	4,056	+6.8%
Earnings per share	\$2.03	\$1.90	+6.8%
Dividend per share	\$0.62	\$0.62	—

This Interim Report has been posted in both the English and Chinese languages on the Company's website at www.powerassets.com. If for any reason, shareholders who have chosen (or are deemed to have consented) to receive corporate communications through the Company's website have difficulty in gaining access to the Interim Report, they may request that a printed copy of this Interim Report be sent to them free of charge by mail.

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



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CORPORATE INFORMATION *as at 30th June 2012*

Board of Directors

Executive Directors

FOK Kin Ning, Canning (*Chairman*)

TSO Kai Sum (*Group Managing Director*)

CHAN Loi Shun[#]

CHOW WOO Mo Fong, Susan*

Andrew John HUNTER

KAM Hing Lam

LI Tzar Kuoi, Victor

Neil Douglas MCGEE (*Group Finance Director*)

Frank John SIXT

WAN Chi Tin (*Director of Engineering (Planning & Development)*)

YUEN Sui See (*Director of Operations*)

Non-executive Directors

Ronald Joseph ARCULLI

George Colin MAGNUS

Independent Non-executive Directors

Holger KLUGE

LEE Lan Yee, Francis

Ralph Raymond SHEA

WONG Chung Hin

[#] Also Alternate Director to KAM Hing Lam

^{*} Also Alternate Director to FOK Kin Ning, Canning and Frank John SIXT

Audit Committee

WONG Chung Hin (*Chairman*)

Ronald Joseph ARCULLI

Holger KLUGE

Ralph Raymond SHEA

Remuneration Committee

WONG Chung Hin (*Chairman*)

FOK Kin Ning, Canning

Ralph Raymond SHEA

Company Secretary

Lillian WONG

Principal Banker

The Hongkong and Shanghai Banking Corporation Limited

Solicitors

Mayer Brown JSM

Woo, Kwan, Lee & Lo

Auditors

KPMG

Registered Office

44 Kennedy Road, Hong Kong

Telephone: 2843 3111

Facsimile: 2537 1013

Email: mail@powerassets.com

Website

www.powerassets.com

Share Registrar

Computershare Hong Kong Investor Services Limited

Shops 1712-1716,

17th Floor, Hopewell Centre,

183 Queen's Road East,

Wanchai, Hong Kong

Website: www.computershare.com

Email: hkinfo@computershare.com.hk

ADR (Level 1 Programme) Depository

Citibank, N.A.

Shareholder Services

P.O. Box 43077, Providence,

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

Website: www.citi.com/dr

Email: citibank@shareholders-online.com

KEY DATES AND SHARE INFORMATION

Key Dates

Interim Results Announcement	19th July 2012
Ex-dividend Date	17th August 2012
Closure of Register of Members	21st August 2012 to 28th August 2012 (both days inclusive)
Payment of Interim Dividend (HK\$0.62 per share)	29th August 2012
Financial Year End	31st December 2012

Share Information

Board Lot	500 shares
Market Capitalisation as at 30th June 2012	HK\$124 billion
Ordinary Share to ADR Ratio	1:1
Stock Codes	
The Stock Exchange of Hong Kong Limited	6
Bloomberg	6 HK
Thomson Reuters	0006.HK
ADR Ticker Symbol	HGKGY
CUSIP Number	739197200

CHAIRMAN'S STATEMENT

Half Year Results

The Group's unaudited profit for the six months ended 30th June 2012 was HK\$4,333 million, an increase of 6.8% over the same period last year. The first half 2012 results were a record high for the Group.

Earnings from the Group's operations outside Hong Kong were HK\$2,579 million, 13.4% higher than the HK\$2,275 million recorded in the first half of 2011. The higher earnings were due to the overall increase in operating performance of those operations. Earnings from operations outside Hong Kong represented 60% of total Group profit and were the driving force behind the record half year results achieved by the Group.

Earnings from the Group's Hong Kong operations were HK\$1,754 million (2011: HK\$1,781 million) and included earnings from The Hongkong Electric Co., Ltd. (HK Electric) after scheme of control transfers of HK\$1,736 million (2011: HK\$1,746 million). The lower HK Electric earnings were primarily due to higher interest expense and deferred tax adjustment.

Interim Dividend

The board of directors has declared an interim dividend for 2012 of HK\$0.62 (2011: HK\$0.62) per share. The dividend will be payable on 29th August 2012, to shareholders whose names appear in the Company's Register of Members on 28th August 2012.

Operations outside Hong Kong

The Group has interests in electricity distribution networks in the United Kingdom, Australia and New Zealand, power generation facilities in mainland China, the United Kingdom, Thailand and Canada, and a gas distribution network in the United Kingdom. These businesses as a whole performed well with organic growth driving the record results achieved by the Group for the first half of 2012.

UK Power Networks which owns and operates three electricity distribution networks in the southeast of England including the network for London continued to perform well during the first half of the year building on the strong financial and operational performance achieved in 2011. During the period customer service remained a focus for the business. Performance against the guaranteed standards of performance for new connections exceeded the standard set by the regulator while progress continued to be made on improving customer telephone services. Operationally the performance of the networks in terms of the number of interruptions per customer and the average minutes lost per customer was ahead of the target set by the regulator.

In Australia, ETSA Utilities, owner and operator of the electricity distribution network in South Australia, and CHEDHA, which owns and operates two electricity distribution networks in Victoria, both benefitted from regulatory price resets resulting in higher revenues.

In Canada, Stanley Power's results for the first half of 2012 were ahead of those for the same period last year due to a full six months result from the interests in the 220 MW Meridian Cogeneration plant which it acquired in April 2011 and there being a one-off acquisition cost incurred in the first half of 2011.

Hong Kong Operations

HK Electric unit sales of electricity for the first six months of 2012 were 3.4% higher at 5,203 million kWh compared with the same period last year. The higher sales were primarily due to higher humidity and warmer weather. Sales to the domestic and commercial sectors grew by 6.2% and 2.7% respectively while sales to the industrial sector were flat. The commercial sector accounted for 74.2% of the units sold, the residential sector 22.8% and the industrial sector 3%.

Our renewable energy initiatives continued with the expansion of the thin film photovoltaic solar energy system installed on the roof of the Lamma Power Station from 550 kW to 1 MW. The project has been substantially completed with the last phase scheduled for completion in March 2013. For the proposed 100 MW offshore wind farm wind measurement is underway and is expected to be completed by February 2013.

During the first six months, a world class supply reliability rating of over 99.999% was maintained while all of our pledged customer service standards were met or surpassed. System reinforcement was a focus in the first half of the year to meet connection and system reliability requirements.

In April 2012, the Company's 2011 Sustainability Report was published on the corporate website; the report conforms to the internationally recognised Global Reporting Initiative's latest version 3.1 Guidelines at the "A+" application level.

We will continue to work with the Government on its low carbon policy for Hong Kong.

CHAIRMAN'S STATEMENT *(Continued)*

Outlook

In Hong Kong, our capital expenditure and operating costs for the first half of 2012 have been in line with our development plan approved by the Government and we will be working to achieve this result for the full year. The higher fuel prices experienced over the last few years have in recent months moderated. The moderation in fuel prices together with the higher electricity sales should be beneficial to customers and help in reducing the balance of fuel costs that we have deferred passing on to customers.

The Group's strategy of investing in businesses with stable and certain income has resulted in the record results being achieved for the first six months of 2012 notwithstanding the uncertain economic climate currently prevailing in many parts of the world. We will continue with this strategy as we look for further investments outside Hong Kong in order to grow our earnings base.

I would like to thank the board of directors and the Group's employees for their hard work and dedication during the first six months of 2012.

Fok Kin Ning, Canning
Chairman

Hong Kong, 19th July 2012

FINANCIAL REVIEW

Capital Expenditure, Liquidity and Financial Resources

Capital expenditure during the period amounted to HK\$1,038 million (2011: HK\$786 million), which was primarily funded by cash from operations and external borrowings. Total external borrowings outstanding at 30th June 2012 were HK\$25,230 million (31st December 2011: HK\$23,626 million), comprising unsecured bank loans and debt securities in issue. In addition, the Group had undrawn committed bank facilities at 30th June 2012 of HK\$4,750 million (31st December 2011: HK\$6,500 million) and bank deposits and cash of HK\$6,618 million (31st December 2011: HK\$6,121 million).

Treasury Policy, Financing Activities and Debt Structure

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

As at 30th June 2012, the net debt of the Group was HK\$18,612 million (31st December 2011: HK\$17,505 million) with a net debt-to-equity ratio of 32% (31st December 2011: 30%) and a net debt-to-total capital ratio of 22% (31st December 2011: 21%). In June 2012, Standard & Poor's affirmed the long term credit ratings of Power Assets Holdings Limited and its subsidiary The Hongkong Electric Company, Limited at A+ with a stable outlook.

The profile of the Group's external borrowings as at 30th June 2012, after taking into account interest rate and cross currency swaps, was as follows:

- (1) 68% were in Hong Kong dollars, 20% were in Australian dollars and 12% were in Pounds Sterling;
- (2) 60% were bank loans and 40% were capital market instruments;
- (3) 8% were repayable within 1 year, 48% were repayable between 2 and 5 years and 44% were repayable beyond 5 years;
- (4) 55% were in fixed rate and 45% were in floating rate.

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

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

FINANCIAL REVIEW *(Continued)*

The Group's principal foreign currency exposures arise from its investments outside Hong Kong and from the import of fuel and capital equipment. Foreign currency transaction exposure is managed mainly through forward contracts. As at 30th June 2012, over 95% of the Group's transaction exposure was either denominated in United States dollars or hedged into Hong Kong or United States dollars. Where considered appropriate, currency exposure arising from investments outside Hong Kong is mitigated by financing those investments in local currency borrowings and by entering into forward foreign exchange contracts. Foreign currency fluctuations will affect the translated value of the net assets of investments outside Hong Kong and the resultant translation difference is included in the Group's reserve account. Income received from the Group's investments outside Hong Kong which is not denominated in Hong Kong dollars is, unless otherwise determined, converted into either United States dollars or Hong Kong dollars on receipt.

The contractual notional amounts of derivative financial instruments outstanding at 30th June 2012 amounted to HK\$27,062 million (31st December 2011: HK\$26,405 million).

Charges on Group Assets

At 30th June 2012, the Group's interest in two associates of HK\$12,498 million (31st December 2011: HK\$10,964 million) had been pledged as part of the security to secure financing facilities granted to those associates.

At 30th June 2012, the Group's interest in a jointly controlled entity of HK\$2,722 million (31st December 2011: HK\$3,120 million) had been pledged as part of the security to secure financing facilities granted to that jointly controlled entity.

Contingent Liabilities

As at 30th June 2012, the Group had given guarantees and indemnities totalling HK\$987 million (31st December 2011: HK\$1,149 million).

The Company had given guarantees and indemnities in respect of bank and other borrowing facilities made available to and financial commitments of subsidiaries totalling HK\$8,321 million (31st December 2011: HK\$8,161 million). Out of this amount, HK\$8,321 million (31st December 2011: HK\$8,156 million), while being a contingent liability of the Company, is reflected in the Consolidated Balance Sheet of the Group.

Employees

The Group continues its policy of pay-for-performance and the pay levels are monitored to ensure competitiveness is maintained. The Group's total remuneration costs for the six months ended 30th June 2012, excluding directors' emoluments, amounted to HK\$452 million (2011: HK\$424 million). As at 30th June 2012, the Group employed 1,830 (2011: 1,856) permanent employees. No share option scheme is in operation.

UNAUDITED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June 2012

(Expressed in Hong Kong dollars)

	Note	Six months ended 30th June	
		2012 \$ million	2011 \$ million
Turnover	4	4,903	4,684
Direct costs		(2,025)	(1,946)
		2,878	2,738
Other revenue and other net income		725	789
Other operating costs		(661)	(608)
Operating profit		2,942	2,919
Finance costs		(311)	(307)
Share of profits less losses of associates		2,213	1,778
Share of profits less losses of jointly controlled entities		199	244
Profit before taxation	5	5,043	4,634
Income tax	6	(377)	(368)
Profit after taxation		4,666	4,266
Scheme of Control transfers to:	7		
Tariff Stabilisation Fund		(332)	(210)
Rate Reduction Reserve		(1)	—
		(333)	(210)
Profit attributable to equity shareholders of the Company			
Hong Kong operations		1,754	1,781
Operations outside Hong Kong		2,579	2,275
Profit for the period		4,333	4,056
Earnings per share			
— basic and diluted	8	\$2.03	\$1.90

The notes on pages 14 to 23 form part of this unaudited interim financial report. Details of dividends payable to equity shareholders of the Company attributable to the profit for the period are set out in note 18.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June 2012

(Expressed in Hong Kong dollars)

	Six months ended 30th June	
	2012	2011
	\$ million	\$ million
Profit for the period	4,333	4,056
Other comprehensive (loss)/income for the period		
Exchange differences on translating operations outside Hong Kong, including associates and jointly controlled entities	(18)	758
Net investment hedge	49	(187)
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments recognised during the period	(50)	(152)
Amounts transferred to the initial carrying amount of hedged items	(5)	(7)
Net deferred tax credited to other comprehensive income	12	47
	(43)	(112)
Share of other comprehensive income of associates:		
Other comprehensive loss	(299)	(324)
Net deferred tax credited to other comprehensive income	85	94
	(214)	(230)
	(226)	229
Total comprehensive income for the period attributable to equity shareholders of the Company	4,107	4,285

The notes on pages 14 to 23 form part of this unaudited interim financial report.

UNAUDITED CONSOLIDATED BALANCE SHEET

At 30th June 2012

(Expressed in Hong Kong dollars)

	Note	(Unaudited) 30th June 2012 \$ million	(Audited) 31st December 2011 \$ million
Non-current assets			
Fixed assets			
— Property, plant and equipment		43,385	43,727
— Assets under construction		3,373	2,976
— Interests in leasehold land held for own use under finance leases		2,067	2,096
	9	48,825	48,799
Interest in associates	10	32,018	30,071
Interest in jointly controlled entities	11	5,139	5,626
Other non-current financial assets		67	67
Derivative financial instruments	16	733	433
Deferred tax assets		107	87
Employee retirement benefit assets		309	273
		87,198	85,356
Current assets			
Inventories		938	1,115
Trade and other receivables	12	1,584	1,101
Fuel Clause Recovery Account		882	1,035
Current tax recoverable		8	2
Bank deposits and cash	13	6,618	6,121
		10,030	9,374
Current liabilities			
Trade and other payables	14	(3,215)	(3,451)
Current portion of bank loans and other interest-bearing borrowings	15	(1,930)	(617)
Current tax payable		(350)	(218)
		(5,495)	(4,286)
Net current assets			
		4,535	5,088
Total assets less current liabilities			
		91,733	90,444
Non-current liabilities			
Bank loans and other interest-bearing borrowings	15	(23,300)	(23,009)
Derivative financial instruments	16	(419)	(357)
Customers' deposits		(1,810)	(1,801)
Deferred tax liabilities		(6,001)	(5,883)
Employee retirement benefit liabilities		(1,020)	(1,023)
		(32,550)	(32,073)
Rate Reduction Reserve			
		(2)	(1)
Tariff Stabilisation Fund			
		(829)	(497)
Net assets			
		58,352	57,873
Capital and reserves			
Share capital	17	2,134	2,134
Reserves		56,218	55,739
Total equity attributable to equity shareholders of the Company			
		58,352	57,873

The notes on pages 14 to 23 form part of this unaudited interim financial report.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June 2012

(Expressed in Hong Kong dollars)

\$ million	Attributable to equity shareholders of the Company						
	Share capital	Share premium	Exchange reserve	Hedging reserve	Revenue reserve	Proposed/ declared dividend	Total
Balance at 1st January 2011	2,134	4,476	1,090	114	45,143	3,180	56,137
Changes in equity for the six months ended 30th June 2011:							
Profit for the period	—	—	—	—	4,056	—	4,056
Other comprehensive income	—	—	571	(293)	(49)	—	229
Total comprehensive income	—	—	571	(293)	4,007	—	4,285
Final dividend in respect of the previous year approved and paid	—	—	—	—	—	(3,180)	(3,180)
Interim dividend (see note 18)	—	—	—	—	(1,323)	1,323	—
Balance at 30th June 2011	<u>2,134</u>	<u>4,476</u>	<u>1,661</u>	<u>(179)</u>	<u>47,827</u>	<u>1,323</u>	<u>57,242</u>
Balance at 1st January 2012	2,134	4,476	918	(787)	47,504	3,628	57,873
Changes in equity for the six months ended 30th June 2012:							
Profit for the period	—	—	—	—	4,333	—	4,333
Other comprehensive income	—	—	31	(204)	(53)	—	(226)
Total comprehensive income	—	—	31	(204)	4,280	—	4,107
Final dividend in respect of the previous year approved and paid	—	—	—	—	—	(3,628)	(3,628)
Interim dividend (see note 18)	—	—	—	—	(1,323)	1,323	—
Balance at 30th June 2012	<u>2,134</u>	<u>4,476</u>	<u>949</u>	<u>(991)</u>	<u>50,461</u>	<u>1,323</u>	<u>58,352</u>

The notes on pages 14 to 23 form part of this unaudited interim financial report.

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th June 2012

(Expressed in Hong Kong dollars)

	Six months ended 30th June	
	2012	2011
	\$ million	\$ million
Net cash generated from operating activities	3,668	2,731
Net cash generated from investing activities	732	160
Net cash used in financing activities	<u>(2,292)</u>	<u>(5,535)</u>
Net increase/(decrease) in cash and cash equivalents	2,108	(2,644)
Cash and cash equivalents at 1st January	4,522	5,837
Effect of foreign exchange rate changes	<u>(15)</u>	<u>7</u>
Cash and cash equivalents at 30th June	<u><u>6,615</u></u>	<u><u>3,200</u></u>
Analysis of the balances of cash and cash equivalents		
Bank deposits and cash	<u><u>6,615</u></u>	<u><u>3,200</u></u>

The notes on pages 14 to 23 form part of this unaudited interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

1. Review of unaudited interim financial report

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

2. Basis of preparation

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

The unaudited interim financial report has been prepared in accordance with the same accounting policies adopted in the 2011 annual audited financial statements, except for the accounting policy changes that are expected to be reflected in the 2012 annual audited financial statements. Details of these changes in accounting policies are set out in note 3.

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

This unaudited interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2011 annual audited financial statements. The condensed consolidated interim unaudited financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The financial information relating to the financial year ended 31st December 2011 that is included in this unaudited interim financial report as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory audited financial statements for the year ended 31st December 2011 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 7th March 2012.

3. Changes in accounting policies

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

- Amendments to HKFRS 7, *Financial Instruments: Disclosures* — *Transfers of financial assets*
- Amendments to HKAS 12, *Income taxes* — *Deferred tax: Recovery of underlying assets*

The adoption of these amendments to HKFRSs has no material impact on the Group's result and financial position for the current or prior periods. The Group has not applied any new standard or amendment that is not effective for the current accounting period.

4. Turnover and segmental reporting

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

S million	2012							All other activities	Total
	Sales of electricity Hong Kong	Infrastructure investments					Sub-total		
		Australia	United Kingdom	Mainland China	Others				
For the six months ended 30th June									
Revenue									
Turnover	4,891	—	—	—	—	—	12	4,903	
Other revenue and other net income	17	1	4	—	5	10	(14)	13	
Reportable segment revenue	4,908	1	4	—	5	10	(2)	4,916	
Result									
Segment earnings	3,535	1	4	(11)	9	3	(376)	3,162	
Depreciation and amortisation	(933)	—	—	—	—	—	1	(932)	
Interest income	—	312	237	—	112	661	51	712	
Operating profit	2,602	313	241	(11)	121	664	(324)	2,942	
Finance costs	(121)	(158)	(32)	—	—	(190)	—	(311)	
Share of profits less losses of associates and jointly controlled entities	—	280	1,901	214	16	2,411	1	2,412	
Profit before taxation	2,481	435	2,110	203	137	2,885	(323)	5,043	
Income tax	(412)	—	32	—	—	32	3	(377)	
Profit after taxation	2,069	435	2,142	203	137	2,917	(320)	4,666	
Scheme of Control transfers	(333)	—	—	—	—	—	—	(333)	
Reportable segment profit	1,736	435	2,142	203	137	2,917	(320)	4,333	
At 30th June									
Reportable segment assets	53,315	7,828	20,731	5,445	3,303	37,307	6,606	97,228	
Reportable segment liabilities	(29,054)	(5,285)	(3,230)	(3)	(4)	(8,522)	(1,300)	(38,876)	

\$ million	Sales of electricity							All other activities	Total
	Hong Kong	Infrastructure investments					Sub-total		
		Australia	United Kingdom	Mainland China	Others				
For the six months ended 30th June									
Revenue									
Turnover	4,679	—	—	—	—	—	5	4,684	
Other revenue and other net income	16	—	—	37	—	37	28	81	
Reportable segment revenue	<u>4,695</u>	<u>—</u>	<u>—</u>	<u>37</u>	<u>—</u>	<u>37</u>	<u>33</u>	<u>4,765</u>	
Result									
Segment earnings	3,316	—	—	22	—	22	(216)	3,122	
Depreciation and amortisation	(912)	—	—	—	—	—	1	(911)	
Interest income	—	315	244	—	129	688	20	708	
Operating profit	2,404	315	244	22	129	710	(195)	2,919	
Finance costs	(56)	(156)	(136)	—	—	(292)	41	(307)	
Share of profits less losses of associates and jointly controlled entities	—	212	1,547	260	2	2,021	1	2,022	
Profit before taxation	2,348	371	1,655	282	131	2,439	(153)	4,634	
Income tax	(392)	—	30	(4)	—	26	(2)	(368)	
Profit after taxation	1,956	371	1,685	278	131	2,465	(155)	4,266	
Scheme of Control transfers	(210)	—	—	—	—	—	—	(210)	
Reportable segment profit	<u>1,746</u>	<u>371</u>	<u>1,685</u>	<u>278</u>	<u>131</u>	<u>2,465</u>	<u>(155)</u>	<u>4,056</u>	
At 30th June									
Reportable segment assets	<u>51,660</u>	<u>8,319</u>	<u>19,856</u>	<u>5,762</u>	<u>3,452</u>	<u>37,389</u>	<u>3,189</u>	<u>92,238</u>	
Reportable segment liabilities	<u>(26,190)</u>	<u>(5,160)</u>	<u>(3,234)</u>	<u>(3)</u>	<u>—</u>	<u>(8,397)</u>	<u>(409)</u>	<u>(34,996)</u>	

5. Profit before taxation

	Six months ended 30th June	
	2012	2011
	\$ million	\$ million
Profit before taxation is arrived at after charging/(crediting):		
Finance costs		
Interest on borrowings	355	340
Less: Interest capitalised to fixed assets	(34)	(23)
Interest transferred to fuel cost	(10)	(10)
	311	307
Depreciation		
Depreciation charges for the period	958	940
Less: Depreciation capitalised to fixed assets	(55)	(58)
	903	882
Amortisation of leasehold land	29	29

6. Income tax

	Six months ended 30th June	
	2012	2011
	\$ million	\$ million
Current tax		
The Company and its subsidiaries		
— Hong Kong	298	305
— Operations outside Hong Kong	(31)	(28)
	267	277
Deferred tax		
The Company and its subsidiaries		
— Hong Kong origination and reversal of temporary differences	110	91
	377	368

The provision for Hong Kong Profits Tax is calculated at 16.5% (2011: 16.5%) of the estimated assessable profits for the six months ended 30th June 2012. Taxation for operations outside Hong Kong is similarly calculated using tax rates applicable in the relevant countries.

A subsidiary of the Company is to make a payment of 60 million Australian dollars to the Australian Tax Office (ATO) being 50% (which percentage is based on ATO customary practice) of the tax in dispute, including interest and penalties, claimed by the ATO pending resolution of a dispute 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 amount to be paid is expected to be recovered from the ATO. The subsidiary has obtained legal advice and is to vigorously defend its position.

7. Scheme of Control transfers

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

8. Earnings per share

The calculation of earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of \$4,333 million for the six months ended 30th June 2012 (2011: \$4,056 million) and 2,134,261,654 ordinary shares (2011: 2,134,261,654 ordinary shares) in issue throughout the period.

There were no dilutive potential ordinary shares in existence during the six months ended 30th June 2012 and 2011.

9. Fixed assets

\$ million	Site formation and buildings	Plant, machinery and equipment	Assets under construction	Sub-total	Interests in leasehold land held for own use under finance leases	Total fixed assets
Net book value at						
1st January 2012	8,732	34,995	2,976	46,703	2,096	48,799
Additions	2	210	826	1,038	—	1,038
Transfers between categories	15	414	(429)	—	—	—
Disposals	—	(25)	—	(25)	—	(25)
Depreciation/amortisation	(123)	(835)	—	(958)	(29)	(987)
Net book value at 30th June 2012	<u>8,626</u>	<u>34,759</u>	<u>3,373</u>	<u>46,758</u>	<u>2,067</u>	<u>48,825</u>
Cost	13,900	61,061	3,373	78,334	2,817	81,151
Accumulated amortisation and depreciation	(5,274)	(26,302)	—	(31,576)	(750)	(32,326)
Net book value at 30th June 2012	<u>8,626</u>	<u>34,759</u>	<u>3,373</u>	<u>46,758</u>	<u>2,067</u>	<u>48,825</u>

10. Interest in associates

	30th June 2012 \$ million	31st December 2011 \$ million
Share of net assets	19,519	17,681
Loans to unlisted associates	12,008	11,966
Amounts due from unlisted associates	491	424
	<u>32,018</u>	<u>30,071</u>

11. Interest in jointly controlled entities

	30th June 2012 \$ million	31st December 2011 \$ million
Share of net assets	5,136	5,622
Amounts due from unlisted jointly controlled entities	3	4
	<u>5,139</u>	<u>5,626</u>

12. Trade and other receivables

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

	30th June 2012 \$ million	31st December 2011 \$ million
Current	873	597
1 to 3 months past due	27	26
More than 3 months past due but less than 12 months past due	12	14
Trade debtors	912	637
Other receivables	618	427
	<u>1,530</u>	1,064
Derivative financial instruments	32	16
Deposits and prepayments	22	21
	<u>1,584</u>	<u>1,101</u>

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

13. Bank deposits and cash

	30th June 2012 \$ million	31st December 2011 \$ million
Deposits with banks and other financial institutions with 3 months or less to maturity when placed	6,585	4,421
Cash at bank and on hand	30	101
	<hr/>	<hr/>
Cash and cash equivalents for the purpose of cash flow statement	6,615	4,522
Deposits with banks and other financial institutions with more than 3 months to maturity when placed	3	1,599
	<hr/>	<hr/>
	6,618	6,121
	<hr/> <hr/>	<hr/> <hr/>

14. Trade and other payables

	30th June 2012 \$ million	31st December 2011 \$ million
Due within 1 month or on demand	575	997
Due after 1 month but within 3 months	190	497
Due after 3 months but within 12 months	2,446	1,953
	<hr/>	<hr/>
Creditors	3,211	3,447
Derivative financial instruments	4	4
	<hr/>	<hr/>
	3,215	3,451
	<hr/> <hr/>	<hr/> <hr/>

15. Non-current bank loans and other interest-bearing borrowings

	30th June 2012 \$ million	31st December 2011 \$ million
Bank loans	14,793	12,963
Current portion	(1,930)	(115)
	<hr/>	<hr/>
	12,863	12,848
	<hr/>	<hr/>
Hong Kong dollar notes	3,993	4,826
United States dollar notes	6,444	5,837
	<hr/>	<hr/>
	10,437	10,663
Current portion	—	(502)
	<hr/>	<hr/>
	10,437	10,161
	<hr/>	<hr/>
Total	23,300	23,009
	<hr/> <hr/>	<hr/> <hr/>

16. Derivative financial instruments

	30th June 2012 \$ million	31st December 2011 \$ million
Derivative financial instruments used for hedging:		
— Cross currency swaps	733	422
— Interest rate swaps	(362)	(245)
— Foreign exchange forward contracts	(29)	(89)
	<hr/>	<hr/>
Total	342	88
Current portion of derivative financial Instruments	(28)	(12)
	<hr/>	<hr/>
	314	76
	<hr/>	<hr/>
Represented by:		
Derivative financial instruments assets	733	433
Derivative financial instruments liabilities	(419)	(357)
	<hr/>	<hr/>
	314	76
	<hr/>	<hr/>

17. Share Capital

	Number of shares	30th June 2012 \$ million	31st December 2011 \$ million
Authorised:			
Ordinary shares of \$1 each	<u>3,300,000,000</u>	<u>3,300</u>	<u>3,300</u>
Issued and fully paid:			
Ordinary shares of \$1 each	<u>2,134,261,654</u>	<u>2,134</u>	<u>2,134</u>

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

18. Interim dividend

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

	Six months ended 30th June 2012 \$ million	31st December 2011 \$ million
Interim dividend of \$0.62 per ordinary share (2011: \$0.62 per ordinary share)	<u><u>1,323</u></u>	<u><u>1,323</u></u>

19. Capital commitments

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

	30th June 2012 \$ million	31st December 2011 \$ million
Contracted for: Capital expenditure for fixed assets	<u><u>1,683</u></u>	<u><u>1,565</u></u>
Authorised but not contracted for: Capital expenditure for fixed assets	<u><u>8,282</u></u>	<u><u>9,348</u></u>

20. Contingent liabilities

	30th June 2012 \$ million	31st December 2011 \$ million
Guarantees given in respect of:		
— Subsidiaries	—	5
— Associates	<u>987</u>	<u>1,144</u>
	<u><u>987</u></u>	<u><u>1,149</u></u>

21. Material related party transactions

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

(a) Shareholder

- (i) On 17th June 2011, a wholly owned subsidiary of the Company entered into an agreement with a wholly owned subsidiary of Cheung Kong Infrastructure Holdings Limited ("CKI"), a substantial shareholder holding approximately 38.87% of the issued shares of the Company. Pursuant to the agreement, the subsidiary of the Company undertook a turnkey solution project for the subsidiary of CKI at a consideration of \$26 million. The project is expected to be completed in February 2014.
- (ii) Outram Limited ("Outram"), a subsidiary of the Company, reimbursed CKI \$14 million (2011: \$18 million) being the actual costs incurred for providing the operation and management services to Outram and its subsidiaries for the period.

(b) Associates

- (i) Interest income received/receivable from associates in respect of the loans to associates amounted to \$660 million for the six months ended 30th June 2012 (2011: \$687 million). At 30th June 2012, the total outstanding interest bearing loan balances were \$12,008 million (31st December 2011: \$11,966 million).
- (ii) Tax credit claimed under the consortium relief received/receivable from an associate in the United Kingdom amounted to HK\$32 million for the six months ended 30th June 2012 (2011: \$30 million).

(c) Key management personnel remuneration

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

	Six months ended 30th June	
	2012	2011
	\$ million	\$ million
Short-term employee benefits	32	32
Post-employment benefits	2	2
	<u>34</u>	<u>34</u>

CORPORATE GOVERNANCE

Corporate Governance Practices

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

The Company has complied with the applicable code provisions in the Code on Corporate Governance Practices (effective until 31st March 2012) and the Corporate Governance Code (effective from 1st April 2012) set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the six months ended 30th June 2012, except as noted hereunder.

The Company does not have a nomination committee as provided for in code provision A.5. 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 and the Group Managing Director.

One of the Non-executive Directors, Mr. George Magnus, was unable to attend the annual general meeting of the Company held in May 2012 as provided for in code provision A.6.7 as he was on an overseas engagement.

Board of Directors

The Board, led by the Chairman, is responsible for the approval and monitoring of Group-wide strategies and policies, approval of annual budgets and business plans, evaluation of the performance of the Group, and oversight of management. Management is responsible for the day-to-day operations of the Group under the leadership of the Group Managing Director.

As at 30th June 2012, the Board consisted of a total of seventeen Directors, comprising eleven Executive Directors, two Non-executive Directors and four Independent Non-executive Directors. All Directors are required to retire from office by rotation and are subject to re-election by shareholders at the annual general meeting once every three years pursuant to the articles of association of the Company.

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

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

Model Code for Securities Transactions by Directors

The Board of Directors of the Company has adopted the Model Code for Securities Transactions by Directors ("Model Code") set out in Appendix 10 of the Listing Rules as the Group's code of conduct regarding Directors' securities transactions. All Directors have confirmed following specific enquiry that they have complied with the required standards set out in the Model Code throughout the six months ended 30th June 2012.

Senior managers, and other nominated managers and staff who, because of their position in the Company, are likely to be in possession of unpublished price sensitive information, are also required to comply with the Model Code and/or restrictions in dealing in the Company's securities.

CORPORATE GOVERNANCE *(Continued)*

Changes of Information of Directors

The changes in the information of Directors since the publication of the 2011 annual report and up to 4th August 2012 (the latest practicable date prior to the printing of this interim report) are set out below pursuant to Rule 13.51B(1) of the Listing Rules:

Name of Director

Ronald Joseph Arculli	Ceased to be the Independent Non-executive Chairman of Hong Kong Exchanges and Clearing Limited (“HKEx”) Re-appointed as an Independent Non-executive Director of HKEx Ceased to be the convenor of the non-official members of the Executive Council of the Government of the Hong Kong Special Administrative Region
Chan Loi Shun <i>(Also Alternate Director to Kam Hing Lam)</i>	Appointed as an Executive Director of the Company Appointed as a Director of The Hongkong Electric Company, Limited, a wholly owned subsidiary of the Company
Li Tzar Kuoi, Victor	Appointed as the Deputy Chairman of Li Ka Shing Foundation Limited Appointed as the Deputy Chairman of Li Ka Shing (Overseas) Foundation Appointed as the Deputy Chairman of Li Ka Shing (Canada) Foundation Ceased to be a member of the Commission on Strategic Development of the Hong Kong Special Administrative Region
Wan Chi Tin	Elected as a Council Member of The Hong Kong Institution of Engineers

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

Internal Control

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

The Internal Audit function of the Group provides independent assurance as to the existence and effectiveness of the risk management activities and controls in the Group's business operations. Staff members of the Internal Audit Department are from a wide range of disciplines including accounting, engineering and information technology. Using risk assessment methodology and taking into account the scope and nature of the Group's activities and changes in operating environment, Internal Audit prepares its yearly audit plan which is reviewed and approved by the Audit Committee. The scope of work performed by Internal Audit includes financial and operations reviews, recurring and unscheduled audits, fraud investigation, productivity efficiency review and laws and regulations compliance review.

Remuneration Committee

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

The Remuneration Committee reports directly to the Board of Directors and its principal responsibilities include the review and consideration of the Company's policy for remuneration of Executive Directors and senior management, and the determination of their remuneration packages. The terms of reference of the Remuneration Committee are published on the Company's and the HKEx's websites.

Audit Committee

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

The Audit Committee reports directly to the Board of Directors and its principal responsibilities include the review of the Group's financial reporting and internal control systems, the interim and annual financial statements, and corporate governance and compliance matters. The Committee also meets regularly with the Company's external auditors to discuss the audit process and accounting issues. The terms of reference of the Audit Committee are published on the Company's and the HKEx's websites.

CORPORATE GOVERNANCE (Continued)

Communication with Shareholders

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

Shareholders may at any time notify the Company by mail or email of any change in their choice of language (English or Chinese or both) or means of receiving (printed copies or through the Company's website) corporate communications from the Company.

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

The Board has adopted a shareholder communication policy on 1st March 2012 which provides a framework to promote effective communication with shareholders.

Interests of Directors in Shares and Underlying Shares of the Company

At 30th June 2012, the interests of the Directors in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SF Ordinance")) as recorded in the register required to be kept under Section 352 of the SF Ordinance or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code were as follows:

Long Positions in Shares of the Company

Name of Director	Capacity	Nature of Interests	Number of Shares Held	Total	Approximate % of Shareholding
Lee Lan Yee, Francis	Beneficial owner	Personal	739	739	≈0%
Yuen Sui See	Beneficial owner	Personal	1,500	1,500	≈0%
Ronald Joseph Arculli	Interest of controlled corporation	Corporate	2,011	2,011	≈0%
Kam Hing Lam	Interest of child or spouse	Family	100,000	100,000	≈0%
Li Tzar Kuoi, Victor	Interest of child or spouse	Family	151,000	829,750,612	≈38.87%
	Beneficiary of trusts	Other	829,599,612 (Notes 1 and 2)		

Notes:

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

The discretionary beneficiaries of each of The Li Ka-Shing Unity Discretionary Trust ("DT1") and another discretionary trust ("DT2") are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard. Each of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1", which is the trustee of DT1) and Li Ka-Shing Unity Trustcorp Limited ("TDT2", which is the trustee of DT2) holds units in The Li Ka-Shing Unity Trust ("UT1") but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of UT1 and its related companies in which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings ("TUT1 related companies") hold more than one-third of the issued share capital of Cheung Kong (Holdings) Limited ("CKH"). Certain subsidiaries of CKH in turn together hold more than one-third of the issued share capital of Hutchison Whampoa Limited ("HWL"). A subsidiary of HWL in turn holds more than one-third of the issued share capital of CKI.

The entire issued share capital of TUT1 and of the trustees of DT1 and DT2 are owned by Li Ka-Shing Unity Holdings Limited ("Unity Holdco"). Each of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Unity Holdco. TUT1 is only interested in the shares of CKH by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of CKH independently without any reference to Unity Holdco or any of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard as a holder of the shares of Unity Holdco as aforesaid.

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

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.

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

Save as disclosed above, at 30th June 2012, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SF Ordinance) as recorded in the register required to be kept by the Company under Section 352 of the SF Ordinance, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

CORPORATE GOVERNANCE *(Continued)*

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

According to the register kept under Section 336 of the SF Ordinance and information received by the Company, at 30th June 2012, shareholders (other than Directors or chief executives of the Company) who had interests in the shares and underlying shares of the Company were as follows:

Substantial Shareholders

Long Positions in Shares of the Company

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

Other Person

Long Position in Shares of the Company

Name	Capacity	Number of Shares Held	Approximate % of Shareholding
Capital Research and Management Company	Investment Manager	171,332,500	8.03%

Notes:

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

Save as disclosed above, at 30th June 2012, there was no other person (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SF Ordinance.

OTHER INFORMATION

Closure of Register of Members

The register of members of the Company will be closed from Tuesday, 21st August 2012 to Tuesday, 28th August 2012, both days inclusive, during which no transfer of shares will be effected, for the purpose of ascertaining shareholders entitled to the interim dividend. To qualify for the interim dividend, all transfers accompanied by the relevant share certificates should be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Monday, 20th August 2012.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's issued shares during the six months ended 30th June 2012.

Disclosure under Rule 13.22 of Chapter 13 of the Listing Rules

In relation to the provision of financial assistance by the Group to certain affiliated companies, a combined balance sheet of the affiliated companies as at 30th June 2012 required to be disclosed under Rule 13.22 of Chapter 13 of the Listing Rules is set out below:

Combined balance sheet of the affiliated companies <i>as at 30th June 2012</i>	HK\$ million
Non-current assets	195,109
Current assets	13,495
Current liabilities	(19,784)
Non-current liabilities	(151,416)
Net assets	<u>37,404</u>
Share capital	26,659
Reserves	<u>10,745</u>
Capital and reserves	<u>37,404</u>

As at 30th June 2012, the consolidated attributable interest of the Group in these affiliated companies amounted to HK\$27,253 million.