



CHEUNG KONG INFRASTRUCTURE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1038)

POWER ON

INTERIM REPORT 2011





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

THE HALF YEAR AT A GLANCE

Profit attributable to shareholders (HK\$ million)	3,983
Earnings per share (HK\$)	1.77
Interim dividend per share (HK\$)	0.365



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	HK\$ Million		Variance	Contribution Percentage	
	1H 2011	1H 2010		1H 2011	1H 2010
Profit contribution from:					
- Power Assets	1,564	1,057	+48%	34%	47%
- United Kingdom portfolio	1,879	216	+770%	41%	10%
- Australia portfolio	694	513	+35%	15%	23%
- Mainland China portfolio	215	211	+2%	5%	9%
- Canada portfolio	52	51	+2%	1%	2%
- New Zealand portfolio	26	38	-32%	1%	2%
- Materials business	162	147	+10%	3%	7%
	4,592	2,233	+106%	100%	100%
Profit attributable to shareholders	3,983	2,029	+96%		
Interim dividend per share	HK\$0.365	HK\$0.33	+11%		

Cheung Kong Infrastructure Holdings Limited (“CKI” or the “Group”) delivered an excellent performance during the first half of 2011.

Unaudited profit attributable to shareholders was HK\$3,983 million, nearly doubling that of the same period last year.

This significant growth is mainly attributed to the contribution from UK Power Networks, an electricity distribution business which was acquired by a consortium led by CKI in October 2010, with CKI and its associate, Power Assets Holdings Limited (“Power Assets”) each holding a 40 per cent stake. This business has substantially increased the Group’s income base. The combination of UK Power Networks’ direct profit contribution to CKI, together with an indirect profit contribution through Power Assets has generated about HK\$2 billion during the period under review.

The Board of Directors of CKI (the “Board”) has declared an interim dividend for 2011 of HK\$0.365 per share (2010: HK\$0.33), representing an increase of 11 per cent over the same period last year. This continues the Group’s trend of annual dividend growth for the past fifteen years since listing. The interim dividend will be paid on Friday, 9th September, 2011 to shareholders whose names appear on the Register of Members of the Company on Thursday, 8th September, 2011.

BUSINESS REVIEW

Power Assets

Power Assets generated HK\$1,564 million in profit contribution, a 48 per cent increase over the same period last year.

The international businesses recorded growth of 133 per cent, which included full six-month contributions from Seabank Power and UK Power Networks, which were acquired in 2010.

Meanwhile, the Hong Kong business remained comparable to the same period last year, only generating a 0.3 per cent increase.

The proportion of profit contribution derived from international businesses has increased from 36 per cent in 2010 to 56 per cent in 2011. The contribution from the Hong Kong business now comprises less than half of Power Assets’ total income. The shift reflects Power Assets’ ongoing strategic focus of expanding its portfolio outside of Hong Kong.

United Kingdom Infrastructure

In the United Kingdom, profit contribution was HK\$1,879 million, a significant increase of 770 per cent as compared to the same period last year.

The outstanding growth is mainly led by earnings generated by the additions of Seabank Power and UK Power Networks, the two businesses acquired in 2010. In particular, UK Power Networks represents a major capital investment in a sizeable electricity network business which has significantly expanded the Group’s earnings base. During the period under review, UK Power Networks and Seabank Power contributed their first full six-month results to CKI.

Northern Gas Networks, Cambridge Water and Southern Water continued to provide acceptable returns during the period under review.

Australia Infrastructure

CKI's Australian portfolio generated profit contribution of HK\$694 million, a 35 per cent increase over the previous year.

The electricity distribution businesses, comprising ETSA Utilities, CitiPower and Powercor, all reported stable operating performances under a new regulatory tariff regime which will secure predictable returns in the next five years.

The Group's investment in Spark Infrastructure generated good returns. The disposal of the Group's interest in the Manager of Spark Infrastructure generated a one-off gain of HK\$145 million for CKI.

Envestra, a regulated business in gas distribution, also delivered stable income during the period under review.

Mainland China Infrastructure

The Group's portfolio in Mainland China generated profit contribution of HK\$215 million, a 2 per cent increase over the same period last year.

The toll road projects recorded a double-digit increase in toll revenue.

Canada Infrastructure

Profit contribution from the Group's portfolio in Canada was HK\$52 million, an increase of 2 per cent as compared to the corresponding period last year.

Overall, Stanley Power's portfolio of power plants in Ontario, Alberta and Saskatchewan achieved good operational improvement during the period under review and continued to provide a steady income stream to the Group. Following completion in April, the acquisition of an increased stake in the Meridian Cogeneration Plant provided three months of profit contribution to the Group.

New Zealand Infrastructure

In New Zealand, profit contribution from Wellington Electricity distribution network was HK\$26 million, a decrease of 32 per cent compared to the same period last year. This is mainly attributable to the negative impact caused by the conversion of the project loan from a short-term floating interest rate to a five-year fixed interest rate arrangement in May 2010.

Materials Business

The materials business achieved profit contribution of HK\$162 million, a 10 per cent increase over the corresponding period in 2010. Growth was recorded in both volume and pricing.

STRONG FINANCIAL POSITION

The Group continues to maintain a sound financial position, with an “A-/Stable ” credit rating from Standard & Poor’s. With cash on hand of HK\$5 billion and a net debt to equity ratio of 7 per cent as of 30th June, 2011, CKI is well-positioned to fund any future acquisitions and expansion opportunities.

SUBSEQUENT EVENT

In July 2011, CKI issued 84.5 million shares via a share placement exercise. The net proceeds were about HK\$3.4 billion and net debt to equity ratio was reduced to less than 1 per cent. This marks CKI’s first placement since listing in 1996 and has provided the Group with additional funding for further expansion.

On 27th June, 2011, CKI released a voluntary announcement confirming that the Group was in the preliminary stage of assessing a potential cash offer for Northumbrian Water Group plc (“Northumbrian”), the ordinary shares of which are traded on the London Stock Exchange. On 11th July, 2011, Northumbrian announced that CKI had made a revised non-binding proposal for Northumbrian and that the Board of Northumbrian agreed to grant CKI a limited period to undertake confirmatory due diligence. The announcement further provided that there could be no certainty that an offer would ultimately be forthcoming and further announcement would be made by Northumbrian as and when appropriate.

OUTLOOK

During the first half of 2011, the Group achieved a strong performance that was powered by the positive impact of the UK Power Networks acquisition. This significant acquisition has substantially expanded CKI’s global portfolio and greatly enhanced the earnings base. At the same time, good overall results and organic growth have been achieved throughout CKI’s portfolio.

Over the years, CKI's unique investment strategy of focusing on businesses which provide steady cashflow and secure returns has borne fruit. The Group has exceeded the critical mass befitting that of a global infrastructure player. Today, in the capital-intensive infrastructure arena, CKI ranks amongst eligible candidates for almost all emerging opportunities.

With a strong balance sheet and extensive acquisition experience, CKI will continue to advance our acquisition trail and pursue more investment opportunities. We are currently assessing a number of new projects around the world.

The Group will follow our traditional prudent approach and apply stringent discipline when evaluating acquisition targets – our emphasis has always been placed on project fundamentals and not on a “must-win” mentality.

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

Li Tzar Kuoi, Victor

Chairman

Hong Kong, 28th July, 2011

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 issued and other project loans.

As at 30th June, 2011, total borrowings of the Group amounted to HK\$8,783 million, which were all denominated in foreign currencies. Of the total borrowings, 14 per cent were repayable in 2011, 52 per cent were repayable between 2012 and 2015 and 34 per cent repayable beyond 2015. 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 or Pounds Sterling. 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, 2011, the Group maintained a net debt to equity ratio of 7 per cent, which was based on its net debt of HK\$3,728 million and total equity of HK\$56,261 million. This ratio was slightly higher than the net debt to equity ratio of 6 per cent at the year end of 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, 2011, the notional amounts of these derivative instruments amounted to HK\$25,565 million.

CHARGE ON GROUP ASSETS

As at 30th June, 2011:

- the Group's obligations under finance leases totalling HK\$90 million were secured by charges over the leased assets with carrying value of HK\$277 million; and
- certain plant and machinery of the Group with carrying value of HK\$54 million were pledged to secure bank borrowings totalling HK\$30 million granted to the Group.

CONTINGENT LIABILITIES

As at 30th June, 2011, the Group was subject to the following contingent liabilities:

HK\$ million	
Guarantee in respect of a bank loan drawn by an affiliated company	1,331
Other guarantees given in respect of affiliated companies	1,443
Sub-contractor warranties	21
Total	2,795

EMPLOYEES

The Group, including its subsidiaries but excluding affiliated companies, employs a total of 1,080 employees. Employees' cost (excluding directors' emoluments) amounted to HK\$149 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 46, has been the Chairman of the Company since its incorporation in May 1996. He is the Chairman of the Remuneration Committee of the Company since March 2005. He is also the Managing Director and Deputy Chairman of Cheung Kong (Holdings) Limited, Deputy Chairman of Hutchison Whampoa Limited, the Chairman of CK Life Sciences Int'l., (Holdings) Inc., an Executive Director of Power Assets Holdings Limited, Co-Chairman of Husky Energy Inc. and a Director of The Hongkong and Shanghai Banking Corporation Limited ("HSBC"). Except for HSBC, all the companies mentioned above are listed companies. Mr. Victor Li serves as a member of the Standing Committee of the 11th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He is also a member of the Commission on Strategic Development and the Council for Sustainable Development of the Hong Kong Special Administrative Region ("HKSAR"), and Vice Chairman of the Hong Kong General Chamber of Commerce. Mr. Victor Li is also the Honorary Consul of Barbados in Hong Kong. He is a director of certain substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Bachelor of Science degree in Civil Engineering, a Master of Science degree in Structural Engineering and an honorary degree, Doctor of Laws, honoris causa (LL.D.). Mr. Victor Li is a son of Mr. Li Ka-shing, a substantial shareholder of the Company within the meaning of Part XV of the SFO, and a nephew of Mr. Kam Hing Lam, the Group Managing Director of the Company.

KAM Hing Lam, aged 64, has been the Group Managing Director of the Company since its incorporation in May 1996. He has also been the Deputy Managing Director of Cheung Kong (Holdings) Limited since February 1993. He is also the President and Chief Executive Officer of CK Life Sciences Int'l., (Holdings) Inc., and an Executive Director of Hutchison Whampoa Limited and Power Assets Holdings Limited. All the companies mentioned above are listed companies. Mr. Kam is also the Chairman of Hui Xian Asset Management Limited, which manages Hui Xian Real Estate Investment Trust, a real estate investment trust listed on The Stock Exchange of Hong Kong Limited ("SEHK"). Mr. Kam is also a director of certain substantial shareholders of the Company within the meaning of Part XV of SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. Mr. Kam is a member of the 11th Beijing Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration. Mr. Kam is an uncle of Mr. Li Tzar Kuoi, Victor, the Chairman of the Company.

●●●● DIRECTORS' BIOGRAPHICAL INFORMATION

IP Tak Chuen, Edmond, aged 59, has been an Executive Director of the Company since its incorporation in May 1996 and Deputy Chairman of the Company since February 2003. He is also Deputy Managing Director of Cheung Kong (Holdings) Limited. In addition, he is the Senior Vice President and Chief Investment Officer of CK Life Sciences Int'l., (Holdings) Inc., a Non-executive Director of TOM Group Limited, ARA Asset Management Limited, AVIC International Holding (HK) Limited, Excel Technology International Holdings Limited, Real Nutraceutical Group Limited (formerly known as Ruinian International Limited) and Shougang Concord International Enterprises Company Limited. All the companies mentioned above are listed companies. Mr. Ip is also a Non-executive Director of ARA Asset Management (Fortune) Limited, which manages Fortune Real Estate Investment Trust, a real estate investment trust listed on SEHK and the Singapore Exchange Securities Trading Limited ("SGX-ST"), a Director of ARA Trust Management (Suntec) Limited, which manages Suntec Real Estate Investment Trust, a real estate investment trust listed on SGX-ST, and a Non-executive Director of Hui Xian Asset Management Limited, which manages Hui Xian Real Estate Investment Trust, a real estate investment trust listed on SEHK. He is also a director of a substantial shareholder of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Bachelor of Arts degree in Economics and a Master of Science degree in Business Administration.

FOK Kin Ning, Canning, aged 59, has been an Executive Director and Deputy Chairman of the Company since March 1997. He is currently the Group Managing Director of Hutchison Whampoa Limited and a Non-executive Director of Cheung Kong (Holdings) Limited. In addition, Mr. Fok is the Chairman of Hutchison Harbour Ring Limited, Hutchison Telecommunications Hong Kong Holdings Limited, Hutchison Telecommunications (Australia) Limited, Hutchison Port Holdings Management Pte. Limited ("HPPM") as the trustee-manager of Hutchison Port Holdings Trust and Power Assets Holdings Limited, Co-Chairman of Husky Energy Inc. and Alternate Director to Mrs. Chow Woo Mo Fong, Susan, a Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited. Except for HPPM, all the companies/business trust mentioned above are listed in Hong Kong or overseas. Mr. Fok is also a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a member of The Institute of Chartered Accountants in Australia.

DIRECTORS' BIOGRAPHICAL INFORMATION

Andrew John HUNTER, aged 52, 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. He was previously the Chief Financial Officer of Cheung Kong (Holdings) Limited, which is a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr. Hunter had been a Non-executive Director of Spark Infrastructure Group until 31st May, 2011. All the companies mentioned above are listed companies. He also holds directorships in certain companies controlled by certain substantial shareholders of the Company. 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 28 years of experience in accounting and financial management.

CHAN Loi Shun, aged 48, 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 Alternate Director to Mr. Kam Hing Lam, an Executive Director of Power Assets Holdings Limited. He is also a Director of Envestra Limited. Mr. Chan had been a Non-executive Director of Spark Infrastructure Group until 31st May, 2011. All the companies mentioned above are listed companies. Mr. Chan is a fellow of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants.

CHOW WOO Mo Fong, Susan, aged 57, has been an Executive Director of the Company since March 1997 and an Alternate Director to Mr. Fok Kin Ning, Canning, Deputy Chairman of the Company, and Mr. Frank John Sixt, an Executive Director of the Company, since May 2006. She is the Deputy Group Managing Director of Hutchison Whampoa Limited. She is also an Executive Director of Hutchison Harbour Ring Limited and Power Assets Holdings Limited, a Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited and TOM Group Limited, a Director of Hutchison Telecommunications (Australia) Limited, and an Alternate Director of Hutchison Port Holdings Management Pte. Limited ("HPHM") as the trustee-manager of Hutchison Port Holdings Trust, Hutchison Telecommunications (Australia) Limited and Power Assets Holdings Limited. Except for HPHM, all the companies/business trust mentioned above are listed in Hong Kong or overseas. She is also a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. She is a solicitor and holds a Bachelor's degree in Business Administration.

●●●● DIRECTORS' BIOGRAPHICAL INFORMATION

Frank John SIXT, aged 59, has been an Executive Director of the Company since its incorporation in May 1996. He is a Non-executive Director of Cheung Kong (Holdings) Limited and the Group Finance Director of Hutchison Whampoa Limited. He is also the Non-executive Chairman of TOM Group Limited, an Executive Director of Power Assets Holdings Limited, a Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited and Hutchison Port Holdings Management Pte. Limited (“HPPM”) as the trustee-manager of Hutchison Port Holdings Trust, a Director of Hutchison Telecommunications (Australia) Limited and Husky Energy Inc, and an Alternate Director of Hutchison Telecommunications (Australia) Limited. Except for HPPM, all the companies/business trust mentioned above are listed in Hong Kong or overseas. Mr. Sixt is also a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Master’s degree in Arts and a Bachelor’s degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Quebec and Ontario, Canada.

TSO Kai Sum, aged 80, has been an Executive Director of the Company since March 1997. He is also the Group Managing Director of Power Assets Holdings Limited, a listed company. He also holds directorships in certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr. Tso initially worked with the Power Assets Group from 1966 to 1981, holding the positions of Chief Project Engineer of The Hongkong Electric Company, Limited and Executive Director of Associated Technical Services Limited. In 1981, he joined International City Holdings Limited as an Executive Director. In 1987, he joined the Hutchison Whampoa Group as the Group Managing Director of Hutchison Whampoa Properties. In 1997, he re-joined the Power Assets Group as Group Managing Director. Mr. Tso holds a Bachelor of Science degree in Civil Engineering and is also a Chartered Engineer. He is a member of the Institute of Civil Engineers and the Institute of Structural Engineers in the United Kingdom.

●●●● DIRECTORS' BIOGRAPHICAL INFORMATION

CHEONG Ying Chew, Henry, aged 63, 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 from December 1998 to December 2006. Mr. Cheong is also a member of the Remuneration Committee of the Company. He is also an Independent Non-executive Director of Cheung Kong (Holdings) Limited, Hutchison Telecommunications Hong Kong Holdings Limited, TOM Group Limited, CNNC International Limited, Creative Energy Solutions Holdings Limited, Excel Technology International Holdings Limited, New World Department Store China Limited and SPG Land (Holdings) Limited, and an Independent Director of BTS Group Holdings Public Company Limited. Mr. Cheong is an Executive Director and Deputy Chairman of Worldsec Limited. He is also an Alternate Director to Dr. Wong Yick Ming, Rosanna, an Independent Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited. All the companies mentioned above are listed companies. He is also a director of a substantial shareholder of the Company within the meaning of Part XV of the SFO, and a director of a company controlled by a substantial shareholder of the Company. Mr. Cheong is a member of the Securities and Futures Appeals Tribunal and a member of the Advisory Committee of the Securities and Futures Commission. He holds a Bachelor of Science degree in Mathematics and a Master of Science degree in Operational Research and Management.

KWOK Eva Lee, aged 69, 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 sits on the Compensation Committee and Corporate Governance Committee of Husky Energy Inc., the Audit Committee and the Remuneration Committee of CK Life Sciences Int'l., (Holdings) Inc., and the Audit Committee of the Company. Except for LKS Canada Foundation and Amara, all the companies mentioned above are listed companies. In addition, she was an Independent Director of Bank of Montreal, a listed company, and previously sat on the Audit Committee and Pension Fund Society of the Bank of Montreal, the Nominating and Governance Committee of Shoppers Drug Mart Corporation, the Independent Committee of Directors and Human Resources Committee of Telesystems International Wireless (TIW) Inc., the Independent Committee of Directors and the Corporate Governance Committee of Fletcher Challenge Canada Ltd., the Audit and Corporate Governance Committees of Clarica Life Insurance Company and the Corporate Governance Committee of Air Canada.

●●●● DIRECTORS' BIOGRAPHICAL INFORMATION

SNG Sow-mei alias POON Sow Mei, aged 70, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since September 2004. She is an Independent Non-executive Director of Hutchison Port Holdings Management Pte. Limited as the trustee-manager of Hutchison Port Holdings Trust, a business trust listed on SGX-ST, an Independent Non-executive Director of ARA Asset Management (Fortune) Limited, which manages Fortune Real Estate Investment Trust, a real estate investment trust listed on SEHK and SGX-ST, an Independent Director of ARA Trust Management (Suntec) Limited, which manages Suntec Real Estate Investment Trust, a real estate investment trust listed on SGX-ST, an Independent Non-executive Director of ARA Asset Management (Prosperity) Limited, which manages Prosperity Real Estate Investment Trust, a real estate investment trust listed on SEHK and a Director of INFA Systems Ltd. Mrs. Sng is also a member of the Audit Committee of Hutchison Port Holdings Management Pte. Limited, ARA Asset Management (Fortune) Limited, ARA Trust Management (Suntec) Limited and ARA Asset Management (Prosperity) Limited. Since 2001, Mrs. Sng has been the Senior Consultant (International Business) of Singapore Technologies Electronics Ltd. Concurrently, she is an Advisor of InfoWave Pte 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 70, has been an Independent Non-executive Director and a member of the Remuneration Committee of the Company since January 2005. He has been a member of the Audit Committee of the Company since January 2005 and the Chairman of the Audit Committee of the Company since January 2007. He is also an Independent Non-executive Director of CK Life Sciences Int'l., (Holdings) Inc. and ARA Asset Management Limited, and a Non-executive Director of Husky Energy Inc. All the companies mentioned above are listed companies. Mr. Russel is the founder and Managing Director of Emerging Markets Advisory Services Ltd., a company which provides advisory services to organisations on business strategy and planning, market development, competitive positioning and risk management. He is also Managing Director of EMAS (HK) Limited. He was the Canadian Ambassador to Venezuela, Consul General for Canada in Hong Kong, Director for China of the Department of Foreign Affairs, Ottawa, Director for East Asia Trade in Ottawa, Senior Trade Commissioner for Canada in Hong Kong, Director for Japan Trade in Ottawa, and was in the Trade Commissioner Service for Canada in Spain, Hong Kong, Morocco, the Philippines, London and India. He was Project Manager for RCA Ltd in Liberia, Nigeria, Mexico and India and electronic equipment development engineer in Canada with RCA Ltd and in Britain with Associated Electrical Industries. Mr. Russel is a Professional Engineer and Qualified Commercial Mediator. He received his Master's degree in Business Administration and a degree in electronics engineering from McGill University, Canada.

LAN Hong Tsung, David, aged 71, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since February 2005. He is also an Independent Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited, Hutchison Harbour Ring Limited and SJM Holdings Limited, all being listed companies. Mr. Lan is also an Independent Non-executive Director of ARA Asset Management (Fortune) Limited, which manages Fortune Real Estate Investment Trust, a real estate investment trust listed on SEHK and SGX-ST, and of ARA Asset Management (Prosperity) Limited, which manages Prosperity Real Estate Investment Trust, a real estate investment trust listed on SEHK. He is currently the Chairman of David H T Lan Consultants Ltd. and holds directorship at Nanyang Commercial Bank Ltd. He is also a Senior Advisor of Mitsui & Co. (H.K.) Ltd. He also holds directorships in certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr. Lan was the Secretary for Home Affairs of the HKSAR Government until his retirement in July 2000. He had served as civil servant in various capacities for 39 years. He was awarded the Gold Bauhinia Star Medal (GBS) on 1st July, 2000. In January 2003, he was appointed National Committee Member of the Chinese People's Political Consultative Conference of the People's Republic of China. Mr. Lan is a Chartered Secretary and a fellow member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. He received his Bachelor of Arts degree from the University of London and completed the Advanced Management Program (AMP) of the Harvard Business School, Boston. He was also awarded Fellow, Queen Elizabeth House (Oxford).

●●●● DIRECTORS' BIOGRAPHICAL INFORMATION

LEE Pui Ling, Angelina, aged 62, acted as an Independent Non-executive Director of the Company from May 1996 to September 2004 and has been a Non-executive Director of the Company since September 2004. She is a practising solicitor, has a Bachelor of Laws degree and is a Fellow of the Institute of Chartered Accountants in England and Wales. She is active in public service and is a Non-executive Director of the Securities and Futures Commission, and a Member of the Takeovers and Mergers Panel and Takeovers Appeal Committee. She is also a Non-executive Director of TOM Group Limited and Henderson Land Development Company Limited, and an Independent Non-executive Director of Great Eagle Holdings Limited. She was previously a Non-executive Director of the Mandatory Provident Fund Management Board. All the companies mentioned above are listed companies.

Barrie COOK, aged 68, acted as an Executive Director of the Company from 2000 to September 2003 and has been a Non-executive Director of the Company since October 2003. 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.

George Colin MAGNUS, aged 75, acted as an Executive Director and Deputy Chairman of the Company from May 1996 to October 2005 and has been a Non-executive Director of the Company since November 2005. He is also a Non-executive Director of Cheung Kong (Holdings) Limited, Hutchison Whampoa Limited and Power Assets Holdings Limited, and a Director of Husky Energy Inc. All the companies mentioned above are listed companies. He is also a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO. He holds a Master's degree in Economics.

●●●● DIRECTORS' BIOGRAPHICAL INFORMATION

MAN Ka Keung, Simon, aged 54, has been an Alternate Director to Mr. Ip Tak Chuen, Edmond, Deputy Chairman of the Company, since February 2008. He joined the Cheung Kong Group in December 1987 and has been the Chief Manager of the Accounts Department of Cheung Kong (Holdings) Limited, which is a listed company and a substantial shareholder of the Company within the meaning of Part XV of the SFO, since January 1996. He also holds directorships in certain companies controlled by certain substantial shareholders of the Company. He is also Director, Corporate Strategy Unit of Cheung Kong (Holdings) Limited. He has over 30 years of experience in accounting, auditing, tax and finance. He holds a Bachelor's degree in Economics and is an associate member of The Institute of Chartered Accountants in Australia.

Eirene YEUNG, aged 50, Alternate Director to Mr. Kam Hing Lam, the Group Managing Director of the Company, and the Company Secretary of the Company. She is also Director, Corporate Strategy Unit and Company Secretary of Cheung Kong (Holdings) Limited, a listed company and a substantial shareholder of the Company within the meaning of Part XV of the SFO, and the Company Secretary of CK Life Sciences Int'l., (Holdings) Inc., a listed company. Ms. Yeung is a Non-executive Director of ARA Asset Management (Fortune) Limited as the manager of Fortune Real Estate Investment Trust (listed in Hong Kong and Singapore). She also holds directorships in certain companies controlled by certain substantial shareholders of the Company. Ms. Yeung joined the Cheung Kong Group in August 1994. She is a solicitor of the High Court of the HKSAR and of the Supreme Court of Judicature in England and Wales. She is also a fellow member of The Hong Kong Institute of Directors, The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.

CONSOLIDATED INCOME STATEMENT

for the six months ended 30th June

HK\$ million	Notes	Unaudited	
		2011	2010
Group turnover	2	1,677	1,294
Share of turnover of jointly controlled entities	2	709	597
		2,386	1,891
Group turnover	2	1,677	1,294
Other income	3	387	227
Operating costs	4	(1,122)	(778)
Finance costs		(277)	(205)
Exchange gain/(loss)		110	(76)
Share of results of associates		3,273	1,399
Share of results of jointly controlled entities		213	178
Profit before taxation		4,261	2,039
Taxation	5	(16)	(8)
Profit for the period	6	4,245	2,031
Attributable to:			
Shareholders of the Company		3,983	2,029
Owners of perpetual capital securities		259	–
Non-controlling interests		3	2
		4,245	2,031
Earnings per share	7	HK\$1.77	HK\$0.90

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30th June

HK\$ million	Unaudited	
	2011	2010
Profit for the period	4,245	2,031
Other comprehensive income		
Gain/(Loss) from fair value changes of available-for-sale financial assets	529	(175)
Loss from fair value changes of derivatives designated as effective cash flow hedges	(79)	(59)
(Loss)/Gain from fair value changes of derivatives designated as effective net investment hedges	(699)	276
Actuarial (loss)/gain of defined benefit retirement scheme	(12)	10
Exchange differences on translation of financial statements of foreign operations	1,282	(311)
Share of reserve movements of associates	(203)	(28)
Reserve released upon disposal of an associate	(2)	–
Income tax relating to components of other comprehensive income	26	(5)
Other comprehensive income for the period	842	(292)
Total comprehensive income for the period	5,087	1,739
Attributable to:		
Shareholders of the Company	4,823	1,737
Owners of perpetual capital securities	259	–
Non-controlling interests	5	2
	5,087	1,739

●●●●● CONSOLIDATED STATEMENT OF FINANCIAL POSITION

HK\$ million	Notes	Unaudited 30/6/2011	Audited 31/12/2010
Property, plant and equipment		1,382	1,276
Investment properties		186	186
Interests in associates		53,395	50,573
Interests in jointly controlled entities		866	707
Investments in securities		5,560	4,824
Derivative financial instruments		6	209
Goodwill		158	151
Deferred tax assets		9	9
Other non-current assets		28	29
Total non-current assets		61,590	57,964
Inventories		191	143
Derivative financial instruments		112	186
Debtors and prepayments	9	639	529
Bank balances and deposits		5,055	5,438
Total current assets		5,997	6,296
Bank and other loans		1,273	1,228
Derivative financial instruments		39	53
Creditors and accruals	10	1,911	1,670
Taxation		109	107
Total current liabilities		3,332	3,058
Net current assets		2,665	3,238
Total assets less current liabilities		64,255	61,202
Bank and other loans		7,510	7,259
Derivative financial instruments		147	2
Deferred tax liabilities		337	254
Total non-current liabilities		7,994	7,515
Net assets		56,261	53,687
Representing:			
Share capital	11	2,254	2,254
Reserves		45,988	43,419
Equity attributable to shareholders of the Company		48,242	45,673
Perpetual capital securities		7,933	7,933
Non-controlling interests		86	81
Total equity		56,261	53,687

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30th June, 2011

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

for the six months ended 30th June, 2010

HK\$ million	Attributable to shareholders of the Company										Non-controlling interests	Total
	Share capital	Share premium	Contributed surplus	Property revaluation reserve	Investment revaluation reserve	Hedging reserve	Exchange translation reserve	Retained profits	Sub-total			
At 1st January, 2010 (audited)	2,254	3,836	6,062	68	310	(30)	404	29,311	42,215	72	42,287	
Profit for the period	–	–	–	–	–	–	–	2,029	2,029	2	2,031	
Loss from fair value changes of available-for-sale financial assets	–	–	–	–	(175)	–	–	–	(175)	–	(175)	
Loss from fair value changes of derivatives designated as effective cash flow hedges	–	–	–	–	–	(59)	–	–	(59)	–	(59)	
Gain from fair value changes of derivatives designated as effective net investment hedges	–	–	–	–	–	–	276	–	276	–	276	
Actuarial gain of defined benefit retirement scheme	–	–	–	–	–	–	–	10	10	–	10	
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	–	(311)	–	(311)	–	(311)	
Share of reserve movements of associates	–	–	–	–	–	101	(61)	(68)	(28)	–	(28)	
Income tax relating to components of other comprehensive income	–	–	–	–	–	(27)	–	22	(5)	–	(5)	
Total comprehensive income for the period	–	–	–	–	(175)	15	(96)	1,993	1,737	2	1,739	
Dividend paid	–	–	–	–	–	–	–	(1,983)	(1,983)	–	(1,983)	
At 30th June, 2010 (unaudited)	2,254	3,836	6,062	68	135	(15)	308	29,321	41,969	74	42,043	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30th June

HK\$ million	Unaudited	
	2011	2010
Net cash from operating activities	425	1,251
Net cash from investing activities	2,005	255
Net cash utilised in financing activities	(2,813)	(884)
Net (decrease)/increase in cash and cash equivalents	(383)	622
Cash and cash equivalents at 1st January	5,438	9,306
Cash and cash equivalents at 30th June Bank balances and deposits	5,055	9,928

1. BASIS OF PREPARATION

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

The accounting policies adopted for the preparation of the consolidated interim financial statements are consistent with those set out in the Group’s consolidated annual financial statements for the year ended 31st December, 2010, 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, 2011. The adoption of the new HKFRSs has no material impact on the Group’s results and financial position for the current or prior periods.

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

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

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

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

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

HK\$ million	Six months ended 30th June	
	2011	2010
Sales of infrastructure materials	769	713
Income from the supply of water	144	125
Interest income from loans granted to associates	636	354
Distribution from investments in securities	128	102
Group turnover	1,677	1,294
Share of turnover of jointly controlled entities	709	597
	2,386	1,891

3. OTHER INCOME

Other income includes the following:

HK\$ million	Six months ended 30th June	
	2011	2010
Bank and other interest income	114	123
Gain on disposal of an associate	145	–

4. OPERATING COSTS

Operating costs include the following:

HK\$ million	Six months ended 30th June	
	2011	2010
Depreciation of property, plant and equipment	40	39
Cost of inventories sold	740	687
Change in fair values of investments in securities	4	2
Change in fair values of derivative financial instruments	12	(22)

5. TAXATION

Overseas tax 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	
	2011	2010
Current taxation – overseas tax	10	(4)
Deferred taxation	6	12
Total	16	8

6. SEGMENT INFORMATION

for the six months ended 30th June

	Infrastructure Investments																					
	Investment in Power Assets*			United Kingdom			Australia		Mainland China		Canada and New Zealand		Sub-total			Infrastructure related business			Unallocated items		Consolidated	
	2011	2010		2011	2010		2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010		
HK\$ million																						
Group turnover [#]	-	-	-	401	147	377	312	-	-	130	122	908	581	713	-	-	-	-	-	1,677	1,294	
Share of turnover of jointly controlled entities	-	-	-	-	-	-	-	322	270	-	-	322	270	327	-	-	-	-	-	709	597	
	-	-	-	401	147	377	312	322	270	130	122	1,230	851	1,040	-	-	-	-	-	2,386	1,891	
Group turnover	-	-	-	401	147	377	312	-	-	130	122	908	581	713	-	-	-	-	-	1,677	1,294	
Bank and other interest income	-	-	-	9	4	-	-	-	-	-	-	9	4	33	66	86	-	-	-	114	123	
Gain on disposal of an associate	-	-	-	-	-	145	-	-	-	-	-	145	-	-	-	-	-	-	-	145	-	
Other income	-	-	-	25	7	-	-	64	74	-	-	89	81	21	2	2	-	-	128	104		
Change in fair values of investments in securities and derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Depreciation	-	-	-	(17)	(16)	-	-	-	-	-	-	(17)	(16)	(23)	-	-	1	(16)	19	(16)	20	
Other operating expenses	-	-	-	(102)	(80)	-	-	(2)	(1)	-	-	(104)	(81)	(709)	(628)	(50)	(1,066)	(759)	(40)	(39)		
Finance costs	-	-	-	(16)	(18)	-	-	-	-	-	-	(16)	(18)	(2)	(2)	(185)	(277)	(205)	(185)	(277)		
Exchange gain/(loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	110	(76)		
Share of results of associates and jointly controlled entities	1,564	1,057	1,591	1,777	177	172	201	158	142	(52)	(33)	1,869	487	33	-	-	-	-	3,486	1,577		
Profit/(loss) before taxation	1,564	1,057	1,891	1,891	221	694	513	220	215	78	89	2,883	1,038	164	148	(350)	(204)	(204)	4,261	2,039		
Taxation	-	-	-	(12)	(5)	-	-	(5)	(4)	-	-	(17)	(9)	1	1	-	-	-	(16)	(8)		
Profit/(Loss) for the period	1,564	1,057	1,879	1,879	216	694	513	215	211	78	89	2,866	1,029	165	149	(350)	(204)	(204)	4,245	2,031		
Attributable to:																						
Shareholders of the Company	1,564	1,057	1,879	1,879	216	694	513	215	211	78	89	2,866	1,029	162	147	(609)	(204)	(204)	3,983	2,029		
Owners of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	259	-	-	259	-		
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	3	2	-	-	-	3	2		
	1,564	1,057	1,879	1,879	216	694	513	215	211	78	89	2,866	1,029	165	149	(350)	(204)	(204)	4,245	2,031		

Sales of infrastructure materials comprise of sales in Hong Kong of HK\$538 million (2010: HK\$518 million), sales in Mainland China of HK\$230 million (2010: HK\$194 million) and sales in other region of HK\$1 million (2010: HK\$1 million).

* During the period, the Group has a 38.87 per cent (2010: 38.87 per cent) equity interest in Power Assets Holdings Limited ("Power Assets"), which is listed on The Stock Exchange of Hong Kong Limited.

6. SEGMENT INFORMATION (CONT'D)

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

7. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to shareholders of the Company of HK\$3,983 million (2010: HK\$2,029 million) and on 2,254,209,945 shares (2010: 2,254,209,945 shares) in issue during the interim period.

8. INTERIM DIVIDEND

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

HK\$ million	Six months ended 30th June	
	2011	2010
Interim dividend of HK\$0.365 per share (2010: HK\$0.33 per share)	854	744

9. DEBTORS AND PREPAYMENTS

Included in debtors and prepayments are trade debtors of HK\$329 million (HK\$267 million at 31st December, 2010) and their aging analysis is as follows:

HK\$ million	30/6/2011	31/12/2010
Current	231	129
Less than 1 month past due	33	73
1 to 3 months past due	28	48
More than 3 months but less than 12 months past due	42	21
More than 12 months past due	50	51
Amount past due	153	193
Allowance for doubtful debts	(55)	(55)
Total after allowance	329	267

Trade with customers for infrastructure materials is carried out largely on credit, except for new customers and customers with unsatisfactory payment records, where payment in advance is normally required. Trade with metered customers for water supply is carried out largely on credit and with unmetered customers largely by payment in advance. 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.

10. CREDITORS AND ACCRUALS

Included in creditors and accruals are trade creditors of HK\$181 million (HK\$154 million at 31st December, 2010) and their aging analysis is as follows:

HK\$ million	30/6/2011	31/12/2010
Current	129	105
1 month	23	24
2 to 3 months	3	2
Over 3 months	26	23
Total	181	154

11. SHARE CAPITAL

There were no movements in the share capital of the Company during the six months ended 30th June, 2011 and 2010, respectively.

12. COMMITMENTS

The Group's capital commitments outstanding at 30th June, 2011 and not provided for in the consolidated financial statements are as follows:

HK\$ million	Contracted but not provided for		Authorised but not contracted for	
	30/6/2011	31/12/2010	30/6/2011	31/12/2010
Investment in an associate	–	465	–	–
Plant and machinery	109	34	1,065	952
Total	109	499	1,065	952

13. CONTINGENT LIABILITIES

HK\$ million	30/6/2011	31/12/2010
Guarantee in respect of bank loan drawn by an associate	1,331	1,214
Other guarantees given in respect of associates	1,443	431
Sub-contractor warranties	21	22
Total	2,795	1,667

14. EVENT AFTER THE REPORTING PERIOD

On 19th July, 2011 and 26th July, 2011, Hutchison Infrastructure Holdings Limited (“HIHL”), a controlling shareholder of the Company, sold 84,500,000 existing shares of the Company via a share placement exercise at a price of HK\$40.41 per share, and has subscribed for 84,500,000 new shares of the Company at a price which is equivalent to the placing price less the costs and expenses incurred in connection with the placing and subscription, respectively. The net proceeds from the subscription were approximately HK\$3,411 million. After the completion of the subscription, the issued share capital of the Company has been increased from 2,254,209,945 shares to 2,338,709,945 shares and the shareholding of HIHL in the Company has been changed from approximately 84.58% to approximately 81.53%.

15. REVIEW OF INTERIM FINANCIAL STATEMENTS

The 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, 2011, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (the “Model Code”), to be notified to the Company and the Stock Exchange, were as follows:

(1) LONG POSITIONS IN SHARES

Name of Company	Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
			Personal Interests	Family Interests	Corporate Interests	Other Interests		
Company	Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	1,912,109,945 (Note 1)	1,912,109,945	84.82%
	Kam Hing Lam	Beneficial owner	100,000	–	–	–	100,000	0.004%
Hutchison Whampoa Limited	Li Tzar Kuoi, Victor	Interest of child or spouse, controlled corporations & beneficiary of trusts	–	300,000	1,086,770 (Note 3)	2,141,698,773 (Note 2)	2,143,085,543	50.26%
	Kam Hing Lam	Beneficial owner & interest of child or spouse	60,000	40,000	–	–	100,000	0.002%
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	6,010,875 (Note 5)	–	6,010,875	0.14%
	Chow Woo Mo Fong, Susan	Beneficial owner	150,000	–	–	–	150,000	0.003%
	Frank John Sixt	Beneficial owner	200,000	–	–	–	200,000	0.005%
	Lan Hong Tsung, David	Beneficial owner	20,000	–	–	–	20,000	0.0004%
	Lee Pui Ling, Angelina	Beneficial owner	38,500	–	–	–	38,500	0.0009%

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

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

Name of Company	Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
			Personal Interests	Family Interests	Corporate Interests	Other Interests		
	George Colin Magnus	Beneficial owner, interest of child or spouse & founder & beneficiary of a discretionary trust	40,000	9,900	–	950,100 (Note 6)	1,000,000	0.02%
	Man Ka Keung, Simon	Beneficial owner & interest of child or spouse	2,770 (Note 7)	2,770 (Note 7)	–	–	2,770	0.00006%
Power Assets Holdings Limited	Li Tzar Kuoi, Victor	Interest of child or spouse & beneficiary of trusts	–	151,000	–	829,599,612 (Note 4)	829,750,612	38.87%
	Kam Hing Lam	Interest of child or spouse	–	100,000	–	–	100,000	0.004%
	Lee Pui Ling, Angelina	Beneficial owner	8,800	–	–	–	8,800	0.0004%
Hutchison Harbour Ring Limited	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	5,000,000 (Note 5)	–	5,000,000	0.05%
Hutchison Telecommunications (Australia) Limited	Fok Kin Ning, Canning	Beneficial owner & interest of controlled corporation	4,100,000	–	1,000,000 (Note 5)	–	5,100,000	0.037%
	Frank John Sixt	Beneficial owner	1,000,000	–	–	–	1,000,000	0.007%
Hutchison Telecommunications Hong Kong Holdings Limited	Li Tzar Kuoi, Victor	Interest of child or spouse, controlled corporations & beneficiary of trusts	–	192,000	2,519,250 (Note 3)	3,185,136,120 (Note 8)	3,187,847,370	66.16%
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	1,202,380 (Note 5)	–	1,202,380	0.025%
	Chow Woo Mo Fong, Susan	Beneficial owner	250,000	–	–	–	250,000	0.005%
	George Colin Magnus	Beneficial owner & interest of child or spouse	13,201	132	–	–	13,333	0.0003%

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

(2) LONG POSITIONS IN UNDERLYING SHARES

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

(3) LONG POSITIONS IN DEBENTURES

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

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

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

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

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

Notes:

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

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

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

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

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

Notes (Cont'd):

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

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

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

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

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

Notes (Cont'd):

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

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

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 30th June, 2011, 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, 2011, shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

LONG POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES OF THE COMPANY

Name	Capacity	Number of Ordinary Shares	Total	Approximate % of Shareholding
Hutchison Infrastructure Holdings Limited	Beneficial owner	1,906,681,945 (Note i)	1,906,681,945	84.58%
Hutchison International Limited	Interest of controlled corporation	1,906,681,945 (Note ii)	1,906,681,945	84.58%
Hutchison Whampoa Limited	Interest of controlled corporations	1,906,681,945 (Note ii)	1,906,681,945	84.58%
Cheung Kong (Holdings) Limited	Interest of controlled corporations	1,906,681,945 (Note iii)	1,906,681,945	84.58%
Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust	Trustee	1,912,109,945 (Note iv)	1,912,109,945	84.82%
Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust	Trustee & beneficiary of a trust	1,912,109,945 (Note v)	1,912,109,945	84.82%
Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust	Trustee & beneficiary of a trust	1,912,109,945 (Note v)	1,912,109,945	84.82%
Li Ka-shing	Founder of discretionary trusts	1,912,109,945 (Note v)	1,912,109,945	84.82%

●●●● INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

Notes:

- i. 1,906,681,945 shares of the Company are held by Hutchison Infrastructure Holdings Limited, a subsidiary of HWL. Its interests are duplicated in the interests of HWL in the Company described in Note ii below.
- ii. HWL is deemed to be interested in the 1,906,681,945 shares of the Company referred to in Note i above as it holds more than one-third of the issued share capital of Hutchison International Limited, which holds more than one-third of the issued share capital of Hutchison Infrastructure Holdings Limited.
- iii. CKH is deemed to be interested in the 1,906,681,945 shares of the Company referred to in Note ii above as certain subsidiaries of CKH hold more than one-third of the issued share capital of HWL.
- iv. TUT1 as trustee of UT1 is deemed to be interested in those shares of the Company described in Note iii above as TUT1 as trustee of UT1 and TUT1 related companies hold more than one-third of the issued share capital of CKH and TUT1 as trustee of UT1 holds 5,428,000 shares of the Company.
- v. By virtue of the SFO, each of Mr. Li Ka-shing, being the settlor and may being regarded as a founder of each DT1 and DT2 for the purpose of the SFO, TDT1 as trustee of DT1 and TDT2 as trustee of DT2 is deemed to be interested in the same block of shares TUT1 as trustee of UT1 is deemed to be interested in as referred to in Note iv above as all issued and outstanding units in UT1 are held by TDT1 as trustee of DT1 and by TDT2 as trustee of DT2. More than one-third of the issued share capital of TUT1 and of the trustees of the said discretionary trusts are owned by Unity Holdco. Mr. Li Ka-shing owns one-third of the issued share capital of Unity Holdco.

Save as disclosed above, as at 30th June, 2011, 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.

The Board of Directors (“Board”) and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Company emphasise a quality Board, sound internal controls, and transparency and accountability to all shareholders. The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Code on Corporate Governance Practices (“Code on CG Practices”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) throughout the six months ended 30th June, 2011.

(1) BOARD COMPOSITION AND BOARD PRACTICES

The Board is collectively responsible for the oversight of the management of the business and affairs of the Group with the objective of enhancing shareholders value. The Board consists of a total of seventeen Directors, comprising nine Executive Directors, three Non-executive Directors and five 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 Independent Non-executive Directors have appropriate professional qualifications, or accounting or related financial management expertise as required by the Listing Rules. All Directors (including the 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 Code on CG Practices.

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.

(1) BOARD COMPOSITION AND BOARD PRACTICES (CONT'D)

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

(2) MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the model code for securities transactions by directors of listed issuers set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions effective from 31st March, 2004, which will be amended from time to time. Confirmation has been received from all Directors that they have complied with the required standards set out in the Model Code during the six months ended 30th June, 2011.

(3) INTERNAL CONTROLS

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

The Board, through the Audit Committee, has conducted a review of the effectiveness of the internal control system of the Group for the six months ended 30th June, 2011.

(4) AUDIT COMMITTEE

The Company established the Audit Committee in December 1998 and has formulated its written terms of reference (“Terms of Reference”) in accordance with the provisions set out in the Code on CG Practices. The Terms of Reference have been modified in accordance with the amended Code of CG Practices and adopted by the Board effective from 1st January, 2009. The Audit Committee comprises five Independent Non-executive Directors, namely, Mr. Colin Stevens Russel (Chairman of the Audit Committee), Mr. Cheong Ying Chew, Henry, Mrs. Kwok Eva Lee, Mrs. Sng Sow-mei alias Poon Sow Mei and Mr. Lan Hong Tsung, David. The principal duties of the Audit Committee include the review and supervision of the Group’s financial reporting system and internal control procedures, review of the Group’s financial information and review of the relationship with the external auditor of the Company.

The Group’s interim report for the six months ended 30th June, 2011 has been reviewed by the Audit Committee.

(5) REMUNERATION COMMITTEE

According to the Code on CG Practices, 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 (Chairman of the Remuneration Committee), and two Independent Non-executive Directors, namely, Mr. Colin Stevens Russel and Mr. Cheong Ying Chew, Henry.

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 senior management, and reviewing the specific remuneration packages of all Executive Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time.

(6) INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

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

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

During the six months ended 30th June, 2011, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

DISCLOSURE UNDER CHAPTER 13 OF THE LISTING RULES

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

- (1) The Group has entered into a syndicated term loan facility agreement of A\$510 million with the Company acting as guarantor, of which the whole amount was drawn as at 30th June, 2011. The facility will mature in August 2012. Under the provision of the loan agreement, it is an event of default if HWL ceases to own (directly or indirectly) at least 30 per cent of the issued share capital of the Company. The obligation has been complied with.
- (2) As at 30th June, 2011, 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, 2011 is set out below:

HK\$ million	
Non-current assets	199,756
Current assets	14,553
Current liabilities	(19,691)
Non-current liabilities	(158,606)
Net assets	36,012
Share capital	24,524
Reserves	11,413
Non-controlling interest	75
Capital and reserves	36,012

As at 30th June, 2011, the consolidated attributable interest of the Group in these affiliated companies amounted to HK\$27,055 million.

RISK FACTORS

The Group's businesses, financial conditions, results of operations or growth prospects may be affected by risks and uncertainties pertaining to the Group's businesses. The risk factors set out in the Company's Annual Report 2010 are those that could result in the Group's businesses, financial conditions, results of operations or growth prospects differing materially from expected or historical results. Such factors are by no means exhaustive or comprehensive, and there may be other risks in addition to those shown in the Company's Annual Report 2010 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.

DIRECTORS**Executive Directors**

LI Tzar Kuoi, Victor (Chairman)

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

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

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

Independent Non-executive Directors

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

Alternate Directors

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

Non-executive Directors

LEE Pui Ling, Angelina
Barrie COOK
George Colin MAGNUS

AUDIT COMMITTEE

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

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

REMUNERATION COMMITTEE

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

**PRINCIPAL SHARE REGISTRAR AND
TRANSFER OFFICE**

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

COMPANY SECRETARY

Eirene YEUNG

AUTHORISED REPRESENTATIVES

IP Tak Chuen, Edmond
Eirene YEUNG

**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

PRINCIPAL BANKERS

Australia and New Zealand Banking
Group Limited
Bank of China Limited
Bank of Nova Scotia
Barclays Bank PLC
Deutsche Bank AG
Credit Agricole Corporate and Investment
Bank
The Hongkong and Shanghai Banking
Corporation Limited
The Royal Bank of Scotland plc

STOCK CODES

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

WEBSITE

www.cki.com.hk

INVESTOR RELATIONS

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KEY DATES

Interim Results Announcement	28th July, 2011
Closure of Register of Members	1st to 8th September, 2011 (both days inclusive)
Record Date for Interim Dividend	8th September, 2011
Payment of Interim Dividend	9th September, 2011

This interim report 2011 (both English and Chinese versions) ("Interim Report") has been posted on the Company's website at www.cki.com.hk. Shareholders who have chosen (or are deemed to have consented) to read the Company's corporate communications (including but not limited to the Interim Report) published on the Company's website in place of receiving printed copies thereof may request the printed copy of the Interim Report in writing to the Company c/o the Company's Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong or by email to cki.ecom@computershare.com.hk.

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

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

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