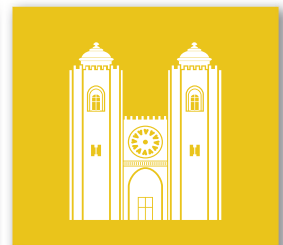
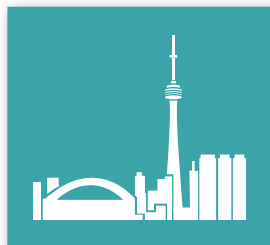
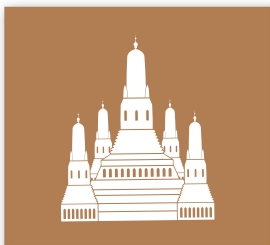
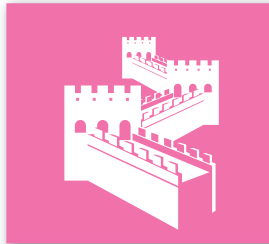




Power Assets Holdings Ltd.
電能實業有限公司

(Stock Code : 6)

Interim Report **2017**



FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2017	2016	Change
	<i>HK\$ million</i>	<i>HK\$ million</i>	
Profit attributable to shareholders	4,024	3,476	+16%
Earnings per share	\$1.89	\$1.63	+16%
Interim dividend per share	\$0.77	\$0.70	+10%
Special interim dividend per share	\$7.50	–	–

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

Shareholders may at any time choose to receive all future corporate communications either in printed form or through the Company's website, by writing to the Company at Rooms 1913-1914, 19th Floor, Hutchison House, 10 Harcourt Road, Hong Kong or to the share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or by emailing to the Company's email address at mail@powerassets.com.



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CORPORATE INFORMATION

Board of Directors

Executive Directors

FOK Kin Ning, Canning (*Chairman*)

TSAI Chao Chung, Charles (*Chief Executive Officer*)

CHAN Loi Shun

Andrew John HUNTER

Neil Douglas MCGEE

WAN Chi Tin

Non-executive Director

LI Tzar Kuoi, Victor

Independent Non-executive Directors

IP Yuk-keung, Albert

Ralph Raymond SHEA

WONG Chung Hin

WU Ting Yuk, Anthony

Audit Committee

WONG Chung Hin (*Chairman*)

IP Yuk-keung, Albert

Ralph Raymond SHEA

Remuneration Committee

WONG Chung Hin (*Chairman*)

FOK Kin Ning, Canning

Ralph Raymond SHEA

Company Secretary

Alex NG

Principal Bankers

Bank of China (Hong Kong) Limited

The Bank of Tokyo-Mitsubishi UFJ, Ltd.

The Hongkong and Shanghai Banking

Corporation Limited

Mizuho Bank, Ltd.

Auditor

KPMG

Website

www.powerassets.com

Registered Office

Rooms 1913-1914,

19th Floor, Hutchison House,

10 Harcourt Road, Hong Kong

Telephone: (852) 2122 9122

Facsimile: (852) 2180 9708

Email: mail@powerassets.com

Share Registrar

Computershare Hong Kong Investor
Services Limited

Shops 1712-1716,

17th Floor, Hopewell Centre,

183 Queen's Road East, Wanchai, Hong Kong

Website: www.computershare.com

Email: hkinfo@computershare.com.hk

ADR (Level 1 Programme) Depository

Citibank, N.A.

Shareholder Services

P.O. Box 43077, Providence,

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

Website: www.citi.com/dr

Email: citibank@shareholders-online.com

Investor Relations

For institutional investors, please contact:

CHAN Loi Shun (*Executive Director*) or

Ivan CHAN (*Chief Financial Officer*)

For other investors, please contact:

Alex NG (*Company Secretary*)

Email: mail@powerassets.com

Telephone: (852) 2122 9122

Facsimile: (852) 2180 9708

Postal Address: G.P.O. Box 338, Hong Kong

Address: Rooms 1913-1914,

19th Floor, Hutchison House,

10 Harcourt Road, Hong Kong

KEY DATES AND SHARE INFORMATION

Key Dates

Interim Results Announcement	20 July 2017
Interim Report Despatch Date	On or before 9 August 2017
Ex-dividend Date ^(Note)	18 August 2017
Record Date for Interim Dividends ^(Note)	21 August 2017
Payment of Interim Dividends per Share ^(Note)	29 August 2017
Interim : HK\$0.77	
Special Interim : HK\$7.50	
Financial Year End	31 December 2017

Share Information

Board Lot	500 shares
Market Capitalisation as at 30 June 2017	HK\$147,157 million
Ordinary Share to ADR Ratio	1:1

Stock Codes

The Stock Exchange of Hong Kong Limited	6
Bloomberg	6 HK
Thomson Reuters	0006.HK
ADR Ticker Symbol	HGKGY
CUSIP Number	739197200

Note: Applicable to both interim dividend and special interim dividend

CHAIRMAN'S STATEMENT

Half year results

I am pleased to report the Power Assets Group's unaudited profits for the six months ended 30 June 2017 amounted to HK\$4,024 million (2016: HK\$3,476 million), an increase of 16% compared to the same period of last year.

Interim dividend

The board of directors has declared an interim dividend of HK\$0.77 (2016: HK\$0.70) per share, payable on 29 August 2017 to shareholders whose names appear in the Company's Register of Members on 21 August 2017.

Special interim dividend

In addition, the board of directors has declared a one-off special interim dividend of HK\$7.50 per share in order to address shareholder expectations while keeping in view the Group's financial capacity for future acquisitions. The special interim dividend will be payable on 29 August 2017 to shareholders whose names appear in the Company's Register of Members on 21 August 2017.

Global diversification with steady growth

At Power Assets, we have a well-defined strategy to maintain and extend our industry leadership, based on two key tenets: selective expansion and risk management. We invest in carefully chosen companies that will yield steady income, especially those with regulated revenue schemes or long-term contracts. This approach continues to serve us well in delivering long-term and sustainable returns to our shareholders.

During the first half of 2017, we further extended our operations in Australia with the acquisition of an energy owner and operator whose businesses hold strong growth potential and provide us with a steady assured income on a long-term basis. In Hong Kong, the early conclusion of our discussion with the Government on the future regulatory regime provides certainty and stability for the Hong Kong market.

The Group's portfolio of operating companies, spanning nine markets in Europe, Asia, Australia, New Zealand and North America, performed in line with expectations in tandem with improving economic sentiments around the world.

Acquisition of the DUET Group in Australia

The Group consolidated its presence in Australia with the acquisition in May of a 20% stake in the DUET Group (“DUET”), an international owner and operator of energy utility assets. The transaction was completed in partnership with CK Infrastructure Holdings Limited and Cheung Kong Property Holdings Limited that acquired the remaining 80% of DUET.

DUET is well aligned with the Group’s strategy, with a diversified global portfolio of businesses in energy generation, transmission as well as distribution. In the generation business, it owns and operates Energy Developments, an international provider of low-emissions and remote energy generation solutions. DUET’s gas transmission business is delivered through the Dampier Bunbury Pipeline in Western Australia while the distribution of gas and electricity is through two networks in Victoria, Australia — Multinet Gas and United Energy respectively. DUET has also set up DBP Development Group to build, own and operate new unregulated gas pipelines.

The DUET transaction successfully addressed concerns of the Australian Government, paving the way for further investments in Australia for the Group.

New Regulatory Agreement in Hong Kong offers stability

In Hong Kong, our flagship operating company, HK Electric, has entered into a new Scheme of Control Agreement (SCA) with the Government after months of discussion. Effective for 15 years from 1 January 2019, the new SCA provides a long-term regulatory framework which enables consumers to continue to enjoy service enhancements and price affordability while assuring investors of a stable return.

Under the new SCA, HK Electric will forge ahead with its investment pipeline to help achieve the Government’s energy and environmental policy objectives as well as its aggressive target to cut carbon intensity by 65-70% by 2030 compared to the 2005 level. Two new gas-fired generation units are now under construction and more will be required to replace the other coal-fired units that are coming to the end of their useful lives over the next decade or so.

CHAIRMAN'S STATEMENT *(Continued)*

Operations

The Group achieved stable results in line with expectations during the first half of 2017, against the backdrop of healthy economic growth in the Eurozone and Asia, and stability in the UK.

In the UK, the Group's largest market, all four operating companies achieved operating targets. UK Power Networks improved upon its strong performance in 2016 to once again significantly exceed regulatory targets across the board. Northern Gas Networks is now officially the most efficient of the eight UK gas distribution networks, achieving every single regulatory target in the 2016/17 regulatory year. Wales & West Utilities successfully secured a project for smart meter installation, completing over 1,200 installations to date. Seabank achieved excellent performance, exceeding targets for overall station availability, forced outage, efficiency and starting performance.

HK Electric, our Hong Kong-based company, maintained its strong reliability performance of over 99.999%, and unplanned power interruption per customer of under one minute on average. Construction of two new gas-fired combined cycle generating units progressed at Lamma Power Station, our key generating facility, for scheduled commissioning by 2020 and 2022. HK Electric and CLP Power are also jointly conducting an Environmental Impact Assessment for a floating natural gas storage & regasification unit in Hong Kong waters to improve its capabilities to procure and store natural gas, which will become its primary fuel.

In Australia, SA Power Networks delivered satisfactory results, securing regulatory approval for its 2017-20 tariff structure. Victoria Power Networks secured a number of large-scale power infrastructure development projects under the auspices of Beon Energy Solutions, a new team established in late 2015. Australian Gas Networks performed ahead of all operational targets and made progress with its ongoing large-scale pipeline modernisation programme. Australian Energy Operations submitted a bid to perform early works for an upcoming wind farm in the State of Victoria. DUET has begun to contribute profits to the Group immediately following its acquisition in May.

In mainland China, the Zhuhai plant achieved emissions, availability and performance targets in the first six months. The Jinwan plant increased sales of steam, thanks to the embedded sales with new customers. The Siping plant's operations and maintenance contract and off-take contract were both executed smoothly. The renewable energy generated by the two wind farms at Dali and Laoting up to the end of June 2017 has reduced carbon emissions by 117,000 tonnes.

In mainland Europe, Dutch Enviro Energy Holdings B.V., the Netherlands-based energy-from-waste company, delivered steady results in line with expectations. Iberwind, the Portuguese wind farm operator, achieved 98% availability and successfully completed the repowering of Vila Lobos, its oldest wind farm.

In Canada, Canadian Power increased earnings following an agreement on indexation for long-term contracts at Windsor and Ottawa as well as costs savings at the Mississauga plant. Husky Midstream achieved steady performance that met expectations in its second year as a Group operating company.

In New Zealand, Wellington Electricity Lines maintained its emphasis in delivering safe and reliable electricity distribution with excellent customer service, while maintaining a high level of performance from the network assets.

In Thailand, Ratchaburi Power outperformed its production plan achieving availability of over 92%.

Outlook

The energy sector is undergoing rapid change across the world, with cleaner fuels, renewables and the fight against climate change emerging as important trends in the coming months. The recent modest strengthening of the global economy and positive prognosis for growth is encouraging, and provides us with the opportunity to pursue our growth strategy with more confidence.

Our presence in Australia is expanding and our focus there will be on smooth integration and consolidation. In Hong Kong, under the new regulatory regime HK Electric will focus on putting in place the infrastructure to increase the use of natural gas for power generation to meet the Government's target to reduce carbon intensity as set out in the Climate Action Plan 2030+.

CHAIRMAN'S STATEMENT *(Continued)*

Sizable capital intensive deals are of particular interest to us. Our unique competitive edge lies in the readiness of our associate companies in the CK Group to form joint ventures in our investments. This is most beneficial to us in the diversification and management of risks and reward, mitigating our exposure in any particular investment.

The Group will continue to maintain a strong cash position to stay poised to capture the right opportunities as and when they arise. We will press ahead with our strategy of actively identifying suitable high quality investments in a diversified range of stable, well-regulated energy markets.

In closing, I extend my heartfelt gratitude to the stakeholders whose commitment and support are at the heart of our ongoing success: the board of directors, all our employees, and our shareholders and other partners.

Fok Kin Ning, Canning
Chairman

Hong Kong, 20 July 2017

FINANCIAL REVIEW

Financial Performance

The Group's unaudited profit for the six months ended 30 June 2017 amounted to HK\$4,024 million (2016: HK\$3,476 million), an increase of 16% compared to the same period of last year.

Investments in the United Kingdom achieved satisfactory results, contributed earnings of HK\$2,078 million (2016: HK\$2,234 million). The drop in earnings was mainly due to a lower exchange rate of pound sterling when compared to the same period of last year.

Our Australian investments contributed profits of HK\$621 million (2016: HK\$561 million) which was higher than last year mainly due to DUET commenced profit contribution to the Group following its acquisition in May 2017.

Investments in mainland China yield profit of HK\$163 million (2016: HK\$139 million).

Investments in Canada recorded higher earnings than last year mainly due to contribution from Husky Midstream which was acquired in July 2016. Our investments in the Netherlands, Portugal, Thailand and New Zealand continued to contribute stable earnings to the Group.

Our investment in HK Electric Investments recorded earnings of HK\$335 million (2016: HK\$367 million).

Secure earnings and a strong financial position allowed us to continue with a stable dividend policy. 2017 interim dividend of HK\$0.77 per share (2016: HK\$0.70 per share) representing a 10% growth plus a one-off special interim dividend of HK\$7.50 per share.

FINANCIAL REVIEW *(Continued)*

Capital Expenditure, Liquidity and Financial Resources

The Group's capital expenditure and investments were primarily funded by cash from operations, dividends and other repatriation from investments. Total unsecured bank loans outstanding at 30 June 2017 were HK\$8,859 million (31 December 2016: HK\$8,514 million). In addition, the Group had bank deposits and cash of HK\$41,923 million (31 December 2016: HK\$61,710 million) and no undrawn committed bank facility at 30 June 2017 (31 December 2016: HK\$Nil).

Treasury Policy, Financing Activities and Debt Structure

The Group manages its financial risks in accordance with guidelines laid down in its treasury policy, which is approved by the Board. The treasury policy is designed to manage the Group's currency, interest rate and counterparty risks. Surplus funds, which arise mainly from dividends and other repatriation from investments, are generally placed on short term deposits denominated primarily in Hong Kong dollars and United States dollars. The Group aims to ensure that adequate financial resources are available for refinancing and business growth whilst maintaining a prudent capital structure.

The Group's financial profile remained strong during the period. On 23 January 2017, Standard & Poor's reaffirmed the "A-" long term credit rating of the Company with a stable outlook which has remained unchanged since January 2014. As at 30 June 2017, the net cash position of the Group amounted to HK\$33,064 million (31 December 2016: HK\$53,196 million).

The profile of the Group's external borrowings as at 30 June 2017, after taking into account interest rate swaps, was as follows:

- (1) 10% were in Euro, 41% were in Australian dollars and 49% were in pounds sterling;
- (2) 100% were bank loans;
- (3) 49% were repayable within 1 year and 51% were repayable after 1 year but within 5 years;
- (4) 78% were in fixed rate and 22% were in floating rate.

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

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

The Group's principal foreign currency exposures arise from its investments outside Hong Kong. Foreign currency transaction exposure also arises from settlement to vendors which is not material and is managed mainly through purchases in the spot market or utilisation of foreign currency receipts of the Group. Currency exposures arising from investments outside Hong Kong are, where considered appropriate, mitigated by financing those investments in local currency borrowings or by entering into forward foreign exchange contracts and cross currency swaps. The fair value of such borrowings at 30 June 2017 was HK\$8,892 million (31 December 2016: HK\$8,553 million). The fair value of forward foreign exchange contracts and cross currency swaps at 30 June 2017 was an asset of HK\$451 million (31 December 2016: asset HK\$870 million). Foreign currency fluctuations will affect the translated value of the net assets of investments outside Hong Kong and the resultant translation difference is included in the Group's reserve account. Income received from the Group's investments outside Hong Kong which is not denominated in Hong Kong dollars is, unless otherwise determined, converted into United States dollars on receipt.

The contractual notional amounts of derivative financial instruments outstanding at 30 June 2017 amounted to HK\$33,424 million (31 December 2016: HK\$24,358 million).

Charges on Assets

At 30 June 2017, the Group's interest in an associate of HK\$313 million (31 December 2016: HK\$321 million) had been pledged as part of the security to secure financing facilities granted to the associate.

Contingent Liabilities

As at 30 June 2017, the Group had given guarantees and indemnities totalling HK\$833 million (31 December 2016: HK\$821 million).

Employees

The Group continues its policy of pay-for-performance and the pay levels are monitored to ensure competitiveness is maintained. The Group's total remuneration costs for the six months ended 30 June 2017, excluding directors' emoluments, amounted to HK\$10 million (2016: HK\$12 million). As at 30 June 2017, the Group employed 11 (31 December 2016: 12) permanent employees. No share option scheme is in operation.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2017

(Expressed in Hong Kong dollars)

	Note	2017 \$ million	2016 \$ million
Revenue	5	631	629
Direct costs		<u>(1)</u>	<u>(5)</u>
		630	624
Other net income/(loss)		534	(11)
Other operating costs		<u>(74)</u>	<u>(75)</u>
Operating profit		1,090	538
Finance costs		(129)	(126)
Share of profits less losses of joint ventures		2,442	2,355
Share of profits less losses of associates		<u>651</u>	<u>703</u>
Profit before taxation	6	4,054	3,470
Income tax	7	<u>(30)</u>	<u>6</u>
Profit for the period attributable to equity shareholders of the Company		<u>4,024</u>	<u>3,476</u>
Earnings per share			
Basic and diluted	8	<u>\$1.89</u>	<u>\$1.63</u>

The notes on pages 17 to 27 form part of these unaudited interim financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the period are set out in note 19.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

(Expressed in Hong Kong dollars)

	2017 \$ million	2016 \$ million
Profit for the period attributable to equity shareholders of the Company	4,024	3,476
Other comprehensive income for the period		
Items that will not be reclassified to profit or loss		
Share of other comprehensive income of joint ventures and associates	197	(310)
Income tax relating to items that will not be reclassified to profit or loss	(37)	72
	160	(238)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating operations outside Hong Kong, including joint ventures and associates	1,445	(2,249)
Net investment hedges	(621)	548
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments recognised during the period	(29)	(272)
Share of other comprehensive income of joint ventures and associates	(180)	(664)
Income tax relating to items that may be reclassified subsequently to profit or loss	55	212
	670	(2,425)
	830	(2,663)
Total comprehensive income for the period attributable to equity shareholders of the Company	4,854	813

The notes on pages 17 to 27 form part of these unaudited interim financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

(Expressed in Hong Kong dollars)

	Note	(Unaudited) 30 June 2017 \$ million	(Audited) 31 December 2016 \$ million
Non-current assets			
Property, plant and equipment and leasehold land			
— Property, plant and equipment		11	12
— Interests in leasehold land held for own use under finance leases		17	17
		<u>28</u>	<u>29</u>
Interest in joint ventures	9 10	53,324	42,739
Interest in associates	11	24,244	24,202
Other non-current financial assets		67	67
Derivative financial instruments	16	634	846
Deferred tax assets		29	19
Employee retirement benefit assets		4	4
		<u>78,330</u>	<u>67,906</u>
Current assets			
Trade and other receivables	12	111	161
Bank deposits and cash	13(a)	41,923	61,710
		<u>42,034</u>	<u>61,871</u>
Current liabilities			
Trade and other payables	14	(2,861)	(2,595)
Current tax payable		(55)	(46)
		<u>(2,916)</u>	<u>(2,641)</u>
Net current assets		<u>39,118</u>	<u>59,230</u>
Total assets less current liabilities		<u>117,448</u>	<u>127,136</u>
Non-current liabilities			
Bank loans and other interest-bearing borrowings	15	(8,859)	(8,514)
Derivative financial instruments	16	(158)	(52)
Deferred tax liabilities		(2)	(14)
Employee retirement benefit liabilities		(146)	(145)
		<u>(9,165)</u>	<u>(8,725)</u>
Net assets		<u>108,283</u>	<u>118,411</u>
Capital and reserves			
Share capital	17	6,610	6,610
Reserves		101,673	111,801
Total equity attributable to equity shareholders of the Company		<u>108,283</u>	<u>118,411</u>

The notes on pages 17 to 27 form part of these unaudited interim financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

(Expressed in Hong Kong dollars)

\$ million	Attributable to equity shareholders of the Company					
	Share capital	Exchange reserve	Hedging reserve	Revenue reserve	Proposed/ declared dividend	Total
Balance at 1 January 2016	6,610	(2,586)	(965)	116,227	4,311	123,597
Changes in equity for the six months ended 30 June 2016:						
Profit for the period	—	—	—	3,476	—	3,476
Other comprehensive income	—	(1,701)	(724)	(238)	—	(2,663)
Total comprehensive income	—	(1,701)	(724)	3,238	—	813
Final dividend in respect of the previous year approved and paid	—	—	—	—	(4,311)	(4,311)
Interim dividend (see note 19)	—	—	—	(1,494)	1,494	—
Balance at 30 June 2016	<u>6,610</u>	<u>(4,287)</u>	<u>(1,689)</u>	<u>117,971</u>	<u>1,494</u>	<u>120,099</u>
Balance at 1 January 2017	6,610	(6,717)	(1,453)	104,989	14,982	118,411
Changes in equity for the six months ended 30 June 2017:						
Profit for the period	—	—	—	4,024	—	4,024
Other comprehensive income	—	824	(154)	160	—	830
Total comprehensive income	—	824	(154)	4,184	—	4,854
Final dividend in respect of the previous year approved and paid	—	—	—	—	(4,311)	(4,311)
Special interim dividend declared and paid	—	—	—	—	(10,671)	(10,671)
Interim dividend (see note 19)	—	—	—	(1,643)	1,643	—
Special interim dividend (see note 19)	—	—	—	(16,007)	16,007	—
Balance at 30 June 2017	<u>6,610</u>	<u>(5,893)</u>	<u>(1,607)</u>	<u>91,523</u>	<u>17,650</u>	<u>108,283</u>

The notes on pages 17 to 27 form part of these unaudited interim financial statements.

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2017

(Expressed in Hong Kong dollars)

	Note	2017 \$ million	2016 \$ million
Operating activities			
Cash generated from operations	13(b)	282	366
Interest paid		(111)	(153)
Interest received		838	792
Tax paid for operations outside Hong Kong		(35)	—
Tax refunded for operations outside Hong Kong		7	26
Net cash generated from operating activities		981	1,031
Investing activities			
Decrease in bank deposits with more than three months to maturity when placed		17,030	1,793
Investments in joint ventures		(3,997)	(9)
New loans to joint ventures		(4,682)	—
Repayments from joint ventures		1,219	—
Advance from joint ventures		23	—
Advance to associates		(25)	—
Dividends received from joint ventures		1,038	769
Dividends received from associates		634	652
Net cash generated from investing activities		11,240	3,205
Financing activities			
Dividends paid to equity shareholders of the Company		(14,982)	(4,311)
Net cash used in financing activities		(14,982)	(4,311)
Net decrease in cash and cash equivalents		(2,761)	(75)
Cash and cash equivalents at 1 January		15,212	66,097
Effect of foreign exchange rate changes		1	(335)
Cash and cash equivalents at 30 June	13(a)	12,452	65,687

The notes on pages 17 to 27 form part of these unaudited interim financial statements.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

1. Review of unaudited interim financial statements

These unaudited consolidated interim financial statements have been reviewed by the Audit Committee.

2. Basis of preparation

These unaudited consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 annual financial statements. Details of these changes in accounting policies are set out in note 3.

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

The interim financial statements and selected explanatory notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The financial information relating to the financial year ended 31 December 2016 that is included in the interim financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company had delivered the financial statements for the year ended 31 December 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s auditor has reported on the financial statements of the Company for the year ended 31 December 2016. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

3. Changes in accounting policies

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

- Amendments to HKAS 7, *Statement of cash flows: Disclosure initiative*
- Amendments to HKAS 12, *Income taxes: Recognition of deferred tax assets for unrealized losses*

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

4. Segment reporting

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

\$ million	2017							All other activities	Total
	Investment in HK\$*	Investments					Sub-total		
		United Kingdom	Australia	Mainland China	Others				
For the six months ended 30 June									
Revenue									
Revenue	—	258	259	—	113	630	1	631	
Other net income	—	—	—	—	3	3	213	216	
Reportable segment revenue	—	258	259	—	116	633	214	847	
Result									
Segment earnings	—	258	259	(12)	116	621	152	773	
Depreciation and amortisation	—	—	—	—	—	—	(1)	(1)	
Bank deposit interest income	—	—	—	—	—	—	318	318	
Operating profit	—	258	259	(12)	116	621	469	1,090	
Finance costs	—	(42)	(78)	—	(9)	(129)	—	(129)	
Share of profits less losses of joint ventures and associates	335	1,855	461	175	265	2,756	2	3,093	
Profit before taxation	335	2,071	642	163	372	3,248	471	4,054	
Income tax	—	7	(21)	—	(16)	(30)	—	(30)	
Reportable segment profit	335	2,078	621	163	356	3,218	471	4,024	

\$ million	2016							All other activities	Total
	Investment in HKEI*	Investments					Sub-total		
		United Kingdom	Australia	Mainland China	Others				
For the six months ended 30 June									
Revenue	—	293	222	—	108	623	6	629	
Other net loss	—	—	—	—	3	3	(262)	(259)	
Reportable segment revenue	<u>—</u>	<u>293</u>	<u>222</u>	<u>—</u>	<u>111</u>	<u>626</u>	<u>(256)</u>	<u>370</u>	
Result									
Segment earnings	—	293	222	(11)	111	615	(324)	291	
Depreciation and amortisation	—	—	—	—	—	—	(1)	(1)	
Bank deposit interest income	—	—	—	—	—	—	248	248	
Operating profit	—	293	222	(11)	111	615	(77)	538	
Finance costs	—	(51)	(66)	—	(9)	(126)	—	(126)	
Share of profits less losses of joint ventures and associates	<u>367</u>	<u>1,966</u>	<u>425</u>	<u>150</u>	<u>148</u>	<u>2,689</u>	<u>2</u>	<u>3,058</u>	
Profit before taxation	367	2,208	581	139	250	3,178	(75)	3,470	
Income tax	<u>—</u>	<u>26</u>	<u>(20)</u>	<u>—</u>	<u>—</u>	<u>6</u>	<u>—</u>	<u>6</u>	
Reportable segment profit	<u>367</u>	<u>2,234</u>	<u>561</u>	<u>139</u>	<u>250</u>	<u>3,184</u>	<u>(75)</u>	<u>3,476</u>	

Note:

* During the period, the Group has a 33.37% (2016: 33.37%) equity interest in HK Electric Investments and HK Electric Investments Limited (collectively as "HKEI"), which is listed on The Stock Exchange of Hong Kong Limited.

5. Revenue

Group revenue represents interest income from loans granted to joint ventures and associates, dividends from other financial assets and engineering and consulting services fees.

	Six months ended 30 June	
	2017 \$ million	2016 \$ million
Interest income	630	623
Others	<u>1</u>	<u>6</u>
	<u>631</u>	<u>629</u>
Share of revenue of unlisted joint ventures	<u>8,580</u>	<u>8,374</u>

6. Profit before taxation

	Six months ended 30 June	
	2017	2016
	\$ million	\$ million
Profit before taxation is arrived at after charging:		
Finance costs — interest on borrowings	129	126
Amortisation of leasehold land	—	1
Depreciation	1	—
	<u>130</u>	<u>127</u>

7. Income tax

	Six months ended 30 June	
	2017	2016
	\$ million	\$ million
Current tax	38	(6)
Deferred tax	(8)	—
	<u>30</u>	<u>(6)</u>

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.

8. Earnings per share

The calculation of earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of \$4,024 million for the six months ended 30 June 2017 (2016: \$3,476 million) and 2,134,261,654 ordinary shares (2016: 2,134,261,654 ordinary shares) in issue throughout the period.

There were no dilutive potential ordinary shares in existence during the six months ended 30 June 2017 and 2016.

9. Property, plant and equipment and leasehold land

\$ million	Buildings	Plant, machinery and equipment	Sub-total	Interests in leasehold land held for own use under finance leases	Total
Net book value at 1 January 2017	10	2	12	17	29
Depreciation and amortisation	(1)	—	(1)	—	(1)
Net book value at 30 June 2017	9	2	11	17	28
Cost	26	5	31	30	61
Accumulated depreciation and amortisation	(17)	(3)	(20)	(13)	(33)
Net book value at 30 June 2017	9	2	11	17	28

10. Interest in joint ventures

	30 June 2017 \$ million	31 December 2016 \$ million
Share of net assets of unlisted joint ventures	39,991	34,532
Loans to unlisted joint ventures	13,108	8,084
Amounts due from unlisted joint ventures	225	123
	53,324	42,739
Share of total assets of unlisted joint ventures	121,429	101,345

11. Interest in associates

	30 June 2017 \$ million	31 December 2016 \$ million
Share of net assets		
— Listed associate	16,369	16,881
— Unlisted associates	3,702	3,358
	20,071	20,239
Loans to unlisted associates	4,068	3,889
Amounts due from associates	105	74
	24,244	24,202

12. Trade and other receivables

	30 June 2017 \$ million	31 December 2016 \$ million
Interest and other receivables	110	79
Derivative financial instruments	—	80
Deposits and prepayments	1	2
	111	161

Trade with customers is carried out on credit and invoices are normally due within 1 month after issued.

13. Bank deposits and cash

(a) Bank deposits and cash comprise:

	30 June 2017 \$ million	31 December 2016 \$ million
Deposits with banks and other financial institutions with 3 months or less to maturity when placed	12,290	14,855
Cash at bank and on hand	162	357
Cash and cash equivalents in the consolidated cash flow statement	12,452	15,212
Deposits with banks and other financial institutions with more than 3 months to maturity when placed	29,471	46,498
	41,923	61,710

(b) Reconciliation of profit before taxation to cash generated from operations:

	Six months ended 30 June	
	2017	2016
	\$ million	\$ million
Profit before taxation	4,054	3,470
Adjustments for:		
Share of profits less losses of joint ventures	(2,442)	(2,355)
Share of profits less losses of associates	(651)	(703)
Interest income	(948)	(871)
Finance costs	129	126
Amortisation of leasehold land	—	1
Depreciation	1	—
Unrealised exchange (gains)/losses	(27)	424
Financial instrument revaluation gain	—	(44)
Changes in working capital:		
(Increase)/decrease in trade and other receivables	(19)	168
Increase in trade and other payables	173	175
Decrease/(increase) in amounts due from joint ventures	11	(27)
Increase in net employee retirement benefit liabilities	1	2
Cash generated from operations	282	366

14. Trade and other payables

	30 June	31 December
	2017	2016
	\$ million	\$ million
Due within 1 month or on demand	29	64
Due after 1 month but within 3 months	—	1
Due after 3 months but within 12 months	2,781	2,530
Creditors measured at amortised cost	2,810	2,595
Derivative financial instruments	51	—
	2,861	2,595

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

	30 June 2017 \$ million	31 December 2016 \$ million
Bank loans	<u><u>8,859</u></u>	<u><u>8,514</u></u>

16. Derivative financial instruments

	30 June 2017		31 December 2016	
	Assets \$ million	Liabilities \$ million	Assets \$ million	Liabilities \$ million
Derivative financial instruments used for hedging:				
Cash flow hedges				
Interest rate swaps	7	(33)	45	(41)
Net investment hedges				
Forward foreign exchange contracts	627	(99)	881	(11)
Cross currency swaps	—	(77)	—	—
	<u>634</u>	<u>(209)</u>	<u>926</u>	<u>(52)</u>
Analysed as:				
Current	—	(51)	80	—
Non-current	<u>634</u>	<u>(158)</u>	<u>846</u>	<u>(52)</u>
	<u><u>634</u></u>	<u><u>(209)</u></u>	<u><u>926</u></u>	<u><u>(52)</u></u>

17. Share capital

	Number of shares	30 June 2017 \$ million	31 December 2016 \$ million
<i>Issued and fully paid:</i>			
Voting ordinary shares	2,134,261,654	<u><u>6,610</u></u>	<u><u>6,610</u></u>

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

18. Fair value measurement

(a) Recurring fair value measurements

	Level 2	
	30 June 2017 \$ million	31 December 2016 \$ million
Financial assets		
Derivative financial instruments:		
— Interest rate swaps	7	45
— Forward foreign exchange contracts	627	881
	<u>634</u>	<u>926</u>
Financial liabilities		
Derivative financial instruments:		
— Interest rate swaps	(33)	(41)
— Forward foreign exchange contracts	(99)	(11)
— Cross currency swaps	(77)	—
	<u>(209)</u>	<u>(52)</u>

(b) Valuation techniques and inputs in fair value measurements

The fair value of forward foreign exchange contracts is measured using forward exchange market rates at the end of the reporting period. The fair value of interest rate swaps and cross currency swaps is measured by discounting the future cash flows of the contracts at the current market interest rate.

(c) Fair values of financial assets and liabilities carried at other than fair value

Unlisted available-for-sale equity securities, amounts due from joint ventures and associates, trade and other receivables, trade and other payables and external borrowings are carried at cost or amortised cost which are not materially different from their fair values as at 30 June 2017 and 31 December 2016.

19. Interim dividend

The interim dividends declared by the Board of Directors are as follows:

	Six months ended 30 June	
	2017	2016
	\$ million	\$ million
Interim dividend of \$0.77 per ordinary share (2016: \$0.70 per ordinary share)	1,643	1,494
Special interim dividend of \$7.50 per ordinary share (2016: \$Nil)	16,007	—
	17,650	1,494

20. Capital commitments

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

	30 June	31 December
	2017	2016
	\$ million	\$ million
Contracted for:		
Investment in a joint venture	1,480	1,465
Authorised but not contracted for:		
Capital expenditure for property, plant and equipment	1	1
Investment in a joint venture	150	144
	151	145

21. Contingent liabilities

	30 June	31 December
	2017	2016
	\$ million	\$ million
Financial guarantees issued in respect of banking facilities available to a joint venture	102	97
Other guarantees given in respect of a joint venture	731	724
	833	821

22. Material related party transactions

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

(a) Shareholder

Outram Limited (“Outram”), a subsidiary of the Company, reimbursed a wholly owned subsidiary of CK Infrastructure Holdings Limited (“CKI”), a substantial shareholder holding approximately 38.87% of the issued shares of the Company, \$15 million (2016: \$15 million) being the actual costs incurred for providing the operation and management services to Outram and its subsidiaries for the period. The transaction constitutes a continuing connected transaction under the Listing Rules for the Company.

(b) Joint ventures

- (i) Interest income received/receivable from joint ventures in respect of the loans to joint ventures amounted to \$401 million for the six months ended 30 June 2017 (2016: \$400 million). The outstanding balances with joint ventures are disclosed in note 10.
- (ii) Tax credit claimed under the consortium relief received/receivable from joint ventures in the United Kingdom amounted to \$7 million for the six months ended 30 June 2017 (2016: \$26 million).

(c) Associates

- (i) Interest income received/receivable from associates in respect of the loans to associates amounted to \$229 million for the six months ended 30 June 2017 (2016: \$223 million). The outstanding balances with associates are disclosed in note 11.
- (ii) Other operating costs included support service charge recovered by an associate amounted to \$19 million (2016: \$18 million) for the total costs incurred in the provision or procurement of the general office administration and other support services and office facilities. The outstanding balance at 30 June 2017 with the associate was \$4 million (31 December 2016: \$4 million).

CORPORATE GOVERNANCE

Corporate Governance Practices

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

The Company has complied with the applicable code provisions in the Corporate Governance Code set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the six months ended 30 June 2017, except as noted hereunder.

The Company does not have a nomination committee as provided for in code provision A.5. At present, the Company does not consider it necessary to have a nomination committee as the full Board is responsible for reviewing the structure, size and composition of the Board and the appointment of new Directors from time to time having regard to the Group's Board Diversity Policy. The Board as a whole is also responsible for reviewing the succession plan for the Directors, in particular the Chairman and the Chief Executive Officer.

The Group is committed to achieving and maintaining standards of openness, probity and accountability. In line with this commitment and in compliance with the Corporate Governance Code, the Audit Committee has reviewed the procedures for reporting possible improprieties in financial reporting, internal control or other matters. In addition, the Company has established the policy on handling of inside information and securities dealing for compliance by the Company's employees.

Board of Directors

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

As at 30 June 2017, the Board consists of a total of eleven Directors, comprising six Executive Directors, one Non-executive Director and four Independent Non-executive Directors. All Directors are required to retire from office by rotation and are subject to re-election by shareholders at the annual general meeting once every three years pursuant to the articles of association of the Company.

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

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

The Company Secretary of the Company supports the Board by ensuring good information flow within the Board and that board policy and procedures are followed. The Company Secretary is responsible 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 all obligations of the Listing Rules, Codes on Takeovers and Mergers and Share Buy-backs, Companies Ordinance, Securities and Futures Ordinance and other related laws, rules and regulations.

Model Code for Securities Transactions by Directors

The Board of Directors of the Company has adopted the Model Code for Securities Transactions by Directors ("Model Code") set out in Appendix 10 of the Listing Rules as the Group's code of conduct regarding directors' securities transactions. All Directors have confirmed following specific enquiry that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2017.

CORPORATE GOVERNANCE *(Continued)*

Senior managers, and other nominated managers and staff who, because of their respective positions in the Company, are likely to possess unpublished inside information regarding the Company and its securities are also required to comply with the Model Code.

Changes of Information of Directors

The changes in the information of Directors since the publication of the annual report 2016 and up to 1 August 2017 (the latest practicable date prior to the printing of this interim report) are set out below pursuant to Rule 13.51B(1) of the Listing Rules:

Name of Director

Li Tzar Kuoi, Victor	Ceased to be a member of the Commission on Strategic Development of the Hong Kong Special Administrative Region
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Ip Yuk-keung, Albert	Ceased to be a Research Fellow of the Institute for Financial Economics at Singapore Management University
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Appointed as a Member of College of Business International Advisory Board at City University of Hong Kong

Inducted as a Beta Gamma Sigma Honoree at The Hong Kong University of Science and Technology (“HKUST”)

Appointed as an Advisory Council Member of the HKUST Business School

Wu Ting Yuk, Anthony	Appointed as an Honorary Professor of Peking Union Medical College Hospital
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Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Risk Management and Internal Control

The Board has overall responsibility for evaluating and determining the nature and extent of the risks they are willing to take in achieving the Group’s strategic objectives, overseeing the risk management and internal control systems including reviewing their effectiveness through the Audit Committee to ensure appropriate and effective risk management and internal control systems are in place.

The Group's internal audit function, which is shared with that of HK Electric Investments Limited, an associate of the Company, reports to an Executive Director and the Audit Committee, and provides independent assurance as to the existence and effectiveness of the risk management activities and controls in the operations of the Group's business units. Staff members are from a wide range of disciplines including accounting, engineering and information technology. Using risk assessment methodology and taking into account the scope and nature of the Group's activities and changes in operating environment, Internal Audit prepares its yearly audit plan which is reviewed and approved by the Audit Committee. Internal Audit's reports on the Group's operations are also reviewed and considered by the Audit Committee. The scope of work on the Group's business units performed by Internal Audit includes financial and operations review, recurring and unscheduled audits, fraud investigation, productivity efficiency review and laws and regulations compliance review. Internal Audit follows up audit recommendations on implementation by the business units and the progress is reported to the Audit Committee.

Remuneration Committee

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

The Remuneration Committee reports directly to the Board of Directors and its principal responsibilities include the review and consideration of the Company's policy for remuneration of Directors and senior management, and the determination of their individual remuneration packages. The terms of reference of the Remuneration Committee are published on the Company's website and the website of Hong Kong Exchanges and Clearing Limited ("HKEX").

Audit Committee

The Audit Committee comprises three Independent Non-executive Directors. It is chaired by Mr. Wong Chung Hin and the other members are Mr. Ip Yuk-keung, Albert and Mr. Ralph Raymond Shea.

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

CORPORATE GOVERNANCE *(Continued)*

Communication with Shareholders

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

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

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

The Board has adopted a communication policy which provided a framework to promote effective communication with shareholders.

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2017, 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 ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executives of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long Positions in Shares of the Company

Name of Director	Capacity	Nature of Interests	Number of Shares Held	Approximate % of Shareholding
Tsai Chao Chung, Charles	Beneficial owner	Personal	4,022	≈0%

Long Positions in Shares of Associated Corporation HK Electric Investments and HK Electric Investments Limited

Name of Director	Capacity	Nature of Interests	Number of Share Stapled Units Held	Approximate % of Issued Share Stapled Units
Li Tzar Kuoi, Victor	Interest of controlled corporations	Corporate	7,870,000 (Note 1)	0.08%
Fok Kin Ning, Canning	Interest of controlled corporation	Corporate	2,000,000 (Note 2)	0.02%
Tsai Chao Chung, Charles	Beneficial owner	Personal	880	≈0%

Notes:

- (1) Such share stapled units of HK Electric Investments and HK Electric Investments Limited ("HKEI") comprise:
- (a) 2,700,000 share stapled units of HKEI held by Lankford Profits Limited, a wholly-owned subsidiary of Li Ka Shing (Overseas) Foundation ("LKSOF"). By virtue of the terms of the constituent documents of LKSOF, 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 LKSOF; and
- (b) 5,170,000 share stapled units of HKEI 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.
- (2) Such share stapled units of HKEI are held by a company which is equally owned by Mr. Fok Kin Ning, Canning and his wife.

Save as disclosed above, as at 30 June 2017, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

CORPORATE GOVERNANCE *(Continued)*

Interests and Short Positions of Shareholders

As at 30 June 2017, shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange were as follows:

Substantial Shareholders

Long Positions in Shares of the Company

Name	Capacity	Number of Shares Held	Approximate % of Shareholding
Interman Development Inc.	Beneficial owner	186,736,842 <i>(Note 1)</i>	8.75%
Venniton Development Inc.	Beneficial owner	197,597,511 <i>(Note 1)</i>	9.26%
Univest Equity S.A.	Beneficial owner	279,011,102 <i>(Note 1)</i>	13.07%
Monitor Equities S.A.	Beneficial owner & interest of controlled corporation	287,211,674 <i>(Note 1)</i>	13.46%
Hyford Limited	Interest of controlled corporations	829,599,612 <i>(Note 2)</i>	38.87%
CK Infrastructure Holdings Limited <i>(formerly known as Cheung Kong Infrastructure Holdings Limited)</i>	Interest of controlled corporations	829,599,612 <i>(Note 2)</i>	38.87%
Hutchison Infrastructure Holdings Limited	Interest of controlled corporations	829,599,612 <i>(Note 3)</i>	38.87%
Hutchison International Limited	Interest of controlled corporations	829,599,612 <i>(Note 3)</i>	38.87%
Hutchison Whampoa Limited	Interest of controlled corporations	829,599,612 <i>(Note 3)</i>	38.87%
Cheung Kong (Holdings) Limited	Interest of controlled corporations	829,599,612 <i>(Note 4)</i>	38.87%
CK Hutchison Global Investments Limited	Interest of controlled corporations	829,599,612 <i>(Note 4)</i>	38.87%
CK Hutchison Holdings Limited	Interest of controlled corporations	829,599,612 <i>(Note 4)</i>	38.87%

Other Persons

Long Positions in Shares of the Company

Name	Capacity	Number of Shares Held	Approximate % of Shareholding
Capital Research and Management Company	Investment Manager	148,817,800 (Note 5)	6.97%
The Capital Group Companies, Inc.	Investment Manager	148,817,800 (Note 5)	6.97%

Notes:

- (1) *These are direct or indirect wholly-owned subsidiaries of Hyford Limited ("Hyford") and their interests are duplicated in the same 829,599,612 shares of the Company held by Hyford described in Note (2) below.*
- (2) *CK Infrastructure Holdings Limited ("CKI") is deemed to be interested in the 829,599,612 shares of the Company as referred to in Note (1) above as it holds more than one-third of the issued share capital of Hyford indirectly. Its interests are duplicated in the interest of Hutchison Whampoa Limited ("HWL") in the Company described in Note (3) below.*
- (3) *HWL is deemed to be interested in the 829,599,612 shares of the Company as referred to in Note (2) above as it holds more than one-third of the issued shares of Hutchison International Limited, which holds more than one-third of the issued share capital of Hutchison Infrastructure Holdings Limited ("HIH"). HIH holds more than one-third of the issued share capital of CKI.*
- (4) *CK Hutchison Holdings Limited ("CKH Holdings") is deemed to be interested in the 829,599,612 shares of the Company as referred to in Note (3) above as it holds more than one-third of the issued shares of Cheung Kong (Holdings) Limited and CK Hutchison Global Investments Limited respectively, each of which in turn holds more than one-third of the issued shares of HWL.*
- (5) *Capital Research and Management Company ("CRMC") is a wholly-owned subsidiary of The Capital Group Companies, Inc. ("CGCI"). As such, the interests of CRMC are notified by CGCI and are duplicated in the same 148,817,800 shares of the Company notified by CGCI.*

Save as disclosed above, as at 30 June 2017, there was no other person (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

OTHER INFORMATION

Interim Dividend and Special Interim Dividend

The Board of Directors has declared an interim dividend for 2017 of HK\$0.77 per share and a one-off special interim dividend of HK\$7.50 per share. The dividends will be payable on 29 August 2017 to shareholders whose names appear in the Company's Register of Members at the close of business on Monday, 21 August 2017, being the record date for determination of entitlement to the interim dividends. To qualify for the interim dividend and the special interim dividend, all transfers accompanied by the relevant share certificates should be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Monday, 21 August 2017.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's issued shares during the six months ended 30 June 2017.

Disclosure under Rule 13.22 of Chapter 13 of the Listing Rules

In relation to the provision of financial assistance by the Group to certain affiliated companies, a combined statement of financial position of the affiliated companies as at 30 June 2017 required to be disclosed under Rule 13.22 of Chapter 13 of the Listing Rules is set out below:

Combined statement of financial position of the affiliated companies <i>as at 30 June 2017</i>	HK\$ million
Non-current assets	374,104
Current assets	19,902
Current liabilities	(44,997)
Non-current liabilities	<u>(252,572)</u>
Net assets	<u>96,437</u>
Share capital	39,062
Reserves	<u>57,375</u>
Capital and reserves	<u>96,437</u>

As at 30 June 2017, the consolidated attributable interest of the Group in these affiliated companies amounted to HK\$49,998 million.