

CKI

**GLOBAL
INFRASTRUCTURE
PLAYER**



CHEUNG KONG INFRASTRUCTURE HOLDINGS LIMITED

長江基建集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1038)

CKI

A Leading Player in the Global Infrastructure Arena

CKI is a global infrastructure company that aims to make the world a better place through a variety of infrastructure investments and developments in different parts of the world.

The company has diversified investments in Energy Infrastructure, Transportation Infrastructure, Water Infrastructure, Waste Management, Waste-to-energy and Infrastructure Related Business, and operates in Hong Kong, Mainland China, the United Kingdom, the Netherlands, Portugal, Australia, New Zealand and Canada.

THE HALF YEAR AT A GLANCE

Profit attributable
to shareholders
(HK\$ million)

5,511

Earnings
per share (HK\$)

2.19

Interim dividend
per share (HK\$)

0.63

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CORPORATE INFORMATION AND KEY DATES

BOARD OF DIRECTORS

Executive Directors

LI Tzar Kuoi, Victor (Chairman)
FOK Kin Ning, Canning (Deputy Chairman)
Frank John SIXT
KAM Hing Lam (Group Managing Director)
IP Tak Chuen, Edmond (Deputy Chairman)
Andrew John HUNTER (Deputy Managing Director)
CHAN Loi Shun (Chief Financial Officer)

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

CHOW WOO Mo Fong, Susan *
(alternate to FOK Kin Ning, Canning)
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

* CHOW WOO Mo Fong, Susan retired as an Executive Director and ceased to act as Alternate Director to Frank John SIXT, both with effect from 1st August, 2016.

AUDIT COMMITTEE

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

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISERS

Woo, Kwan, Lee & Lo

REGISTERED OFFICE

Clarendon House, Church Street,
Hamilton HM11, Bermuda

PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

REMUNERATION COMMITTEE

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

STOCK CODES

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

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
Credit Agricole Corporate and Investment
Bank
Mizuho Bank, Ltd.
The Hongkong and Shanghai Banking
Corporation Limited
The Bank of Tokyo-Mitsubishi UFJ, Ltd.

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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2 Queen's Road Central,

Hong Kong

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Facsimile: (852) 2501 4550

Email: contact@cki.com.hk

KEY DATES

Interim Results Announcement

28th July, 2016

Record Date for Interim Dividend

31st August, 2016

Payment of Interim Dividend

9th September, 2016

CHAIRMAN'S LETTER

For the interim period ended 30th June, 2016, Cheung Kong Infrastructure Holdings Limited (“CKI”, the “Company” or the “Group”) recorded unaudited profit attributable to shareholders of HK\$5,511 million. Compared to the corresponding period in 2015, this represents a 4.9% increase. Two major factors attributed to this result: (i) a one-off gain generated by the sale of the Group’s interest in Spark Infrastructure; and (ii) the translation impact caused by the weakness of the British pounds, Australian dollars and New Zealand dollars when results were converted into Hong Kong dollars.

The underlying performance of the Group’s businesses for the period was good. Apart from Mainland China Infrastructure and Infrastructure Materials, the Group’s asset portfolios in the United Kingdom, Australia, Canada, New Zealand and Continental Europe all recorded growth in their respective local currencies. Profit contribution from Power Assets also reported an increase.

CONTINUED DIVIDEND GROWTH

The Board of Directors of CKI (the “Board”) has declared an interim dividend for 2016 of HK\$0.63 per share (2015: HK\$0.6 per share), a 5% increase over the corresponding period in 2015. This extends CKI’s sequence of continuous growth in dividends in the two decades since listing. The interim dividend will be paid on Friday, 9th September, 2016 to shareholders whose names appear on the Register of Members of the Company at the close of business on Wednesday, 31st August, 2016.

STRONG GLOBAL BUSINESS PORTFOLIO

Power Assets

Profit contribution from Power Assets was HK\$1,351 million for the six months ended 30th June, 2016, an increase of 7.4% compared to the corresponding period in 2015.

Three major factors led to this result: (i) an increased contribution from Portugal Renewable Energy which was acquired at the end of 2015; (ii) an accounting loss incurred from the sale of HK Electric Investments (“HKEI”) shares in June 2015; and (iii) a lower contribution from HKEI following the share sale.

CHAIRMAN'S LETTER

UK Portfolio

Profit contribution from the United Kingdom portfolio rose 6.6% for the period in local currency (in Hong Kong dollars: the increase was 0.2% with profit contribution being HK\$3,187 million).

CKI's four regulated businesses in the United Kingdom – UK Power Networks, Northumbrian Water, Northern Gas Networks and Wales & West Gas Networks – have all completed their regulatory resets recently; this provides a high degree of predictability of revenue in the medium term. During the period under review, all of the businesses reported satisfactory results.

UK Rails, which was acquired in 2015, performed in line with expectations. Since the acquisition, the business has entered into contracts to acquire rolling stock worth a total of GBP971 million, underpinned by long term leases.

The value of the British pounds fell significantly during the period under review, and this affected the Group's profit contribution figures when the results were converted into Hong Kong dollars. Nonetheless, the underlying performance of the Group's various businesses in the country performed well. Incidentally, the recent deterioration of the British pounds may lead to higher inflation in the future which may in time translate to higher revenues for regulated businesses that have inflation-linked tariffs.

Australian Businesses

Profit contribution from the Australian businesses increased 178.5% in local currency when compared with the same period in 2015 (in Hong Kong dollars: the increase was 162% with profit contribution being HK\$1,436 million). The increase was largely attributable to the sale of a minority interest in Spark Infrastructure in June, which generated a one-off profit of A\$136 million (HK\$781 million). Excluding this one-off contribution, a year-on-year growth of 27% in local currency (in Hong Kong dollars: 19%) was achieved.

SA Power Networks and Victoria Power Networks commenced new regulatory resets on 1st July, 2015 and 1st January, 2016 respectively. These new regulatory regimes are expected to provide a stable and predictable framework for the duration of the regulatory periods.

CHAIRMAN'S LETTER

Regulatory resets for Australian Gas Networks' operations in South Australia and Queensland were completed during the first half. This provides a high degree of predictability of revenue for the future.

Other Infrastructure Businesses

CKI's other infrastructure businesses include projects in Mainland China, Canada, New Zealand, the Netherlands and Portugal.

Profit contribution from Mainland China's toll road projects dropped 4% in local currency. Due to a one-off gain recorded in 2015 in regards to the sale of Jiangmen Jiangsha Highway and a weaker renminbi exchange rate, the entire Mainland China portfolio declined 22.3% as compared to the same period last year when reported in Hong Kong dollars.

In Canada, profit contribution increased 30.9% in local currency as compared to the corresponding period in 2015 (in Hong Kong dollars: the increase was 21.2%). The growth is attributable to good performance at Canadian Power and Park'N Fly.

In New Zealand, Wellington Electricity and EnviroNZ both performed in line with expectations. Profit contribution during the period under review was slightly higher in local currency compared to the same period last year (in Hong Kong dollars: the result is a decline of 8.2%).

In Continental Europe, Portugal Renewable Energy generated its first full six months' contribution in 2016. Profit contribution from the Group's portfolio rose by 168% in local currency as compared to the corresponding period in 2015 (in Hong Kong dollars: the increase was 166%).

Infrastructure Materials

The contribution from the Group's materials businesses decreased 26.2% (in Hong Kong dollars) in the first half due to a reduction in selling price in Mainland China as a result of increased competition.

CHAIRMAN'S LETTER

NEW ACQUISITION IN 2016

CKI, alongside Power Assets, acquired 65% of the Husky midstream business. This business comprises 1,900 km of oil pipelines, two storage facilities and ancillary assets in Canada. The acquisition is CKI's first investment in oil pipelines and storage, and further enriches our Canadian portfolio.

Given the 20-year offtake contract and various protections stipulated in the joint venture agreement, this investment is expected to generate secure and predictable returns for CKI.

Completion has taken place in the middle of July.

HEALTHY FINANCIAL POSITION

CKI will continue to monitor and maintain its strong financial position as it seeks to expand its infrastructure portfolio through the acquisition of new assets. CKI is committed to being financially prudent and conservative in managing risks.

Given the breadth of its international portfolio, CKI recognises the importance of foreign currency management, and has historically adopted a prudent and consistent strategy. Operating companies borrow in their local currency, or otherwise hedge any foreign currency borrowings back into their respective local currency. As for equity investments, CKI generally hedges them against currency movements at the time of acquisition, thus providing protection for the Group against currency volatility. The benefit of this protection, though not reflected in the Consolidated Income Statement, has its value embedded in the reserve and would be fully revealed only when the equity investments are monetised. In addition, the underlying operating fundamentals of our businesses are not materially affected by currency movements. Our portfolio comprises regulated and contracted assets that have provided stable and predictable returns in the past, and are expected to continue to do so in the future.

In March 2016, as part of our treasury strategy, the Group guaranteed the issuance of US\$1.2 billion of 5.875% fixed rate perpetual capital securities. During the period, the Group also repaid the US\$1.0 billion of 6.625% fixed rate perpetual capital securities issued in 2010.

CHAIRMAN'S LETTER

As at 30th June, 2016, the Group had cash on hand of HK\$11 billion and a net debt to net total capital ratio of 5%. CKI is well-positioned to make more acquisitions when opportunities arise.

OUTLOOK

It is expected that uncertainty and volatility in the global markets will persist in 2016. For CKI, the weak economic environment may present further growth opportunities as more attractive opportunities may arise. CKI is ideally positioned to take advantage of such opportunities given its robust cash position, its strong financial capabilities, and its capable and experienced management team.

We will continue to seek expansion and growth opportunities both in existing geographical markets and industries, as well as in new countries and in new business sectors. As practised in the past, we will not approach these opportunities with a “must-win” mentality. Each and every new acquisition must meet CKI’s stringent investment criteria.

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

LI TZAR KUOI, VICTOR

Chairman

Hong Kong, 28th July, 2016

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, 2016, cash and bank deposits on hand amounted to HK\$11,258 million and the total borrowings of the Group amounted to HK\$17,605 million, which included Hong Kong dollar notes of HK\$260 million and foreign currency borrowings of HK\$17,345 million. Of the total borrowings, 92 per cent were repayable between 2017 and 2020 and 8 per cent were repayable beyond 2020. 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, British pounds, Canadian dollars, Euro or Renminbi. The Group's liquidity and financing requirements are reviewed regularly. The Group will continue to maintain a strong capital structure when considering financing for new investments or maturity of bank loans.

As at 30th June, 2016, the Group maintained a net debt position with a net debt to net total capital ratio of 5 per cent, which was based on its net debt of HK\$6,347 million and net total capital, which represents the total borrowings plus total equity net of cash and bank deposits, of HK\$115,448 million. This ratio was lower than the net debt to net total capital ratio of 8 per cent at the year end of 2015. This change was mainly due to the funds raised in an issue of perpetual capital securities and the sales proceeds from disposal of investment in securities, which were partially utilised for redemption of perpetual capital securities issued in 2010.

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, 2016, the notional amounts of these derivative instruments amounted to HK\$43,618 million.

FINANCIAL REVIEW

CHARGE ON GROUP ASSETS

As at 30th June, 2016:

- the Group's obligations under finance leases totalling HK\$29 million were secured by charges over the leased assets with carrying value of HK\$27 million; and
- the shares of a subsidiary with net asset value of HK\$1,098 million were pledged to secure bank borrowings totalling HK\$1,171 million granted to the Group.

CONTINGENT LIABILITIES

As at 30th June, 2016, the Group was subject to the following contingent liabilities:

HK\$ million	
Guarantee in respect of bank loan drawn by affiliated companies	1,259
Other guarantee given in respect of an affiliated company	745
Performance bond indemnities	99
Sub-contractor warranties	6
Total	2,109

EMPLOYEES

The Group, including its subsidiaries but excluding affiliated companies, employs a total of 2,068 employees. Employees' cost (excluding directors' emoluments) amounted to HK\$348 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 51, 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. Mr. Victor Li is the Group Co-Managing Director and Deputy Chairman of CK Hutchison Holdings Limited, and the Managing Director and Deputy Chairman and the Chairman of Executive Committee of Cheung Kong Property Holdings Limited. He is also a Director of Cheung Kong (Holdings) Limited (“CKH”) and Hutchison Whampoa Limited (“HWL”). Mr. Victor Li is also the Chairman of CK Life Sciences Int’l., (Holdings) Inc., a Non-executive Director of Power Assets Holdings Limited and HK Electric Investments Manager Limited (“HKEIM”) as the trustee-manager of HK Electric Investments, a Non-executive Director and the Deputy Chairman of HK Electric Investments Limited and Co-Chairman of Husky Energy Inc. Except for CKH, HWL and HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong or overseas. Mr. Victor Li is also the Deputy Chairman of Li Ka Shing Foundation Limited, Li Ka Shing (Overseas) Foundation and Li Ka Shing (Canada) Foundation, and a Director of The Hongkong and Shanghai Banking Corporation Limited. He serves as a member of the Standing Committee of the 12th National Committee of the Chinese People’s Political Consultative Conference of the People’s Republic of China. He is also a member of the Commission on Strategic Development of the Hong Kong Special Administrative Region (“HKSAR”) and Vice Chairman of the Hong Kong General Chamber of Commerce. Mr. Victor Li is the Honorary Consul of Barbados in Hong Kong. He is a director of certain substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”), and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Bachelor of Science degree in Civil Engineering, a Master of Science degree in Civil Engineering and an honorary degree, Doctor of Laws, honoris causa (LL.D.). Mr. Victor Li is a son of Mr. Li Ka-shing and a nephew of Mr. Kam Hing Lam, the Group Managing Director of the Company.

KAM Hing Lam, aged 69, has been the Group Managing Director of the Company since its incorporation in May 1996. He is the Deputy Managing Director of CK Hutchison Holdings Limited, and the Deputy Managing Director and Member of Executive Committee of Cheung Kong Property Holdings Limited. He is also a Director of Cheung Kong (Holdings) Limited and Hutchison Whampoa Limited, and the President and Chief Executive Officer of CK Life Sciences Int’l., (Holdings) Inc. Except for CKH and HWL, all the companies mentioned above are listed companies. Mr. Kam is also the Chairman of Hui Xian Asset Management Limited, which manages Hui Xian Real Estate Investment Trust, a real estate investment trust listed on The Stock Exchange of Hong Kong Limited (“SEHK”). Mr. Kam is a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. Mr. Kam is an Advisor of the 12th Beijing Municipal Committee of the Chinese People’s Political Consultative Conference of the People’s Republic of China. He holds a Bachelor of Science degree in Engineering and a Master’s degree in Business Administration. Mr. Kam is an uncle of Mr. Li Tzar Kuoi, Victor, the Chairman of the Company.

DIRECTORS' BIOGRAPHICAL INFORMATION

IP Tak Chuen, Edmond, aged 64, has been an Executive Director of the Company since its incorporation in May 1996 and Deputy Chairman of the Company since February 2003. He is the Deputy Managing Director of CK Hutchison Holdings Limited, and the Deputy Managing Director and Member of Executive Committee of Cheung Kong Property Holdings Limited. He is also a Director of Cheung Kong (Holdings) Limited, the Senior Vice President and Chief Investment Officer of CK Life Sciences Int'l., (Holdings) Inc., and a Non-executive Director of ARA Asset Management Limited, TOM Group Limited and Shougang Concord International Enterprises Company Limited. Mr. Ip was previously a Non-executive Director of Real Nutraceutical Group Limited. Except for CKH, all the companies mentioned above are listed companies. Mr. Ip is also a Non-executive Director of Hui Xian Asset Management Limited, which manages Hui Xian Real Estate Investment Trust, a real estate investment trust listed on the SEHK. He is a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Bachelor of Arts degree in Economics and a Master of Science degree in Business Administration.

FOK Kin Ning, Canning, aged 64, has been an Executive Director and Deputy Chairman of the Company since March 1997. He is currently the Group Co-Managing Director of CK Hutchison Holdings Limited. Mr. Fok is also a Director of Hutchison Whampoa Limited and Cheung Kong (Holdings) Limited, the Chairman of 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, Power Assets Holdings Limited, HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited, Co-Chairman of Husky Energy Inc. and Alternate Director* to Mrs. Chow Woo Mo Fong, Susan, a Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited. Except for CKH, HWL, HPPM and HKEIM, all the companies/business trust/investment trust mentioned above are listed in Hong Kong or overseas. Mr. Fok is 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 fellow of Chartered Accountants Australia and New Zealand.

* Mr. Fok ceased to act as an Alternate Director to Mrs. Chow Woo Mo Fong, Susan with effect from 1st August, 2016.

DIRECTORS' BIOGRAPHICAL INFORMATION

Andrew John HUNTER, aged 57, 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 is a director of 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 33 years of experience in accounting and financial management.

CHAN Loi Shun, aged 53, has been an Executive Director of the Company since January 2011 and Chief Financial Officer of the Company since January 2006. He joined Hutchison Whampoa Limited, which is a substantial shareholder of the Company within the meaning of Part XV of the SFO, in January 1992 and has been with the Cheung Kong Group since May 1994. Mr. Chan is also an Executive Director of Power Assets Holdings Limited, HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited. Except for HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong. Mr. Chan is a director of certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. Mr. Chan is a fellow of the Hong Kong Institute of Certified Public Accountants, a fellow of the Association of Chartered Certified Accountants and also a member of the Institute of Certified Management Accountants (Australia).

CHOW WOO Mo Fong, Susan*, aged 62, has been an Executive Director of the Company since March 1997 and an Alternate Director to Mr. Fok Kin Ning, Canning, Deputy Chairman of the Company, and Mr. Frank John Sixt, an Executive Director of the Company, since May 2006. She is the Group Deputy Managing Director of CK Hutchison Holdings Limited and a Director of Hutchison Whampoa Limited. She is also a Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited, a Director of Hutchison Telecommunications (Australia) Limited and an Alternate Director of Hutchison Telecommunications (Australia) Limited, TOM Group Limited, HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited. Except for HWL and HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong or overseas. She is 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.

* Mrs. Chow retired from all the above directorships with effect from 1st August, 2016 except she continues to act as an Alternate Director to Mr. Fok Kin Ning, Canning, Deputy Chairman of the Company and an Alternate Director to Mr. Fok Kin Ning, Canning, Chairman of HK Electric Investments Manager Limited and HK Electric Investments Limited.

DIRECTORS' BIOGRAPHICAL INFORMATION

Frank John SIXT, aged 64, has been an Executive Director of the Company since its incorporation in May 1996. Mr. Sixt is the Group Finance Director and Deputy Managing Director of CK Hutchison Holdings Limited, and a Director of Cheung Kong (Holdings) Limited and Hutchison Whampoa Limited. He is also the Non-executive Chairman of TOM Group Limited, a Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited, Hutchison Port Holdings Management Pte. Limited as the trustee-manager of Hutchison Port Holdings Trust, and Power Assets Holdings Limited, a Director of Hutchison Telecommunications (Australia) Limited and Husky Energy Inc., and an Alternate Director of Hutchison Telecommunications (Australia) Limited, HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited. Except for CKH, HWL, HPHM and HKEIM, all the companies/business trust/investment trust mentioned above are listed in Hong Kong or overseas. Mr. Sixt is a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Quebec and Ontario, Canada.

CHEONG Ying Chew, Henry, aged 68, has been an Independent Non-executive Director of the Company since its incorporation in May 1996. He has been a member of the Audit Committee of the Company since December 1998 and acted as the Chairman of the Audit Committee of the Company from December 1998 to December 2006. Mr. Cheong has been a member of the Remuneration Committee of the Company since January 2005 and the Chairman of the Remuneration Committee of the Company since January 2012. He is also an Independent Non-executive Director of Cheung Kong Property Holdings Limited, Hutchison Telecommunications Hong Kong Holdings Limited, TOM Group Limited, CNNC International Limited, New World Department Store China Limited, Greenland Hong Kong Holdings Limited and Skyworth Digital Holdings Limited, and an Independent Director of BTS Group Holdings Public Company Limited. Mr. Cheong is an Executive Director and Deputy Chairman of Worldsec Limited. He is also an Alternate Director to Dr. Wong Yick Ming, Rosanna, an Independent Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited. All the companies mentioned above are listed companies. He is a director of certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. He holds a Bachelor of Science degree in Mathematics and a Master of Science degree in Operational Research and Management.

DIRECTORS' BIOGRAPHICAL INFORMATION

KWOK Eva Lee, aged 74, has been an Independent Non-executive Director of the Company since September 2004. She is also an Independent Non-executive Director of CK Life Sciences Int'l., (Holdings) Inc. and a Director of Li Ka Shing (Canada) Foundation ("LKS Canada Foundation"). She currently serves as Chair and Chief Executive Officer of Amara Holdings Inc. ("Amara"). Mrs. Kwok also acts as an Independent Director for Husky Energy Inc. Mrs. Kwok currently acts as the Chairman of the Remuneration Committee of CK Life Sciences Int'l., (Holdings) Inc. Mrs. Kwok also sits on the Compensation Committee and Corporate Governance Committee of Husky Energy Inc., and the Audit Committee of CK Life Sciences Int'l., (Holdings) Inc. and the Company. Except for LKS Canada Foundation and Amara, all the companies mentioned above are listed companies. She is a director of certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. In addition, she was an Independent Director of Bank of Montreal, a listed company, and previously sat on the Audit Committee and Pension Fund Society of the Bank of Montreal, the Nominating and Governance Committee of Shoppers Drug Mart Corporation, the Independent Committee of Directors and Human Resources Committee of Telesystems International Wireless (TIW) Inc., the Independent Committee of Directors and the Corporate Governance Committee of Fletcher Challenge Canada Ltd., the Audit and Corporate Governance Committees of Clarica Life Insurance Company, the Corporate Governance Committee of Air Canada, the Innovation Saskatchewan (IS) Board of Directors and the Saskatchewan-Asia Advisory Council of Saskatchewan.

SNG Sow-mei alias POON Sow Mei, aged 75, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since September 2004. She is an Independent Non-executive Director and the Lead Independent Director of Hutchison Port Holdings Management Pte. Limited as the trustee-manager of Hutchison Port Holdings Trust, a business trust listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"), an Independent Non-executive Director of ARA Asset Management (Fortune) Limited, which manages Fortune Real Estate Investment Trust, a real estate investment trust listed on the SEHK and SGX-ST, and an Independent Non-executive Director of ARA Asset Management (Prosperity) Limited, which manages Prosperity Real Estate Investment Trust, a real estate investment trust listed on the SEHK. Mrs. Sng is also a member of the Audit Committee of HPHM, ARA Asset Management (Fortune) Limited and ARA Asset Management (Prosperity) Limited. Mrs. Sng was previously an Independent Director and a member of the Audit Committee of ARA Trust Management (Suntec) Limited, which manages Suntec Real Estate Investment Trust, a real estate investment trust listed on SGX-ST. Mrs. Sng was also previously a Director of INFA Systems Ltd. and the Senior Consultant (International Business) of Singapore Technologies Electronics Ltd. Prior to her appointment with Singapore Technologies Pte Ltd. where Mrs. Sng was the Director, Special Projects (North East Asia) in 2000 and a Consultant in 2001, Mrs. Sng was the Managing Director of CapitaLand Hong Kong Ltd. for investments in Hong Kong and the region including Japan and Taiwan. In Hong Kong from 1983 to 1997, Mrs. Sng was the Centre Director and then as Regional Director of the Singapore Economic Development Board and Trade Development Board respectively. Mrs. Sng was Singapore's Trade Commissioner in Hong Kong from 1990 to 1997. Mrs. Sng holds a Bachelor of Arts degree from the Nanyang University in Singapore and has wide experience in various fields of industrial investment, business development, strategic and financial management, especially in property investment and management. In 1996, Mrs. Sng was conferred the title of PPA(P) – Pingat Pentadbiran Awam (Perak), the Singapore Public Administration Medal (Silver) by the Republic of Singapore.

DIRECTORS' BIOGRAPHICAL INFORMATION

Colin Stevens RUSSEL, aged 75, has been an Independent Non-executive Director and a member of the Remuneration Committee of the Company since January 2005. He has been a member of the Audit Committee of the Company since January 2005 and the Chairman of the Audit Committee of the Company since January 2007. He is also an Independent Non-executive Director of CK Life Sciences Int'l., (Holdings) Inc., ARA Asset Management Limited and Husky Energy Inc. All the companies mentioned above are listed companies. He is a director of certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. Mr. Russel is the founder and Managing Director of Emerging Markets Advisory Services Ltd., a company which provides advisory services to organisations on business strategy and planning, market development, competitive positioning and risk management. He is also Managing Director of EMAS (HK) Limited. He was the Canadian Ambassador to Venezuela, Consul General for Canada in Hong Kong, Director for China of the Department of Foreign Affairs, Ottawa, Director for East Asia Trade in Ottawa, Senior Trade Commissioner for Canada in Hong Kong, Director for Japan Trade in Ottawa, and was in the Trade Commissioner Service for Canada in Spain, Hong Kong, Morocco, the Philippines, London and India. He was Project Manager for RCA Ltd in Liberia, Nigeria, Mexico and India and electronic equipment development engineer in Canada with RCA Ltd and in Britain with Associated Electrical Industries. Mr. Russel received his Bachelor's degree in electronics engineering and Master's degree in Business Administration from McGill University, Canada. He is a Qualified Commercial Mediator.

LAN Hong Tsung, David, aged 76, 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, SJM Holdings Limited and Cinda Financial Holdings Co., Limited ("CFHCL"). Except for CFHCL, all the companies mentioned above are listed companies. Dr. Lan is also an Independent Non-executive Director of ARA Asset Management (Fortune) Limited, which manages Fortune Real Estate Investment Trust, a real estate investment trust listed on the SEHK and SGX-ST, and of ARA Asset Management (Prosperity) Limited, which manages Prosperity Real Estate Investment Trust, a real estate investment trust listed on the SEHK. He is currently the Chairman of David H T Lan Consultants Ltd., Supervisor of Nanyang Commercial Bank (China), Limited and holds directorship at Nanyang Commercial Bank Ltd. He is also a Senior Advisor of Mitsui & Company (Hong Kong) Limited and the President of the International Institute of Management. He is a director of a company controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. Dr. Lan was the Secretary for Home Affairs of the HKSAR Government till his retirement in July 2000. He had served as civil servant in various capacities for 39 years and was awarded the Gold Bauhinia Star Medal on 1st July, 2000. He was appointed as the 10th and 11th National Committee Member of the Chinese People's Political Consultative Conference of the People's Republic of China. Dr. Lan is a Chartered Secretary and a Fellow Member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. He received his Bachelor of Arts degree from the University of London and completed the Advanced Management Program of the Harvard Business School, Boston. He was also a Fellow at Queen Elizabeth House, University of Oxford. Dr. Lan was conferred with Doctor of Humanities, honoris causa by Don Honorio Ventura Technological State University, and holder of Visiting Professorship Awards of Bulacan State University and Tarlac State University.

DIRECTORS' BIOGRAPHICAL INFORMATION

Barrie COOK, aged 73, 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 67, acted as an Independent Non-executive Director of the Company from May 1996 to September 2004 and has been a Non-executive Director of the Company since September 2004. She is a practising solicitor, has a Bachelor of Laws degree and is a Fellow of the Institute of Chartered Accountants in England and Wales. She is active in public service and is currently a Member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority and a member of the Takeovers and Mergers Panel of the Securities and Futures Commission. She is also a Non-executive Director of TOM Group Limited and Henderson Land Development Company Limited, and an Independent Non-executive Director of Great Eagle Holdings Limited. All the companies mentioned above are listed companies. Mrs. Lee is a director of a company controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO.

George Colin MAGNUS, aged 80, acted as an Executive Director and Deputy Chairman of the Company from May 1996 to October 2005 and has been a Non-executive Director of the Company since November 2005. He is also a Non-executive Director of CK Hutchison Holdings Limited, a Director of Husky Energy Inc., and an Independent Non-executive Director of HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited. Except for HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong or overseas. He is a director of a substantial shareholder of the Company within the meaning of Part XV of the SFO, and a director of a company controlled by certain substantial shareholders of the Company. He holds a Master's degree in Economics.

DIRECTORS' BIOGRAPHICAL INFORMATION

MAN Ka Keung, Simon, aged 59, has been an Alternate Director to Mr. Ip Tak Chuen, Edmond, Deputy Chairman of the Company, since February 2008. He joined the Cheung Kong Group in December 1987. He is a Member of the Executive Committee and the General Manager, Accounts Department of Cheung Kong Property Holdings Limited. He is a director of certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. He has over 35 years of experience in accounting, auditing, tax and finance. He holds a Bachelor's degree in Economics and is a member of Chartered Accountants Australia and New Zealand.

Eirene YEUNG, aged 55, Alternate Director to Mr. Kam Hing Lam, the Group Managing Director of the Company, and the Company Secretary of the Company. She is also a Member of the Executive Committee, General Manager, Company Secretarial Department and the Company Secretary of Cheung Kong Property Holdings Limited. She is also the Company Secretary of CK Life Sciences Int'l., (Holdings) Inc. All the companies mentioned above are listed companies. Ms. Yeung is a Non-executive Director of ARA Asset Management (Fortune) Limited, the manager of Fortune Real Estate Investment Trust (listed in Hong Kong and Singapore). She is a director of certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. Ms. Yeung joined the Cheung Kong Group in August 1994. She is a solicitor of the High Court of the HKSAR and of the Senior Courts of England and Wales. She is also a fellow member of The Hong Kong Institute of Directors, The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.

CONSOLIDATED INCOME STATEMENT

for the six months ended 30th June

HK\$ million	Notes	Unaudited	
		2016	2015
Turnover	2	14,056	14,114
Sales and interest income from infrastructure investments	2	2,588	2,879
Other income	3	374	361
Operating costs	4	(1,762)	(1,500)
Finance costs		(278)	(405)
Exchange loss		(498)	(106)
Gain on disposal of investment in securities		781	–
Share of results of associates		1,601	1,374
Share of results of joint ventures		3,004	2,914
Profit before taxation		5,810	5,517
Taxation	5	(7)	(11)
Profit for the period	6	5,803	5,506
Attributable to:			
Shareholders of the Company		5,511	5,253
Owners of perpetual capital securities		308	258
Non-controlling interests		(16)	(5)
		5,803	5,506
Earnings per share	7	HK\$2.19	HK\$2.10

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30th June

HK\$ million	Unaudited	
	2016	2015
Profit for the period	5,803	5,506
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Gain/(Loss) from fair value changes of available-for-sale financial assets	219	(62)
(Loss)/Gain from fair value changes of derivatives designated as effective cash flow hedges	(381)	91
Gain from fair value changes of derivatives designated as effective net investment hedges	2,249	40
Exchange differences on translation of financial statements of foreign operations	(3,488)	(278)
Share of other comprehensive expense of associates	(1,097)	(42)
Share of other comprehensive expense of joint ventures	(1,213)	(105)
Reserves released upon disposal of investment in securities	(790)	73
Income tax relating to components of other comprehensive income	320	(11)
	(4,181)	(294)
Items that will not be reclassified to profit or loss:		
Share of other comprehensive (expense)/income of associates	(235)	10
Share of other comprehensive expense of joint ventures	(226)	(195)
Income tax relating to components of other comprehensive income	99	15
	(362)	(170)
Other comprehensive expense for the period	(4,543)	(464)
Total comprehensive income for the period	1,260	5,042
Attributable to:		
Shareholders of the Company	970	4,789
Owners of perpetual capital securities	308	258
Non-controlling interests	(18)	(5)
	1,260	5,042

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

HK\$ million	Notes	Unaudited 30/6/2016	Audited 31/12/2015
Property, plant and equipment		2,435	2,379
Investment properties		334	334
Interests in associates		52,787	54,004
Interests in joint ventures		58,163	60,988
Investments in securities		711	1,985
Derivative financial instruments		1,765	571
Goodwill and intangible assets		2,594	2,525
Deferred tax assets		30	21
Other non-current assets		38	17
Total non-current assets		118,857	122,824
Inventories		160	165
Derivative financial instruments		536	423
Debtors and prepayments	9	665	793
Bank balances and deposits		11,258	7,897
Total current assets		12,619	9,278
Bank and other loans		6,060	15
Derivative financial instruments		105	121
Creditors and accruals	10	3,270	3,432
Taxation		118	113
Total current liabilities		9,553	3,681
Net current assets		3,066	5,597
Total assets less current liabilities		121,923	128,421
Bank and other loans		11,545	17,162
Derivative financial instruments		737	175
Deferred tax liabilities		506	488
Other non-current liabilities		34	37
Total non-current liabilities		12,822	17,862
Net assets		109,101	110,559
Representing:			
Share capital	11	2,651	2,520
Reserves		96,870	100,051
Equity attributable to shareholders of the Company		99,521	102,571
Perpetual capital securities		9,543	7,933
Non-controlling interests		37	55
Total equity		109,101	110,559

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30th June, 2016

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, 2016 (audited)	2,520	16,185	-	6,062	68	734	(1,122)	(3,598)	81,722	102,571	7,933	55	110,559
Profit for the period	-	-	-	-	-	-	-	-	5,511	5,511	308	(16)	5,803
Gain from fair value changes of available-for-sale financial assets	-	-	-	-	-	219	-	-	-	219	-	-	219
Loss from fair value changes of derivatives designated as effective cash flow hedges	-	-	-	-	-	-	(381)	-	-	(381)	-	-	(381)
Gain from fair value changes of derivatives designated as effective net investment hedges	-	-	-	-	-	-	-	2,249	-	2,249	-	-	2,249
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	(3,486)	-	(3,486)	-	(2)	(3,488)
Share of other comprehensive expense of associates	-	-	-	-	-	-	(437)	(660)	(235)	(1,332)	-	-	(1,332)
Share of other comprehensive expense of joint ventures	-	-	-	-	-	-	(1,213)	-	(226)	(1,439)	-	-	(1,439)
Reserves released upon disposal of investment in securities	-	-	-	-	-	(953)	-	163	-	(790)	-	-	(790)
Income tax relating to components of other comprehensive income	-	-	-	-	-	-	320	-	99	419	-	-	419
Total comprehensive (expense)/income for the period	-	-	-	-	-	(734)	(1,711)	(1,734)	5,149	970	308	(18)	1,260
Dividend paid	-	-	-	-	-	-	-	-	(3,905)	(3,905)	-	-	(3,905)
Distribution paid on perpetual capital securities	-	-	-	-	-	-	-	-	-	-	(258)	-	(258)
Issue of perpetual capital securities (note 12)	131	9,114	(9,245)	-	-	-	-	-	-	-	9,360	-	9,360
Direct costs for issue of perpetual capital securities	-	-	-	-	-	-	-	-	(115)	(115)	-	-	(115)
Redemption of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	(7,800)	-	(7,800)
At 30th June, 2016 (unaudited)	2,651	25,299	(9,245)	6,062	68	-	(2,833)	(5,332)	82,851	99,521	9,543	37	109,101

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

for the six months ended 30th June, 2015

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30th June

HK\$ million	Unaudited	
	2016	2015
Net cash from operating activities	2,140	2,392
Net cash from/(utilised in) investing activities	4,129	(1,919)
Net cash (utilised in)/from financing activities	(2,908)	171
Net increase in cash and cash equivalents	3,361	644
Cash and cash equivalents at 1st January	7,897	7,100
Cash and cash equivalents at 30th June	11,258	7,744
Analysis of balances of cash and cash equivalents:		
Bank balances and deposits	11,258	7,753
Bank overdrafts	–	(9)
	11,258	7,744

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 (“Hong Kong Stock Exchange”).

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, 2015, 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, 2016. 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. TURNOVER

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. TURNOVER (CONT'D)

Turnover comprises both sales and interest income from infrastructure investments and share of turnover of joint ventures as follows:

HK\$ million	Six months ended 30th June	
	2016	2015
Sales of infrastructure materials	920	1,156
Interest income from loans granted to associates	183	195
Interest income from loans granted to joint ventures	834	865
Sales of waste management services	627	616
Interest income from investments in securities	24	24
Sales of water supply	–	23
Sales and interest income from infrastructure investments	2,588	2,879
Share of turnover of joint ventures	11,468	11,235
Turnover	14,056	14,114

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. OTHER INCOME

Other income includes the following:

HK\$ million	Six months ended 30th June	
	2016	2015
Bank and other interest income	58	51
Gain on disposal of a joint venture	–	34

4. OPERATING COSTS

Operating costs include the following:

HK\$ million	Six months ended 30th June	
	2016	2015
Cost of inventories sold	831	1,000
Cost of services provided	344	346
Depreciation of property, plant and equipment	97	110
Amortisation of intangible assets	15	14

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. TAXATION

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	
	2016	2015
Current taxation – Hong Kong	–	2
Current taxation – outside Hong Kong	16	8
Deferred taxation	(9)	1
Total	7	11

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. PROFIT FOR THE PERIOD AND SEGMENT INFORMATION

for the six months ended 30th June

HK\$ million	Infrastructure Investments														Consolidated						
	Investment in Power Assets*						Infrastructure Investments						Infrastructure related business		Unallocated items		Consolidated				
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015			
Turnover	-	-	9,311	9,451	924	987	213	268	911	924	1,180	707	12,539	12,337	1,517	1,777	-	-	14,056	14,114	
Sales and interest income from infrastructure investments [#]	-	-	703	796	207	219	-	-	653	644	105	64	1,668	1,723	920	1,156	-	-	2,588	2,879	
Bank and other interest income	-	-	-	-	-	-	-	1	-	-	-	-	-	1	15	18	43	32	58	51	
Gain on disposal of a joint venture	-	-	-	-	-	-	34	-	-	-	-	-	-	34	-	-	-	-	-	34	
Other income	-	-	28	-	-	-	58	59	1	-	-	-	87	59	32	12	197	59	316	130	
Change in fair value of derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(197)	146	(197)	146	
Depreciation and amortisation	-	-	-	(2)	-	-	-	-	(70)	(72)	-	-	(70)	(74)	(41)	(49)	(1)	(1)	(112)	(124)	
Other operating expenses	-	-	-	(20)	-	-	-	(1)	(464)	(445)	-	-	(464)	(466)	(884)	(1,040)	(105)	130	(1,453)	(1,376)	
Finance costs	-	-	-	(1)	-	-	-	-	(31)	(39)	-	-	(31)	(40)	-	-	(247)	(365)	(278)	(405)	
Exchange loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(498)	(106)	(498)	(106)	
Gain on disposal of investment in securities	-	-	-	-	781	-	-	-	-	-	-	-	781	-	-	-	-	-	781	-	
Share of results of associates and joint ventures	1,351	1,258	2,445	2,408	448	330	104	114	(3)	(2)	170	76	3,164	2,926	90	104	-	-	4,605	4,288	
Profit/(Loss) before taxation	1,351	1,258	3,176	3,181	1,436	549	162	207	86	86	275	140	5,135	4,163	132	201	(808)	(105)	5,810	5,517	
Taxation	-	-	11	-	-	-	(5)	(5)	(8)	(1)	(1)	(1)	(9)	(7)	1	(4)	(5)	-	(7)	(11)	
Profit/(Loss) for the period	1,351	1,258	3,187	3,181	1,436	549	157	202	78	85	274	139	5,132	4,156	133	197	(813)	(105)	5,803	5,506	
Attributable to:																					
Shareholders of the Company	1,351	1,258	3,187	3,181	1,436	549	157	202	78	85	274	139	5,132	4,156	149	202	(1,121)	(363)	5,511	5,253	
Owners of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	308	258	308	258	
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(16)	(6)	-	-	(16)	(6)	
	1,351	1,258	3,187	3,181	1,436	549	157	202	78	85	274	139	5,132	4,156	133	197	(813)	(105)	5,803	5,506	

Sales of infrastructure materials comprise sales in Hong Kong of HK\$635 million (2015: HK\$753 million), sales in Mainland China of HK\$282 million (2015: HK\$401 million) and sales in other region of HK\$3 million (2015: HK\$2 million).

* During the period, the Group has a 38.87 per cent (2015: 38.87 per cent) equity interest in Power Assets Holdings Limited ("Power Assets"), which is listed on Hong Kong Stock Exchange.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

7. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to shareholders of the Company of HK\$5,511 million (2015: HK\$5,253 million) and on the weighted average of 2,519,610,945 shares (2015: 2,506,351,276 shares) in issue during the interim period.

The shares issued in connection with the issue of perpetual capital securities in March 2016 (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	
	2016	2015
Interim dividend of HK\$0.63 per share (2015: HK\$0.6 per share)	1,587	1,512

During the six months ended 30th June, 2016, interim dividend declared by the Board of Directors amounted to HK\$1,587 million (2015: HK\$1,512 million), which is after elimination of HK\$83 million (2015: nil) paid for the shares issued in connection with the issue of perpetual capital securities in March 2016 (note 12).

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

9. DEBTORS AND PREPAYMENTS

Included in debtors and prepayments are trade debtors of HK\$287 million (HK\$312 million at 31st December, 2015) and their aging analysis is as follows:

HK\$ million	30/6/2016	31/12/2015
Current	257	203
Less than 1 month past due	16	81
1 to 3 months past due	19	30
More than 3 months but less than 12 months past due	4	15
More than 12 months past due	23	16
Amount past due	62	142
Allowance for doubtful debts	(32)	(33)
Total after allowance	287	312

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. CREDITORS AND ACCRUALS

Included in creditors and accruals are trade creditors of HK\$271 million (HK\$190 million at 31st December, 2015) and their aging analysis is as follows:

HK\$ million	30/6/2016	31/12/2015
Current	169	110
1 month	35	21
2 to 3 months	29	11
Over 3 months	38	48
Total	271	190

11. SHARE CAPITAL

	Number of Shares	Amount HK\$ million
Ordinary shares of HK\$1 each		
Authorised:		
At 1st January, 2016 and 30th June, 2016	4,000,000,000	4,000
Issued and fully paid:		
At 1st January, 2016	2,519,610,945	2,520
Issue of new shares in connection with the issue of perpetual capital securities (note 12)	131,065,097	131
At 30th June, 2016	2,650,676,042	2,651

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. PERPETUAL CAPITAL SECURITIES

On 1st March, 2016, OVPH Limited (the “Issuer”) issued US\$1,200 million perpetual capital securities which are listed on Hong Kong Stock Exchange at an issue price of 100 per cent. Distribution is payable semi-annually in arrear based on a fixed rate, which is 5.875 per cent per annum. Payments of distribution by the Issuer may be deferred at its sole discretion. The perpetual capital securities have no fixed maturity and are redeemable in whole, but not in part, at the Issuer’s option on 1st March, 2021, or any distribution payment date falling thereafter at their principal amounts together with any accrued, unpaid or deferred distribution payments. While any distribution 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 2nd March, 2016, the Company issued 131,065,097 new ordinary shares to the Issuer for a consideration of approximately US\$1,200 million (equivalent to approximately HK\$9,360 million). The net proceeds for the shares issued were approximately HK\$9,245 million. The shares were issued in connection with the issue of the above perpetual capital securities. The Company considered these shares as treasury shares.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

13. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

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

Assets measured at fair value								
HK\$ million	Level 1		Level 2		Level 3		Total	
	30/6/2016	31/12/2015	30/6/2016	31/12/2015	30/6/2016	31/12/2015	30/6/2016	31/12/2015
Financial assets at fair value through profit or loss								
Equity securities, unlisted	–	–	46	46	–	–	46	46
Available-for-sale financial assets								
Stapled securities, listed overseas	–	1,217	–	–	–	–	–	1,217
Debt securities, unlisted	–	–	182	197	–	–	182	197
Derivative financial instruments								
Forward foreign exchange contracts	–	–	2,273	968	–	–	2,273	968
Interest rate swaps	–	–	28	26	–	–	28	26

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

Liabilities measured at fair value								
	Level 1		Level 2		Level 3		Total	
HK\$ million	30/6/2016	31/12/2015	30/6/2016	31/12/2015	30/6/2016	31/12/2015	30/6/2016	31/12/2015
Derivative financial instruments								
Forward foreign exchange contracts	-	-	105	140	-	-	105	140
Interest rate swaps	-	-	737	156	-	-	737	156

During the six months ended 30th June, 2016, there were no transfers between Level 1 and Level 2 (2015: nil).

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

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

14. COMMITMENTS

The Group's capital commitments outstanding at 30th June, 2016 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	
	30/6/2016	31/12/2015	30/6/2016	31/12/2015
Investment in a joint venture	2,223	10	146	141
Plant and machinery	36	107	150	340
Total	2,259	117	296	481

15. CONTINGENT LIABILITIES

The contingent liabilities of the Group are as follows:

HK\$ million	30/6/2016	31/12/2015
Guarantee in respect of bank loan drawn by joint ventures	1,259	1,120
Other guarantees given in respect of a joint venture	745	695
Performance bond indemnities	99	94
Sub-contractor warranties	6	6
Total	2,109	1,915

16. 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, 2016, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (the “Model Code”), to be notified to the Company and the Stock Exchange, were as follows:

(1) LONG POSITIONS IN SHARES

Name of Company	Name of Director	Capacity	Number of Ordinary Shares / Share Stapled Units				Total	Approximate % of Shareholding
			Personal Interests	Family Interests	Corporate Interests	Other Interests		
Company	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	5,428,000 (Note 1)	5,428,000	0.20%
	Kam Hing Lam	Beneficial owner	100,000	-	-	-	100,000	0.003%
CK Hutchison Holdings Limited	Li Tzar Kuoi, Victor	Beneficial owner, interest of child or spouse, interest of controlled corporations & beneficiary of trusts	220,000	405,200	2,572,350 (Note 3)	1,094,244,254 (Note 2)	1,097,441,804	28.43%
	Kam Hing Lam	Beneficial owner & interest of child or spouse	51,040	57,360	-	-	108,400	0.002%
	Fok Kin Ning, Canning	Interest of controlled corporation	-	-	4,111,438 (Note 7)	-	4,111,438	0.10%
	Chow Woo Mo Fong, Susan	Beneficial owner	129,960	-	-	-	129,960	0.003%
	Frank John Sixt	Beneficial owner	136,800	-	-	-	136,800	0.003%
	Lan Hong Tsung, David	Beneficial owner	13,680	-	-	-	13,680	0.0003%

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

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

Name of Company	Name of Director	Capacity	Number of Ordinary Shares / Share Stapled Units				Total	Approximate % of Shareholding
			Personal Interests	Family Interests	Corporate Interests	Other Interests		
	Lee Pui Ling, Angelina	Beneficial owner	111,334	-	-	-	111,334	0.002%
	George Colin Magnus	Beneficial owner, interest of child or spouse & founder & beneficiary of a discretionary trust	85,361	16,771	-	833,868 (Note 8)	936,000	0.02%
	Man Ka Keung, Simon	Beneficial owner & interest of child or spouse	9,895 (Note 9)	11,895 (Note 9)	-	-	11,895	0.0003%
Power Assets Holdings Limited	Li Tzar Kuoi, Victor	Interest of child or spouse	-	151,000	-	-	151,000	0.007%
	Kam Hing Lam	Interest of child or spouse	-	100,000	-	-	100,000	0.004%
	Lee Pui Ling, Angelina	Beneficial owner	8,800	-	-	-	8,800	0.0004%
HK Electric Investments and HK Electric Investments Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	-	-	7,870,000 (Note 5)	-	7,870,000	0.08%
	Kam Hing Lam	Interest of child or spouse	-	1,025,000	-	-	1,025,000	0.01%
	Ip Tak Chuen, Edmond	Beneficial owner	500,000	-	-	-	500,000	0.005%
	Fok Kin Ning, Canning	Interest of controlled corporation	-	-	2,000,000 (Note 7)	-	2,000,000	0.02%
	Lee Pui Ling, Angelina	Beneficial owner	2,000	-	-	-	2,000	0.00002%

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

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

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

(2) LONG POSITIONS IN UNDERLYING SHARES

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

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

(3) LONG POSITIONS IN DEBENTURES

Name of Company	Name of Director	Capacity	Amount of Debentures				Total
			Personal Interests	Family Interests	Corporate Interests	Other Interests	
Hutchison Whampoa Finance (Cl) Limited	Man Ka Keung, Simon	Beneficial owner & interest of child or spouse	US\$100,000 7.45% Notes due 2017 (Note 10)	US\$100,000 7.45% Notes due 2017 (Note 10)	-	-	US\$100,000 7.45% Notes due 2017
Hutchison Whampoa International (09) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	-	-	US\$45,792,000 7.625% Notes due 2019 (Note 4)	-	US\$45,792,000 7.625% Notes due 2019
Hutchison Whampoa International (09/19) Limited	Fok Kin Ning, Canning	Interest of controlled corporation	-	-	US\$4,000,000 5.75% Notes due 2019 (Note 7)	-	US\$4,000,000 5.75% Notes due 2019
Hutchison Whampoa International (12) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	-	-	US\$16,800,000 Subordinated Guaranteed Perpetual Capital Securities (Note 4)	-	US\$16,800,000 Subordinated Guaranteed Perpetual Capital Securities

Notes:

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

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

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

Notes (Cont'd):

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

2. The 1,094,244,254 shares in CK Hutchison Holdings Limited ("CK Hutchison") comprise:

(a) 1,001,953,744 shares held by TUT1 as trustee of UT1 together with certain companies which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings ("TUT1 related companies"). By virtue of being a director of the Company and a discretionary beneficiary of each of DT1 and DT2 as described in Note 1 above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares of CK Hutchison held by TUT1 as trustee of UT1 and TUT1 related companies under the SFO.

(b) 7,863,264 shares held by Li Ka-Shing Castle Trustee Company Limited ("TUT3") as trustee of The Li Ka-Shing Castle Trust ("UT3"). The discretionary beneficiaries of each of the two discretionary trusts ("DT3" and "DT4") are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children and Mr. Li Tzar Kai, Richard. Each of the trustees of DT3 and DT4 holds units in UT3 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust.

The entire issued share capital of TUT3 and of the trustees of DT3 and DT4 are owned by Li Ka-Shing Castle Holdings Limited ("Castle Holdco"). Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are respectively interested in one-third and two-thirds of the entire issued share capital of Castle Holdco. TUT3 is only interested in the shares of CK Hutchison by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of CK Hutchison independently without any reference to Castle Holdco or any of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor as a holder of the shares of Castle Holdco as aforesaid.

By virtue of the above and as a director of the Company and a discretionary beneficiary of each of DT3 and DT4, Mr. Li Tzar Kuoi, Victor is also taken to have a duty of disclosure in relation to the said 7,863,264 shares of CK Hutchison held by TUT3 as trustee of UT3 under the SFO.

(c) 84,427,246 shares held by a company controlled by Li Ka-Shing Castle Trustee Corporation Limited as trustee of DT3.

3. The 2,572,350 shares in CK Hutchison comprise:

(a) 2,272,350 shares held by certain companies in which Mr. Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.

(b) 300,000 shares held by Li Ka Shing Foundation Limited ("LKSF"). By virtue of the terms of the constituent documents of LKSF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF.

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

Notes (Cont'd):

4. Such interests are held by certain companies of which Mr. Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.
5. The 7,870,000 share stapled units in HK Electric Investments and HK Electric Investments Limited comprise:
 - (a) 2,700,000 share stapled units held by a wholly-owned subsidiary of Li Ka Shing (Overseas) Foundation ("LKSOFF"). By virtue of the terms of the constituent documents of LKSOFF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSOFF.
 - (b) 5,170,000 share stapled units held by LKSF. By virtue of the terms of the constituent documents of LKSF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF.
6. 153,280 shares in Hutchison Telecommunications Hong Kong Holdings Limited ("HTHK") are held by TUT3 as trustee of UT3. By virtue of being a director of the Company and discretionary beneficiary of each of DT3 and DT4 as described in Note 2(b) above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said 153,280 shares of HTHK held by TUT3 as trustee of UT3 under the SFO.
7. Such interests are held by a company which is equally owned by Mr. Fok Kin Ning, Canning and his wife.
8. Such interests comprise 184,000 shares held by a company controlled by a trust under which Mr. George Colin Magnus is a discretionary beneficiary and 649,868 shares indirectly held by a trust of which Mr. George Colin Magnus is the settlor and a discretionary beneficiary.
9. Such 9,895 shares are jointly held by Mr. Man Ka Keung, Simon and his wife and the remaining 2,000 shares are held by his wife.
10. Such interests are jointly held by Mr. Man Ka Keung, Simon and his wife.
11. Such underlying shares are derived from the 17,000 American Depositary Shares (each representing 15 ordinary shares) in HTHK beneficially owned by Mr. Frank John Sixt.

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 30th June, 2016, 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, 2016, 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 Securities and Futures Ordinance (“SFO”), or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

(1) LONG POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES OF THE COMPANY

Name	Capacity	Number of Ordinary Shares	Total	Approximate % of Shareholding
Hutchison Infrastructure Holdings Limited	(1) Beneficial owner	1,906,681,945) (Note i))	2,037,747,042	76.87%
	(2) Interest of controlled corporation	131,065,097) (Note v))		
Hutchison International Limited	(1) Interest of controlled corporation	1,906,681,945) (Note ii))	2,037,747,042	76.87%
	(2) Interest of controlled corporation	131,065,097) (Note v))		
Hutchison Whampoa Limited	(1) Interest of controlled corporations	1,906,681,945) (Note ii))	2,037,747,042	76.87%
	(2) Interest of controlled corporation	131,065,097) (Note v))		
Cheung Kong (Holdings) Limited	(1) Interest of controlled corporations	1,906,681,945) (Note iii))	2,037,747,042	76.87%
	(2) Interest of controlled corporation	131,065,097) (Note v))		
CK Hutchison Global Investments Limited	(1) Interest of controlled corporations	1,906,681,945) (Note iii))	2,037,747,042	76.87%
	(2) Interest of controlled corporation	131,065,097) (Note v))		
CK Hutchison Holdings Limited	(1) Interest of controlled corporations	1,906,681,945) (Note iv))	2,037,747,042	76.87%
	(2) Interest of controlled corporation	131,065,097) (Note v))		

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

(2) LONG POSITIONS OF OTHER PERSONS IN THE SHARES OF THE COMPANY

Name	Capacity	Number of Ordinary Shares	Total	Approximate % of Shareholding
The Capital Group Companies, Inc.	Interest of controlled corporations	156,068,322	156,068,322	5.89%

Notes:

- i. 1,906,681,945 shares of the Company are held by Hutchison Infrastructure Holdings Limited (“HIHL”), a subsidiary of Hutchison Whampoa Limited (“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 is entitled to exercise or control the exercise of more than one-third of the voting power at general meetings of Hutchison International Limited (“HIL”), which itself is entitled to exercise or control the exercise of more than one-third of the voting power at general meetings of HIHL.
- iii. Cheung Kong (Holdings) Limited (“CKH”) and CK Hutchison Global Investments Limited (“CK Global”) are deemed to be interested in the 1,906,681,945 shares of the Company referred to in Note ii above as certain subsidiaries of CKH and CK Global are entitled to exercise or control the exercise of more than one-third of the voting power at general meetings of HWL.
- iv. CK Hutchison Holdings Limited (“CK Hutchison”) is deemed to be interested in the 1,906,681,945 shares of the Company referred to in Note iii above as CK Hutchison is entitled to exercise or control the exercise of more than one-third of the voting power at general meetings of CKH and CK Global.
- v. The 131,065,097 shares are held by OVPH Limited (“OVPH”) by virtue of the US\$1,200,000,000 5.875% Guaranteed Perpetual Capital Securities (the “Perpetual Securities”) issued on 2nd March, 2016. The Perpetual Securities were issued by OVPH and guaranteed by the Company. A swap agreement was entered into between the Company and OVPH under which OVPH is obliged to act in accordance with directions from the Company on certain matters. As a result, the Company is deemed by virtue of section 316(2) of the SFO to be interested in such voting shares as OVPH is interested. HIHL, HIL, HWL, CKH, CK Global and CK Hutchison are in turn deemed to be interested in the same 131,065,097 shares of the Company held by OVPH for the reasons set out in Notes ii, iii and iv above.

Save as disclosed above, as at 30th June, 2016, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CORPORATE GOVERNANCE

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

Save as disclosed below, the Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Corporate Governance Code (“CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the six months ended 30th June, 2016. 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 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.

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 (“Audit Committee”) has established the Procedures for Reporting Possible Improprieties in Matters of Financial Reporting, Internal Control or Other Matters. In addition, the Company has established the Policy on Handling of Confidential Information, Information Disclosure, and Securities Dealing for compliance by the Company’s employees.

(1) BOARD COMPOSITION AND BOARD PRACTICES

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

* Mrs. Chow Woo Mo Fong, Susan retired as an Executive Director of the Company and ceased to act as Alternate Director to Mr. Frank John Sixt, an Executive Director of the Company, both with effect from 1st August, 2016. Mrs. Chow continues to act as an Alternate Director to Mr. Fok Kin Ning, Canning, Deputy Chairman of the Company.

CORPORATE GOVERNANCE

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

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

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

(2) MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted the model code for securities transactions by directors of listed issuers set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions effective from 31st March, 2004, which will be revised and adopted from time to time. Confirmation has been received from all Directors that they have complied with the required standards set out in the Model Code during the six months ended 30th June, 2016.

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.

CORPORATE GOVERNANCE

(3) RISK MANAGEMENT AND INTERNAL CONTROLS

The Company has an internal audit function in place to provide an independent assessment of the Group's risk management and internal control systems and review of their 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. 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 the risk management and internal control systems.

The Board, through the Audit Committee, has conducted a review of the effectiveness of the risk management and internal control systems of the Group for the six months ended 30th June, 2016.

(4) AUDIT COMMITTEE

The Company established the Audit Committee in December 1998 and has formulated its written terms of reference, which have from time to time be modified, in accordance with the prevailing provisions of the CG Code. The Audit Committee comprises five Independent Non-executive Directors, namely, Mr. Colin Stevens Russel (Chairman of the Audit Committee), Mr. Cheong Ying Chew, Henry, Mrs. Kwok Eva Lee, Mrs. Sng Sow-mei alias Poon Sow Mei and Mr. Lan Hong Tsung, David. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system, risk management and internal control systems, 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, 2016 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 resolved 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 to receive such documents using electronic means through the Company’s website; (ii) the annual general meeting provides a forum for shareholders to raise comments and exchange views with the Board; (iii) updated and key information on the Group is available on the website of the Company; (iv) the Company’s website offers a communication channel between the Company and its shareholders and stakeholders; (v) press conferences and briefing meetings with analysts are arranged from time to time to update on the performance of the Group; (vi) the Company’s Branch Share Registrar deals with shareholders for share registration and related matters; and (vii) the Corporate Affairs Department of the Company handles enquiries from shareholders and investors generally.

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

OTHER INFORMATION

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

During the six months ended 30th June, 2016, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

DISCLOSURE UNDER CHAPTER 13 OF THE LISTING RULES

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

As at 30th June, 2016, 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, 2016 is set out below:

HK\$ million	
Non-current assets	399,599
Current assets	24,460
Current liabilities	(47,215)
Non-current liabilities	(288,483)
Net assets	88,361
Share capital	33,540
Reserves	54,788
Non-controlling interests	33
Total equity	88,361

As at 30th June, 2016, the consolidated attributable interest of the Group in these affiliated companies amounted to HK\$58,030 million.

RISK FACTORS

The Group's businesses, financial conditions, results of operations or growth prospects may be affected by risks and uncertainties directly or indirectly pertaining to the Group's businesses. The risk factors set out below 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 below 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.

ECONOMIC ENVIRONMENT AND CONDITIONS

The global economy remains uncertain since the onset of the global financial crisis which started in 2008. The European sovereign debt crisis that followed, the slowdown of the Mainland China economy, volatility in commodity prices, significant volatility in the Mainland China stock markets and the timing of the U.S. monetary normalisation continue to pose risks to the global economic recovery and stability. Slowdown in global economic growth could lead to economic contractions in certain markets, commercial and consumer delinquencies, weakened consumer confidence and increased market volatility. The Group is a diversified infrastructure investment company with businesses in Hong Kong, Mainland China, the United Kingdom, the Netherlands, Portugal, Australia, New Zealand and Canada. Any adverse economic conditions in those countries and places in which the Group operates may potentially impact on the Group's financial position or potential income, asset value and liabilities.

ECONOMIC CONDITIONS AND INTEREST RATES

The industries in which the Group operates are affected by the economic conditions of the various places where the Group's investments or operations are located, the population growth of these places, mark to market value of securities investments, the currency environment and interest rates cycles. There can be no assurance that the combination of the above factors the Group experiences in the future will not adversely affect its financial conditions or results of operations.

RISK FACTORS

In particular, income from finance and treasury operations is dependent upon the capital markets, interest rate and currency environment, and the worldwide economic and market conditions, and therefore there can be no assurance that changes in these conditions will not adversely affect the Group's financial conditions or results of operations. The volatility in the financial markets may also adversely affect the income to be derived by the Group from its finance and treasury activities.

POTENTIAL RISKS IN RELATION TO THE UK REFERENDUM ON EU'S MEMBERSHIP ("BREXIT")

On 23rd June, 2016, the outcome of UK's referendum on the EU's membership was to "leave the European Union". The financial markets and exchange rate of the British pounds responded vigorously immediately.

While the Group's businesses in the UK are either protected by the respective regulated regimes or under long term payment contracts, and are essential services including electricity, water & sewage, gas and transportation, the continuing uncertainties following Brexit could adversely affect the economy of the UK and the strength of the British pounds, although the long term implication of Brexit remains to be seen.

A significant and prolonged depreciation of the British pounds may affect the Group's reported profit, and ability to maintain future growth of dividends for shareholders.

CONCENTRATION IN GEOGRAPHICAL MARKETS AND BUSINESS TYPES

The business operation of the Group may be viewed as substantially concentrated in one or more geographical markets or in one particular or more types of business. If and when the Group's operations are exposed to any deterioration in the economic, social and/or political conditions as well as any incidence of social unrest, strike, riot, civil disturbance or disobedience or terrorism in such geographical markets and/or business segments, the adverse circumstances may materially disrupt the Group's operations and, in turn, impact the revenue, profitability and financial condition of the Group.

RISK FACTORS

HIGHLY COMPETITIVE MARKETS

The Group's waste management and off-airport car park businesses face significant competition across the markets in which they operate. New market entrants and intensified price competition among existing market players could adversely affect the Group's businesses, financial conditions, results of operations or growth prospects. Competition risks faced by the Group include (a) possible restrictions on the access by the shuttle buses operated by the Group's off-airport car park businesses as imposed by the airport authorities who operates the on-airport car park businesses; (b) the availability of rail link services from city centre to airport which may reduce the usage of the off-airport car park; and (c) significant competition and pricing pressure from other competitors attempting to capture a higher level of market share. Such risks may adversely affect the financial performance of the Group's operation.

INFRASTRUCTURE MARKET

Some of the investments owned by the Group (for example, water, gas and electricity) are subject to regulatory pricing and strict adherence must be made to the licence requirements, codes and guidelines established by the relevant regulatory authorities from time to time. Failure to comply with these licence requirements, codes or guidelines may lead to penalties, or, in extreme circumstances, amendment, suspension or cancellation of the relevant licences by the authorities. Infrastructure projects are capital intensive, and with only a few major players in the market, there is no assurance of ready buyers on disposal.

The distribution and transmission networks of the Group's utilities investments are also exposed to supply interruptions. If a severe earthquake, storm, flood, fire, sabotage, terrorist attack or other unplanned event interrupts service, the loss of cash flow resulting from the interruption and the cost of recovery from network damage could be considerable and potentially cause poor customer perception and may also lead to claims and litigations. Moreover, some losses from events such as terrorist attacks may not be recoverable. Increases in the number or duration of supply interruptions could result in material increases in the costs associated with the operation of the distribution and transmission networks. The capacity factor (load factor) of the Group's wind farms could also be affected by the wind condition, which could result in the fluctuation of revenues. All of these uncertain factors could have a material adverse effect on the businesses, financial conditions, results of operations or growth prospects of the Group.

RISK FACTORS

CAPITAL EXPENDITURE

A significant amount of capital expenditure is required for the Group to acquire new investments and to maintain the assets of its existing businesses. While the relevant asset companies have their own asset management plans, there is a risk that due to unforeseen events, capital expenditure required for the replacement of assets could exceed budgeted amounts and hence affect the businesses, financial conditions, results of operations or growth prospects of the Group.

CURRENCY FLUCTUATIONS

The results of the Group are recorded in Hong Kong dollars but its various subsidiaries, associates and joint ventures may receive revenue and incur expenses in other currencies. Any currency fluctuations on translation of the accounts of these subsidiaries, associates and joint ventures and also on the repatriation of earnings, equity investments and loans may therefore impact on the Group's businesses, financial conditions, results of operations or growth prospects. Although currency exposures have been managed by the Group, a depreciation or fluctuation of the currencies in which the Group conducts operations relative to the Hong Kong dollar could adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

STRATEGIC PARTNERS

Some of the businesses of the Group are conducted through non wholly-owned subsidiaries, associates and joint ventures in which the Group shares control (in whole or in part) and strategic alliances had been formed by the Group with other strategic or business partners. There can be no assurance that any of these strategic or business partners will continue their relationships with the Group in the future or that the Group will be able to pursue its stated strategies with respect to its non wholly-owned subsidiaries, associates and joint ventures and the markets in which they operate. Furthermore, the joint venture partners may (a) have economic or business interests or goals that are inconsistent with those of the Group; (b) take actions contrary to the Group's policies or objectives; (c) undergo a change of control; (d) experience financial and other difficulties; or (e) be unable or unwilling to fulfill their obligations under the joint ventures, which may affect the Group's businesses, financial conditions, results of operations or growth prospects.

RISK FACTORS

MERGERS AND ACQUISITIONS

The Company has undertaken mergers and acquisitions activities in the past and may continue to do so if there are appropriate acquisition opportunities in the market. Although due diligence and detailed analysis are conducted before these activities are being undertaken, there can be no assurance that these can fully expose all hidden problems, potential liabilities and unresolved disputes that the target company may have. In addition, valuations and analyses on the target company conducted by the Company and by professionals alike are based on numerous assumptions, and there can be no assurance that those assumptions are correct or appropriate or that they will receive universal recognition. Relevant facts and circumstances used in the analyses could have changed over time, and new facts and circumstances may come to light as to render the previous assumptions and the valuations and analyses based thereon obsolete. Some of these mergers and acquisitions activities are subject to regulatory approvals in overseas countries and there can be no assurance that such approvals will be obtained, and even if granted, that there will be no burdensome conditions attached to such approvals. The Company may not necessarily be able to successfully integrate the target business into the Group and may not be able to derive any synergy from the acquisition, leading to increase in costs, time and resources. For merger and acquisitions activities undertaken overseas, the Company may also be exposed to different and changing political, social, legal and regulatory requirements at the local, national and international level. The Company may also need to face different cultural issues when dealing with local employees, customers, governmental authorities and pressure groups.

IMPACT OF LOCAL, NATIONAL AND INTERNATIONAL REGULATIONS

The local business risks in different countries and cities in which the Group operates could have a material impact on the businesses, financial conditions, results of operations or growth prospects. The Group has investments in different countries and cities around the world and the Group is, and may increasingly become, exposed to different and changing political, social, legal, tax, regulatory and environmental requirements at the local, national or international level. Also, new guidelines, directives, policies or measures by governments, whether fiscal, tax, regulatory, environmental or other competitive changes, may lead to an increase in additional or unplanned operating expenses and capital expenditures, increase in market capacity, reduction in government subsidies, pose a risk to the overall investment return of the Group's businesses and may delay or prevent the commercial operation of a business with resulting loss of revenue and profit, which may adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

RISK FACTORS

IMPACT OF NEW ACCOUNTING STANDARDS

The International Accounting Standards Board has from time to time issued a number of new and revised International Financial Reporting Standards (“IFRS”). The International Accounting Standards Board may in the future issue new and revised standards and interpretations. In addition, interpretations on the application of the IFRS will continue to develop. These factors may require the Group to adopt new accounting policies. The adoption of new accounting policies or new IFRS might or could have a significant impact on the Group’s businesses, financial conditions, results of operations or growth prospects.

OUTBREAK OF HIGHLY CONTAGIOUS DISEASE

In 2003, there was an outbreak of Severe Acute Respiratory Syndrome (“SARS”) in Hong Kong, the Mainland and other places. The SARS outbreak had a significant adverse impact on the economies of the affected areas. The spread of Influenza and other communicable diseases from time to time have also affected many areas of the world. The outbreak of the Ebola virus disease also poses a significant threat to global industries. Additional outbreaks of other epidemic diseases may adversely affect the Group’s businesses, financial conditions, results of operations or growth prospects.

CONNECTED TRANSACTIONS

CK Hutchison Holdings Limited (“CK Hutchison”) is also listed on The Stock Exchange of Hong Kong Limited. Although the Group believes that its relationship with CK Hutchison provides it with significant business advantages, the relationship results in various connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and accordingly any transactions entered into between the Group and CK Hutchison, its subsidiaries or associates are connected transactions, which, unless one of the exemptions is available, will be subject to compliance with the applicable requirements of the Listing Rules, including the issuance of announcements, the obtaining of independent shareholders’ approval at general meetings and disclosure in annual reports and accounts. Independent shareholders’ approval requirements may also lead to unpredictable outcomes causing disruptions to as well as increase the risks of the Group’s business activities. Independent shareholders may also take actions that are in conflict with the interests of the Group.

RISK FACTORS

THE GROUP'S FINANCIAL CONDITIONS OR RESULTS OF OPERATIONS ARE AFFECTED BY THOSE OF THE POWER ASSETS GROUP

Following the spin-off by Power Assets Group of its Hong Kong electricity business in January 2014, the Group owns approximately 38.87 per cent of Power Assets Holdings Limited ("Power Assets") which has investments in different countries and places and holds 33.37 per cent of HK Electric Investments, a fixed single investment trust, which in turn holds 100 per cent of The Hongkong Electric Company, Limited ("HEC") whose operations comprise the generation, transmission, distribution and supply of electricity to Hong Kong Island and Lamma Island. Hence the financial conditions and results of operations of Power Assets may be affected by the local market conditions and the economy of Hong Kong as well as the places where its investments are located. The Group's financial conditions and results of operations are materially affected by the financial conditions and results of operations of Power Assets.

Besides, the operations of HEC are subject to a scheme of control ("SCA") agreed with the Hong Kong Government which provides for a permitted level of earnings based principally on a return on their capital investment in electricity generation, transmission and distribution assets. The SCA was renewed for a term of ten years commencing 1st January, 2009. There can be no assurance that changes to or abolition of the SCA in the future will not adversely affect HEC's and the Power Assets' (and hence the Group's) financial conditions and results of operations.

NATURAL DISASTERS

Some of the Group's assets and projects, and many of the Group's customers and suppliers are located in areas at risk of damage from earthquakes, floods, fire, frost and similar events and the occurrence of any of these events could disrupt the Group's business and materially and adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

RISK FACTORS

Although the Group has not experienced any major structural damage to its infrastructure projects or assets or facilities from earthquakes or natural disasters to date, there can be no assurance that future earthquakes or other natural disasters will not occur and result in major damage to the Group's infrastructure projects, assets or facilities or on the general supporting infrastructure facilities in the vicinity, which could adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

PAST PERFORMANCE AND FORWARD LOOKING STATEMENTS

The performance and the results of operations of the Group during the six month period as contained in this Interim Report are historical in nature and past performance can be no guarantee of future results of the Group. This Interim Report may contain forward-looking statements and opinions that involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. Neither the Group nor the Directors, employees or agents of the Group assume (a) any obligation to correct or update the forward-looking statements or opinions contained in this Interim Report; and (b) any liability in the event that any of the forward-looking statements or opinions does not materialise or turns out to be incorrect.

This interim report 2016 (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 their choice as to the means of receipt (i.e. in printed form or by electronic means through the Company's website) and/or the language of the Company's corporate communications by reasonable prior notice in writing to the Company c/o the Company's Branch Share Registrar or sending a notice to cki.ecom@computershare.com.hk.

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.

