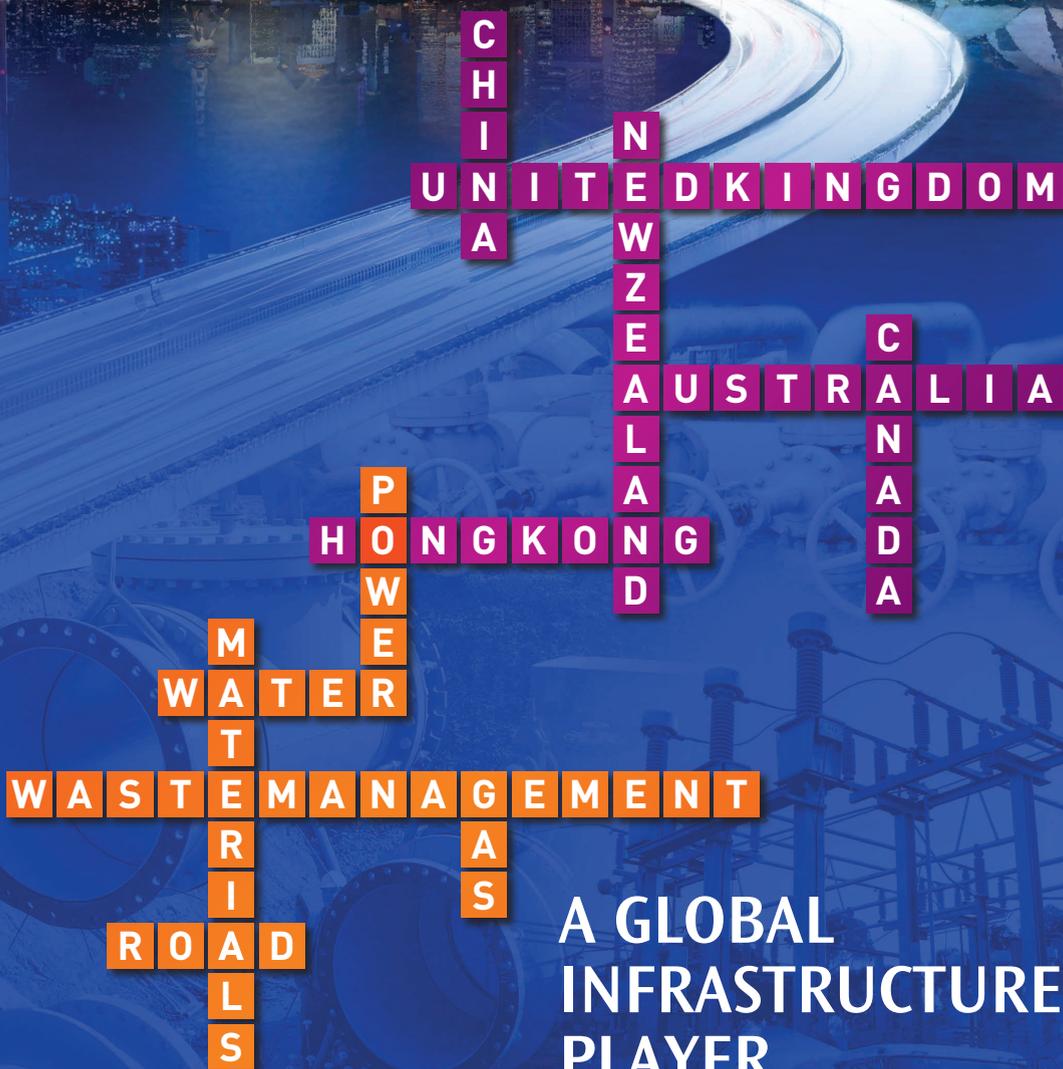
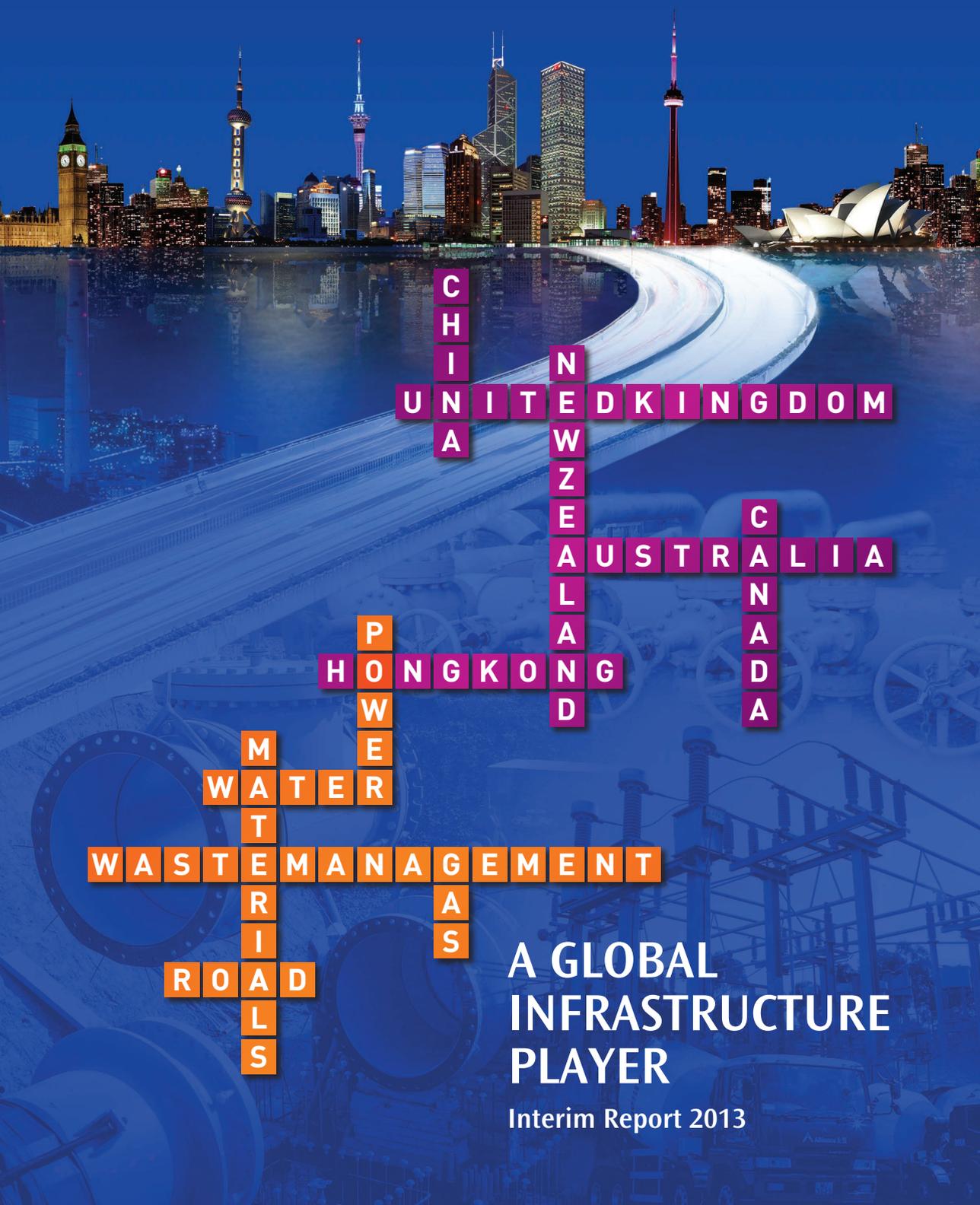




CHEUNG KONG INFRASTRUCTURE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1038)



A GLOBAL INFRASTRUCTURE PLAYER

Interim Report 2013

A Global Infrastructure Player

CKI is the largest publicly listed infrastructure company in Hong Kong with diversified investments in Energy Infrastructure, Transportation Infrastructure, Water Infrastructure, Waste Management 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)

5,169

Earnings per
share (HK\$)

2.12

Interim
dividend per
share (HK\$)

0.50



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CORPORATE INFORMATION AND KEY DATES

DIRECTORS

Executive Directors

LI Tzar Kuoi, Victor (Chairman)

FOK Kin Ning, Canning (Deputy Chairman)

CHOW WOO Mo Fong, Susan *

Frank John SIXT

KAM Hing Lam (Group Managing Director)

IP Tak Chuen, Edmond (Deputy Chairman)

Andrew John HUNTER (Deputy Managing Director)

CHAN Loi Shun (Chief Financial Officer)

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

Independent Non-executive Directors

CHEONG Ying Chew, Henry

KWOK Eva Lee

SNG Sow-mei alias POON Sow Mei

Colin Stevens RUSSEL

LAN Hong Tsung, David

Barrie COOK

Alternate Directors

MAN Ka Keung, Simon

(alternate to IP Tak Chuen, Edmond)

Eirene YEUNG

(alternate to KAM Hing Lam)

Non-executive Directors

LEE Pui Ling, Angelina

George Colin MAGNUS

TSO Kai Sum

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

CHEONG Ying Chew, Henry (Chairman)

LI Tzar Kuoi, Victor

Colin Stevens RUSSEL

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited

26 Burnaby Street,

Hamilton HM 11,

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 (Hong Kong) Limited

Bank of Nova Scotia

Barclays Bank PLC

Credit Agricole Corporate and Investment Bank

Mizuho Bank, Ltd

The Hongkong and Shanghai Banking Corporation Limited

STOCK CODES

Stock Exchange of Hong Kong: 1038

Bloomberg: 1038 HK

Reuters: 1038.HK

WEBSITE

www.cki.com.hk

CORPORATE INFORMATION AND KEY DATES

INVESTOR RELATIONS

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Ivan CHAN

Cheung Kong Infrastructure Holdings Limited

12th Floor, Cheung Kong Center,

2 Queen's Road Central,

Hong Kong

Telephone: (852) 2122 3986

Facsimile: (852) 2501 4550

Email: contact@cki.com.hk

KEY DATES

Interim Results Announcement

25th July, 2013

Record Date for Interim Dividend

28th August, 2013

Payment of Interim Dividend

6th September, 2013

INTERIM RESULTS

SOLID HALF-YEAR PERFORMANCE EXPANSION INTO NEW MARKETS FUELS FUTURE GROWTH

	Six months ended 30th June, 2013 HK\$ million	Six months ended 30th June, 2012 HK\$ million	Variance
Profit attributable to shareholders	5,169	4,686	+10%
Interim dividend per share	HK\$0.50	HK\$0.40	+25%

I am pleased to announce that Cheung Kong Infrastructure Holdings Limited (“CKI” or the “Group”) made good progress in the first half of 2013.

Unaudited profit attributable to shareholders was HK\$5,169 million, an increase of 10% over the same period last year.

The Board of Directors of CKI (the “Board”) has declared an interim dividend for 2013 of HK\$0.50 per share (2012: HK\$0.40), a 25% increase over the same period last year.* This continues the Group’s trend of dividend growth since its listing in 1996. The interim dividend will be paid on Friday, 6th September, 2013 to shareholders whose names appear on the Register of Members of the Company at the close of business on Wednesday, 28th August, 2013.

* *The percentage of increase for interim dividend is not indicative of the percentage of increase, if any, of the final dividend.*

NEW ACQUISITIONS

During the period under review, CKI made two acquisitions.

In April, CKI completed the acquisition of EnviroWaste for a cash consideration of NZ\$490 million (approximately HK\$3.2 billion). EnviroWaste is one of the leading waste management companies in New Zealand and is the operator of the country’s largest landfill. This acquisition has extended CKI’s geographical presence in New Zealand, and represents the Group’s first major waste management project.

INTERIM RESULTS

In June, the Group led a consortium to enter into an agreement to acquire AVR, the largest energy-from-waste player in the Netherlands. The enterprise value of the transaction was approximately EUR940 million (approximately HK\$9.7 billion). CKI has a 35% stake in this project. This acquisition will, upon completion, further enhance the Group's waste management portfolio, and will be its first investment in continental Europe.

These two new projects are expected to provide immediate recurring cash flow with profitable and stable returns to CKI.

STEADY RETURNS FROM DIVERSE GLOBAL PORTFOLIO

	Six months ended 30th June, 2013 HK\$ million	Six months ended 30th June, 2012 HK\$ million	Variance
Profit contribution from:			
– Power Assets	1,842	1,672	+10%
– United Kingdom portfolio	2,862	2,721	+5%
– Australia portfolio	587	581	+1%
– Mainland China portfolio	205	239	-14%
– Canada portfolio	54	63	-14%
– New Zealand portfolio	23	19	+21%
– Materials business	175	175	–

Satisfactory Performance from Power Assets

A satisfactory performance was achieved by Power Assets in the first half of 2013. Profit contribution increased by 10% to HK\$1,842 million.

Power Assets' overseas operations reported a growth of 17% in profit contribution. As the international portfolio expands, the proportion of profit contribution from overseas investments increases, growing from 60% to 63% of total contribution compared to the corresponding period last year.

The Hong Kong operations reported a slight decline of 0.5% in profit contribution compared with the first half last year mainly due to lower unit sales of electricity.

INTERIM RESULTS

The Hongkong Electric Company, Limited, Power Assets' electricity business in Hong Kong, is currently working with the Hong Kong Government on the upcoming five-year development plan for 2014-2018.

In June, Power Assets announced that it entered into an agreement to acquire a 20% stake in AVR. This project signifies Power Assets' debut in the Netherlands – a new geographic market for the company; and its foray in the energy-from-waste industry. Power Assets looks forward to an immediate and stable revenue stream and good returns from the business.

UK Businesses Deliver Continued Growth

In the first half of 2013, profit contribution from the Group's businesses in the United Kingdom recorded an increase of 5% reaching HK\$2,862 million, making the portfolio the largest profit contributor for CKI.

The operational performance of all the businesses was very good, in line with expectation.

On the financial reporting aspect, the results were impacted on a comparative basis by a non-cash deferred tax credit which was recorded in the first half of 2012, but not during the same period this year.

UK Power Networks, CKI's largest overseas investment, continued to perform well. Profit contribution was HK\$1,814 million, an increase of 4%.

Impacted by the non-cash deferred tax matter, both Northumbrian Water and Northern Gas Networks recorded a decrease in profit contribution.

The first half of 2013 marked the first full six-month contribution from Wales & West Utilities since its acquisition.

Both Northern Gas Networks and Wales & West Utilities entered into new regulatory resets in April 2013. This will provide higher certainty and predictability of income through to 2021.

INTERIM RESULTS

Stable Returns from Australian Investments

During the first half, the Group's operations in Australia achieved a stable performance. Profit contribution from the Australian portfolio was HK\$587 million, a 1% increase as compared to the same period last year.

SA Power Networks and Victoria Power Networks, the two power distribution businesses in the country, recorded a profit contribution of HK\$491 million, marginally higher than that reported last year.

The Group's other investments in Australia – including Spark Infrastructure and Envestra – continued to generate good revenue streams for CKI during the period under review.

In June, the Australian Tax Office filed claims against CKI and Power Assets. This dispute has been going on for several years, and has been disclosed in previous financial reports. In response to these claims, the Group will vigorously defend its position.

Other Investments Provide Steady Cash Flows

CKI's other businesses – including those in Mainland China, Canada and New Zealand – all generated steady cash flows during the period under review.

Profit contribution from the Mainland China portfolio was HK\$205 million, a 14% decrease over the same period of last year, attributable largely to lower traffic volume on Tangshan Tangle Road, and the expiry of the income tax concession period relating to the Shen-Shan Highway (Eastern Section).

In July, CKI signed an agreement to sell its stake in National Highway 107 (Zhumadian Sections) for a consideration of RMB86 million (approximately HK\$109 million). It is expected that completion will take place before the end of the year.

For Canada, profit contribution decreased by 14% to HK\$54 million. The financial result was affected by higher operating cost during the period as well as a one-off adjustment for cost allocation in prior years.

In New Zealand, profit contribution was HK\$23 million, an increase of 21% over the same period last year.

INTERIM RESULTS

Completed in April 2013, EnviroWaste reported good results and provided approximately 2½ months of profit contribution amounting to HK\$13 million.

Wellington Electricity recorded a profit contribution of HK\$10 million in the first half, a decrease of HK\$9 million compared to the corresponding period last year. This was primarily due to a HK\$10 million provision that was made for repair and maintenance of the company's electricity network, which was significantly damaged as a result of a severe storm – the worst since 1968 – that lashed the Wellington region in June.

Stable Contributions from Materials Business

The Group's materials business continued to be stable in the first half. Profit contribution was HK\$175 million, similar to that generated in the corresponding period last year.

FIRM FINANCIAL FOUNDATION

As at 30th June, 2013, CKI had cash on hand of HK\$5,422 million, and the net debt to net total capital ratio was at 7%. The Group is well-positioned to make further acquisitions that support long term development and growth.

OUTLOOK

CKI has been working actively to grow our existing businesses organically and expand our portfolio by acquiring new projects.

From 2010 to 2012, the Group invested a total of GBP2.2 billion (approximately HK\$27 billion) to acquire Seabank Power and UK Power Networks in 2010, Northumbrian Water in 2011, and Wales & West Utilities in 2012. These businesses have performed well and have provided stable returns and generated immediate recurring cash flows to the Group. They have contributed in increasing the profit attributable to shareholders by 88% from 2010 (HK\$5 billion) to 2012 (HK\$9.4 billion).

INTERIM RESULTS

It is the Group's plan to continue to grow the businesses in our portfolio and expand our investments globally and in new industry sectors. The acquisitions made in the first half of this year – EnviroWaste and AVR – have expanded CKI's portfolio to the waste management industry, creating a new business sector for the Group. With these projects, which are market leaders in their respective countries, CKI has become a major comprehensive waste management player with landfill operations as well as energy-from-waste facilities. Geographically, these new investments have enhanced CKI's presence in New Zealand and marked the Group's first initiative in Continental Europe.

Similar to the recently acquired UK assets, it is expected that EnviroWaste and AVR would act as growth catalysts, driving CKI's earnings to new heights.

We have built a strong track record in acquiring and assimilating quality projects into our portfolio. With our strong financials, we will continue to follow this strategy to further expand in mass, scale and profitability to maintain our growth momentum.

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

LI TZAR KUOI, VICTOR

Chairman

Hong Kong, 25th July, 2013

FINANCIAL REVIEW

FINANCIAL RESOURCES, TREASURY ACTIVITIES AND GEARING RATIO

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

As at 30th June, 2013, cash and bank deposits on hand amounted to HK\$5,422 million and the total borrowings of the Group amounted to HK\$10,869 million, which included Hong Kong dollar notes of HK\$260 million and foreign currency borrowings of HK\$10,609 million. Of the total borrowings, 76 per cent were repayable between 2014 and 2017 and 24 per cent repayable beyond 2017. The Group's financing activities continue to be well received and fully supported by its bankers.

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

As at 30th June, 2013, the Group maintained a net debt to net total capital ratio of 7 per cent, which was based on its net debt of HK\$5,447 million and net total capital of HK\$79,433 million. This ratio was slightly higher than the net debt to net total capital ratio of 5 per cent at the year end of 2012. This change was mainly due to the funds utilised for investment in a waste management project in New Zealand during the period.

To minimise currency risk exposure in respect of its investments in other countries, the Group generally hedges those investments with the appropriate level of borrowings denominated in the local currencies of those countries. The Group also entered into certain interest rate and currency swaps to mitigate interest rate and other currency exposure risks. As at 30th June, 2013, the notional amounts of these derivative instruments amounted to HK\$41,013 million.

CHARGE ON GROUP ASSETS

As at 30th June, 2013:

- the Group's obligations under finance leases totalling HK\$111 million were secured by charges over the leased assets with carrying value of HK\$114 million;

FINANCIAL REVIEW

- certain plant and machinery of the Group with carrying value of HK\$78 million were pledged to secure bank borrowings totalling HK\$26 million granted to the Group; and
- shares of a subsidiary with carrying value of HK\$1,173 million were pledged to secure bank borrowings totalling HK\$899 million granted to the Group.

CONTINGENT LIABILITIES

(a) As at 30th June, 2013, the Group was subject to the following contingent liabilities:

HK\$ million	
Guarantee given in respect of an affiliated company	922
Performance bond indemnities	87
Sub-contractor warranties	9
Total	1,018

(b) There is a claim by the Australian Tax Office against the Company relating to the tax disputes concerning the South Australian distribution businesses, SA Power Networks and Victoria Power Networks Pty Ltd, which owns the CitiPower and Powercor businesses. The Company has sought legal advice since the dispute arose and has been of the view that the Company has a good case to resist the claim and will vigorously defend its position.

EMPLOYEES

The Group, including its subsidiaries but excluding affiliated companies, employs a total of 1,918 employees. Employees' cost (excluding directors' emoluments) amounted to HK\$213 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 48, has been the Chairman of the Company since its incorporation in May 1996. He has been a member of the Remuneration Committee of the Company since March 2005. He is also the Managing Director, Deputy Chairman and Chairman of Executive Committee of Cheung Kong (Holdings) Limited, Deputy Chairman of Hutchison Whampoa Limited, the Chairman of CK Life Sciences Int'l., (Holdings) Inc., an Executive Director of Power Assets Holdings Limited and Co-Chairman of Husky Energy Inc. All the companies mentioned above are listed companies. Mr. Victor Li is also the Deputy Chairman of Li Ka Shing Foundation Limited, Li Ka Shing (Overseas) Foundation and Li Ka Shing (Canada) Foundation ("LKS Canada Foundation"), and a Director of The Hongkong and Shanghai Banking Corporation Limited. Mr. Victor Li serves as a member of the Standing Committee of the 12th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He is also a member of the 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 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 66, has been the Group Managing Director of the Company since its incorporation in May 1996. He is also the Deputy Managing Director and Member of Executive Committee of Cheung Kong (Holdings) Limited, the President and Chief Executive Officer of CK Life Sciences Int'l., (Holdings) Inc., and an Executive Director of Hutchison Whampoa Limited and Power Assets Holdings Limited. All the companies mentioned above are listed companies. Mr. Kam is also the Chairman of Hui Xian Asset Management Limited, which manages Hui Xian Real Estate Investment Trust, a real estate investment trust listed on The Stock Exchange of Hong Kong Limited ("SEHK"). Mr. Kam is also a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. Mr. Kam is an Advisor of the 12th Beijing Municipal Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration. Mr. Kam is an uncle of Mr. Li Tzar Kuoi, Victor, the Chairman of the Company.

DIRECTORS' BIOGRAPHICAL INFORMATION

IP Tak Chuen, Edmond, aged 61, 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 and Member of Executive Committee 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 ARA Asset Management Limited, TOM Group Limited, AVIC International Holding (HK) Limited, Real Nutraceutical Group 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 61, 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 ("HPHM") 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 HPHM, 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 54, has been an Executive Director of the Company since December 2006 and Deputy Managing Director of the Company since May 2010. He acted as the Chief Operating Officer of the Company from December 2006 to May 2010. Mr. Hunter is also an Executive Director of Power Assets Holdings Limited, a listed company. He also holds directorships in certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. Prior to the appointment to the board of Power Assets Holdings Limited in 1999, Mr. Hunter was the Finance Director of the Hutchison Property Group. He holds a Master of Arts degree and a Master's degree in Business Administration. He is a member of the Institute of Chartered Accountants of Scotland and of the Hong Kong Institute of Certified Public Accountants. He has over 30 years of experience in accounting and financial management.

CHAN Loi Shun, aged 50, has been an Executive Director of the Company since January 2011 and Chief Financial Officer of the Company since January 2006. He joined Hutchison Whampoa Limited, which is a substantial shareholder of the Company within the meaning of Part XV of the SFO, in January 1992 and has been with the Cheung Kong Group since May 1994. Mr. Chan is also an Executive Director of Power Assets Holdings Limited and an Alternate Director to Mr. Kam Hing Lam, an Executive Director of Power Assets Holdings Limited. He is also a Director of Envestra Limited. All the companies mentioned above are listed companies. Mr. Chan is a fellow of the Hong Kong Institute of Certified Public Accountants, a fellow of the Association of Chartered Certified Accountants and also a member of the Institute of Certified Management Accountants (Australia).

CHOW WOO Mo Fong, Susan, aged 59, has been an Executive Director of the Company since March 1997 and an Alternate Director to Mr. Fok Kin Ning, Canning, Deputy Chairman of the Company, and Mr. Frank John Sixt, an Executive Director of the Company, since May 2006. She is the Deputy Group Managing Director of Hutchison Whampoa Limited. She is also an Executive Director of Hutchison Harbour Ring Limited and Power Assets Holdings Limited, a Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited, a Director of Hutchison Telecommunications (Australia) Limited, and an Alternate Director of Hutchison Telecommunications (Australia) Limited, Power Assets Holdings Limited and TOM Group Limited. All the companies mentioned above are listed companies. She is also a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. She is a qualified solicitor and holds a Bachelor's degree in Business Administration.

DIRECTORS' BIOGRAPHICAL INFORMATION

Frank John SIXT, aged 61, has been an Executive Director of the Company since its incorporation in May 1996. He is a Non-executive Director of Cheung Kong (Holdings) Limited and the Group Finance Director of Hutchison Whampoa Limited. He is also the Non-executive Chairman of TOM Group Limited, an Executive Director of Power Assets Holdings Limited, a Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited and HPHM as the trustee-manager of Hutchison Port Holdings Trust, a Director of Hutchison Telecommunications (Australia) Limited and Husky Energy Inc., and an Alternate Director of Hutchison Telecommunications (Australia) Limited. Except for HPHM, all the companies/business trust mentioned above are listed in Hong Kong or overseas. Mr. Sixt is also a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Quebec and Ontario, Canada.

CHEONG Ying Chew, Henry, aged 65, has been an Independent Non-executive Director of the Company since its incorporation in May 1996. He has been a member of the Audit Committee of the Company since December 1998 and acted as the Chairman of the Audit Committee of the Company from December 1998 to December 2006. Mr. Cheong has been a member of the Remuneration Committee of the Company since January 2005 and the Chairman of the Remuneration Committee of the Company since January 2012. He is also an Independent Non-executive Director of Cheung Kong (Holdings) Limited, Hutchison Telecommunications Hong Kong Holdings Limited, TOM Group Limited, CNNC International Limited, Creative Energy Solutions Holdings Limited, New World Department Store China Limited and SPG Land (Holdings) Limited, and an Independent Director of BTS Group Holdings Public Company Limited. Mr. Cheong is an Executive Director and Deputy Chairman of Worldsec Limited. He is also an Alternate Director to Dr. Wong Yick Ming, Rosanna, an Independent Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited. 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 ("SFC"). He holds a Bachelor of Science degree in Mathematics and a Master of Science degree in Operational Research and Management.

DIRECTORS' BIOGRAPHICAL INFORMATION

KWOK Eva Lee, aged 71, 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 LKS Canada Foundation. She currently serves as Chair and Chief Executive Officer of Amara Holdings Inc. ("Amara"). Mrs. Kwok also acts as an Independent Director for Husky Energy Inc. Mrs. Kwok currently acts as the Chairman of the Remuneration Committee of CK Life Sciences Int'l., (Holdings) Inc. Mrs. Kwok also sits on the Compensation Committee and Corporate Governance Committee of Husky Energy Inc., and the Audit Committee of CK Life Sciences Int'l., (Holdings) Inc. and the Company. Mrs. Kwok has been appointed by the Premier of Saskatchewan in Canada to the Innovation Saskatchewan (IS) Board of Directors. Except for LKS Canada Foundation and Amara, all the companies mentioned above are listed companies. She also holds directorships in certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. In addition, she was an Independent Director of Bank of Montreal, a listed company, and previously sat on the Audit Committee and Pension Fund Society of the Bank of Montreal, the Nominating and Governance Committee of Shoppers Drug Mart Corporation, the Independent Committee of Directors and Human Resources Committee of Telesystems International Wireless (TIW) Inc., the Independent Committee of Directors and the Corporate Governance Committee of Fletcher Challenge Canada Ltd., the Audit and Corporate Governance Committees of Clarica Life Insurance Company and the Corporate Governance Committee of Air Canada.

SNG Sow-mei alias POON Sow Mei, aged 72, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since September 2004. She is an Independent Non-executive Director and the Lead Independent Director of HPHM as the trustee-manager of Hutchison Port Holdings Trust, a business trust listed on SGX-ST, an Independent Non-executive Director of ARA Asset Management (Fortune) Limited, which manages Fortune Real Estate Investment Trust, a real estate investment trust listed on SEHK and SGX-ST, an Independent Director of ARA Trust Management (Suntec) Limited, which manages Suntec Real Estate Investment Trust, a real estate investment trust listed on SGX-ST, an Independent Non-executive Director of ARA Asset Management (Prosperity) Limited, which manages Prosperity Real Estate Investment Trust, a real estate investment trust listed on SEHK and a Director of INFA Systems Ltd. Mrs. Sng is also a member of the Audit Committee of HPHM, ARA Asset Management (Fortune) Limited, ARA Trust Management (Suntec) Limited and ARA Asset Management (Prosperity) Limited. Since 2001, Mrs. Sng has been the Senior Consultant (International Business) of Singapore Technologies Electronics Ltd. Prior to her appointment with Singapore Technologies Pte Ltd. where Mrs. Sng was the Director, Special Projects (North East Asia) in 2000 and a Consultant in 2001, Mrs. Sng was the Managing Director of Capitaland Hong Kong Ltd. for investments in Hong Kong and the region including Japan and Taiwan. In Hong Kong from 1983 to 1997, Mrs. Sng was the Centre Director and then as Regional Director of the Singapore Economic Development Board and Trade Development Board respectively. Mrs. Sng was Singapore's Trade Commissioner in Hong Kong from 1990 to 1997. Mrs. Sng holds a Bachelor of Arts degree from the Nanyang University in Singapore and has wide experience in various fields of industrial investment, business development, strategic and financial management, especially in property investment and management. In 1996, Mrs. Sng was conferred the title of PPA(P) – Pingat Pentadbiran Awam (Perak), the Singapore Public Administration Medal (Silver) by the Republic of Singapore.

DIRECTORS' BIOGRAPHICAL INFORMATION

Colin Stevens RUSSEL, aged 72, 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 73, 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, SJM Holdings Limited. All the companies mentioned above are listed companies. Dr. Lan is also an Independent Non-executive Director of ARA Asset Management (Fortune) Limited, which manages Fortune Real Estate Investment Trust, a real estate investment trust listed on 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, Supervisor of Nanyang Commercial Bank (China), Limited and holds directorship at Nanyang Commercial Bank Ltd. He is also a Senior Advisor of Mitsui & Company (Hong Kong) Limited and the President of the International Institute of Management. He also holds directorships in certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. Dr. Lan was the Secretary for Home Affairs of the HKSAR Government till his retirement in July 2000. He had served as civil servant in various capacities for 39 years and was awarded the Gold Bauhinia Star Medal on 1st July, 2000. He was appointed to the 10th and 11th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. Dr. Lan is a Chartered Secretary and a fellow member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. He received his Bachelor of Arts degree from the University of London and completed the Advanced Management Program of the Harvard Business School, Boston. He was also a Fellow at Queen Elizabeth House, University of Oxford. Dr. Lan was conferred with Doctor of Humanities, honoris causa by Don Honorio Ventura Technological State University, and holder of Visiting Professorship Awards of Bulacan State University and Tarlac State University.

DIRECTORS' BIOGRAPHICAL INFORMATION

Barrie COOK, aged 70, acted as an Executive Director of the Company from 2000 to September 2003 and a Non-executive Director of the Company from October 2003 to December 2011, and has been an Independent Non-executive Director of the Company since January 2012. He is the Honorary Chairman of the Hong Kong Construction Materials Association. Mr. Cook is a past Chairman of the East Asian Cement Forum, the Hong Kong Cement Association and the Waste Reduction Committee of the HKSAR Government. He was previously a member of the Advisory Council on the Environment and the Council for Sustainable Development of the HKSAR Government, and was the Convenor of the Hong Kong Business Coalition on the Environment. Mr. Cook was very active in community affairs through his work with the Hong Kong General Chamber of Commerce. Mr. Cook holds a bachelor of Science Degree in Civil Engineering, and he is a Chartered Civil Engineer of the United Kingdom and a Fellow of the Chartered Management Institute of the United Kingdom.

LEE Pui Ling, Angelina, aged 64, acted as an Independent Non-executive Director of the Company from May 1996 to September 2004 and has been a Non-executive Director of the Company since September 2004. She is a practising solicitor, has a Bachelor of Laws degree and is a Fellow of the Institute of Chartered Accountants in England and Wales. She is active in public service and is currently a Member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority and a member of the Takeovers and Mergers Panel of SFC. She is also a Non-executive Director of TOM Group Limited and Henderson Land Development Company Limited, and an Independent Non-executive Director of Great Eagle Holdings Limited. All the companies mentioned above are listed companies.

George Colin MAGNUS, aged 77, 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 and Hutchison Whampoa Limited, a Director of Husky Energy Inc. and an Independent Non-executive Director of Power Assets Holdings Limited. 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

TSO Kai Sum, aged 82, acted as an Executive Director of the Company from March 1997 to December 2012 and has been a Non-executive Director of the Company since January 2013. He is also a Non-executive Director and Deputy Chairman and Senior Adviser to the Board of Power Assets Holdings Limited, a listed company. Mr. Tso 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.

MAN Ka Keung, Simon, aged 56, 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 Member of Executive Committee of Cheung Kong (Holdings) Limited. He has over 32 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 52, Alternate Director to Mr. Kam Hing Lam, the Group Managing Director of the Company, and the Company Secretary of the Company. She is also Member of Executive Committee 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	
		2013	2012
Group turnover	2	2,211	2,011
Share of turnover of jointly controlled entities	2	806	787
		3,017	2,798
Group turnover	2	2,211	2,011
Other income	3	204	224
Operating costs	4	(1,528)	(1,430)
Finance costs		(350)	(296)
Exchange gain		365	150
Share of results of associates		4,390	4,130
Share of results of jointly controlled entities		202	227
Profit before taxation		5,494	5,016
Taxation	5(a)	11	(14)
Profit for the period	6	5,505	5,002
Attributable to:			
Shareholders of the Company		5,169	4,686
Owners of perpetual capital securities		340	314
Non-controlling interests		(4)	2
		5,505	5,002
Earnings per share	7	HK\$2.12	HK\$1.98

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30th June

HK\$ million	Unaudited	
	2013	2012
Profit for the period	5,505	5,002
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Gain from fair value changes of available-for-sale financial assets	186	319
Gain/(Loss) from fair value changes of derivatives designated as effective cash flow hedges	90	(57)
Gain/(Loss) from fair value changes of derivatives designated as effective net investment hedges	1,775	(189)
Exchange differences on translation of financial statements of foreign operations	(3,104)	5
Share of other comprehensive expense of associates	(296)	(280)
Income tax relating to components of other comprehensive income	(31)	57
	(1,380)	(145)
Items that will not be reclassified to profit or loss:		
Share of other comprehensive expense of associates	(113)	(14)
Income tax relating to components of other comprehensive income	7	(39)
	(106)	(53)
Other comprehensive expense for the period	(1,486)	(198)
Total comprehensive income for the period	4,019	4,804
Attributable to:		
Shareholders of the Company	3,682	4,489
Owners of perpetual capital securities	340	314
Non-controlling interests	(3)	1
	4,019	4,804

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

HK\$ million	Notes	Unaudited 30/6/2013	Audited 31/12/2012
Property, plant and equipment		2,189	1,477
Investment properties		238	238
Interests in associates		69,351	71,337
Interests in jointly controlled entities		1,294	1,078
Investments in securities		5,917	6,199
Derivative financial instruments		331	–
Goodwill and intangible assets		2,725	–
Deferred tax assets		21	22
Total non-current assets		82,066	80,351
Inventories		171	150
Derivative financial instruments		463	47
Debtors and prepayments	9	1,101	1,014
Bank balances and deposits		5,422	6,980
Total current assets		7,157	8,191
Bank and other loans		44	24
Derivative financial instruments		74	198
Creditors and accruals	10	3,275	2,972
Taxation		89	97
Total current liabilities		3,482	3,291
Net current assets		3,675	4,900
Total assets less current liabilities		85,741	85,251
Bank and other loans		10,825	11,089
Derivative financial instruments		174	486
Deferred tax liabilities		714	282
Other non-current liabilities		42	13
Total non-current liabilities		11,755	11,870
Net assets		73,986	73,381
Representing:			
Share capital	11	2,496	2,496
Reserves		61,075	60,467
Equity attributable to shareholders of the Company		63,571	62,963
Perpetual capital securities		10,329	10,329
Non-controlling interests		86	89
Total equity		73,986	73,381

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30th June, 2013

HK\$ million	Attributable to shareholders of the Company												Total
	Share capital	Share premium	Treasury shares	Contributed surplus	Property revaluation reserve	Investment revaluation reserve	Hedging reserve	Exchange translation reserve	Retained profits	Sub-total	Perpetual capital securities	Non-controlling interests	
At 1st January, 2013 (audited)	2,496	13,900	(2,291)	6,062	68	1,546	(1,422)	2,191	40,413	62,963	10,329	89	73,381
Profit for the period	-	-	-	-	-	-	-	-	5,169	5,169	340	(4)	5,505
Gain from fair value changes of available-for-sale financial assets	-	-	-	-	-	186	-	-	-	186	-	-	186
Gain from fair value changes of derivatives designated as effective cash flow hedges	-	-	-	-	-	-	90	-	-	90	-	-	90
Gain from fair value changes of derivatives designated as effective net investment hedges	-	-	-	-	-	-	-	1,775	-	1,775	-	-	1,775
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	(3,105)	-	(3,105)	-	1	(3,104)
Share of other comprehensive income/(expense) of associates	-	-	-	-	-	-	252	(548)	(113)	(409)	-	-	(409)
Income tax relating to components of other comprehensive income	-	-	-	-	-	(18)	(13)	-	7	(24)	-	-	(24)
Total comprehensive income/(expense) for the period	-	-	-	-	-	168	329	(1,878)	5,063	3,682	340	(3)	4,019
Dividend paid	-	-	-	-	-	-	-	-	(3,074)	(3,074)	-	-	(3,074)
Interest paid on perpetual capital securities	-	-	-	-	-	-	-	-	-	-	(340)	-	(340)
At 30th June, 2013 (unaudited)	2,496	13,900	(2,291)	6,062	68	1,714	(1,093)	313	42,402	63,571	10,329	86	73,986

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

for the six months ended 30th June, 2012

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30th June

HK\$ million	Unaudited	
	2013	2012
Net cash from operating activities	1,579	1,172
Net cash (utilised in)/from investing activities	(381)	1,519
Net cash (utilised in)/from financing activities	(2,758)	73
Net (decrease)/increase in cash and cash equivalents	(1,560)	2,764
Cash and cash equivalents at 1st January	6,980	5,947
Cash and cash equivalents at 30th June	5,420	8,711
Analysis of balances of cash and cash equivalents:		
Bank balances and deposits	5,422	8,711
Bank overdrafts	(2)	–
	5,420	8,711

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

The accounting policies adopted for the preparation of the consolidated interim financial statements are consistent with those set out in the Group’s consolidated annual financial statements for the year ended 31st December, 2012, 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, 2013. The adoption of the new HKFRSs has no material impact on the Group’s results and financial position for the current or prior periods. Nevertheless, certain changes in disclosures have been adopted by the Group in compliance with the following new and revised HKFRSs:

- (a) HKAS 1 (Amendments) “Presentation of Items of Other Comprehensive Income” – Additional presentation for items of other comprehensive income is introduced without any impact on the Group’s results and financial position.
- (b) HKFRS 13 “Fair Value Measurement” – Disclosures required in respect of fair value measurements (note 12) are introduced without any impact on the Group’s results and financial position.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

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	
	2013	2012
Sales of infrastructure materials	950	1,017
Interest income from loans granted to associates	873	884
Sales of waste management services	276	–
Distribution from investments in securities	94	92
Income from the supply of water	18	18
Group turnover	2,211	2,011
Share of turnover of jointly controlled entities	806	787
	3,017	2,798

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. OTHER INCOME

Other income includes the following:

HK\$ million	Six months ended 30th June	
	2013	2012
Bank and other interest income	79	126

4. OPERATING COSTS

Operating costs include the following:

HK\$ million	Six months ended 30th June	
	2013	2012
Cost of inventories sold	867	935
Depreciation of property, plant and equipment	45	28
Amortisation of intangible assets	20	–
Change in fair values of derivative financial instruments	–	38

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. TAXATION

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

HK\$ million	Six months ended 30th June	
	2013	2012
Current taxation – outside Hong Kong	(4)	10
Deferred taxation	(7)	4
Total	(11)	14

- (b) A subsidiary of the Company paid AUD58 million to the Australian Tax Office (“ATO”) being an amount equivalent to 50 per cent (which percentage is based on ATO Administrative Guidelines) of the tax in dispute, including interest and penalties, claimed by the ATO, pending the resolution of a dispute with the ATO regarding the deductibility of certain fees paid by that subsidiary for income tax purposes. The subsidiary is of the view that the fees are deductible and that no amount should be payable to the ATO and that the above amount paid is expected to be recovered from the ATO. The subsidiary has obtained legal advice and will vigorously defend its position.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. PROFIT FOR THE PERIOD AND SEGMENT INFORMATION

for the six months ended 30th June

	Infrastructure Investments															
	Investment in Power Assets*				Mainland China				Canada and New Zealand		Infrastructure related business				Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Group turnover #	-	-	555	531	-	-	361	112	1,261	994	950	1,017	-	-	2,211	2,011
Share of turnover of jointly controlled entities	-	-	-	-	331	341	18	-	349	341	457	446	-	-	806	787
	-	-	555	531	331	341	379	112	1,610	1,335	1,407	1,463	-	-	3,017	2,798
Group turnover	-	-	555	531	-	-	361	112	1,261	994	950	1,017	-	-	2,211	2,011
Bank and other interest income	-	-	-	-	-	-	-	-	-	-	33	41	46	85	79	126
Other income	-	-	-	-	54	89	-	-	54	89	69	7	2	2	125	98
Change in fair values of investments in securities and derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	(38)	-	(38)
Depreciation and amortisation	-	-	(2)	(2)	-	-	(40)	-	(42)	(2)	(23)	(26)	-	-	(65)	(28)
Other operating expenses	-	-	(19)	(20)	-	-	(207)	-	(226)	(20)	(917)	(968)	(320)	(376)	(1,463)	(1,364)
Finance costs	-	-	(1)	(1)	-	-	(16)	-	(17)	(1)	(1)	(2)	(332)	(293)	(350)	(296)
Exchange gain	-	-	-	-	-	-	-	-	-	-	-	-	365	150	365	150
Share of results of associates and jointly controlled entities	1,842	1,672	2,329	2,212	242	230	(20)	(30)	2,691	2,578	59	107	-	-	4,592	4,357
Profit/(Loss) before taxation	1,842	1,672	2,862	2,720	587	581	78	82	3,721	3,638	170	176	(239)	(470)	5,494	5,016
Taxation	-	-	-	1	11	(16)	(1)	-	10	(15)	1	1	-	-	11	(14)
Profit/(Loss) for the period	1,842	1,672	2,862	2,721	587	581	77	82	3,731	3,623	171	177	(239)	(470)	5,505	5,002
Attributable to:																
Shareholders of the Company	1,842	1,672	2,862	2,721	587	581	77	82	3,731	3,623	175	175	(579)	(784)	5,169	4,686
Owners of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	-	340	314	340	314
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	(4)	2	-	-	(4)	2
	1,842	1,672	2,862	2,721	587	581	77	82	3,731	3,623	171	177	(239)	(470)	5,505	5,002

Sales of infrastructure materials comprise of sales in Hong Kong of HK\$760 million (2012: HK\$799 million), sales in Mainland China of HK\$188 million (2012: HK\$218 million) and sales in other region of HK\$2 million (2012: nil).

* During the period, the Group has a 38.87 per cent (2012: 38.87 per cent) equity interest in Power Assets Holdings Limited ("Power Assets"), which is listed on The Stock Exchange of Hong Kong Limited.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

7. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to shareholders of the Company of HK\$5,169 million (2012: HK\$4,686 million) and on the weighted average of 2,439,610,945 shares (2012: 2,366,397,852 shares) in issue during the interim period.

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

8. INTERIM DIVIDEND

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

HK\$ million	Six months ended 30th June	
	2013	2012
Interim dividend of HK\$0.50 per share (2012: HK\$0.40 per share)	1,220	956

During the six months ended 30th June, 2013, interim dividend declared by the Board of Directors amounted to HK\$1,220 million (2012: HK\$956 million), which is after elimination of HK\$28 million (2012: HK\$22 million) for the shares issued in connection with the issue of perpetual capital securities in February 2012.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

9. DEBTORS AND PREPAYMENTS

Included in debtors and prepayments are trade debtors of HK\$450 million (HK\$352 million at 31st December, 2012) and their aging analysis is as follows:

HK\$ million	30/6/2013	31/12/2012
Current	293	196
Less than 1 month past due	82	122
1 to 3 months past due	75	35
More than 3 months but less than 12 months past due	21	18
More than 12 months past due	15	16
Amount past due	193	191
Allowance for doubtful debts	(36)	(35)
Total after allowance	450	352

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. CREDITORS AND ACCRUALS

Included in creditors and accruals are trade creditors of HK\$225 million (HK\$193 million at 31st December, 2012) and their aging analysis is as follows:

HK\$ million	30/6/2013	31/12/2012
Current	138	157
1 month	33	24
2 to 3 months	26	2
Over 3 months	28	10
Total	225	193

11. SHARE CAPITAL

There were no movements in the share capital of the Company in the six months ended 30th June, 2013 and 2012 respectively.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

Assets measured at fair value

HK\$ million	Level 1		Level 2		Level 3		Total	
	30/6/2013	31/12/2012	30/6/2013	31/12/2012	30/6/2013	31/12/2012	30/6/2013	31/12/2012
Financial assets at fair value through profit or loss								
Notes, listed overseas	1,341	1,341	–	–	–	–	1,341	1,341
Equity securities, unlisted	–	–	174	174	–	–	174	174
Available-for-sale financial assets								
Stapled securities, listed overseas	1,398	1,531	–	–	–	–	1,398	1,531
Equity securities, listed overseas	2,222	2,329	–	–	–	–	2,222	2,329
Debt securities, unlisted	–	–	203	215	–	–	203	215
Equity securities, unlisted	–	–	36	36	–	–	36	36
Derivative financial instruments								
Forward foreign exchange contracts	–	–	778	47	–	–	778	47
Interest rate swaps	–	–	16	–	–	–	16	–

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

Liabilities measured at fair value

HK\$ million	Level 1		Level 2		Level 3		Total	
	30/6/2013	31/12/2012	30/6/2013	31/12/2012	30/6/2013	31/12/2012	30/6/2013	31/12/2012
Derivative financial instruments								
Forward foreign exchange contracts	–	–	74	436	–	–	74	436
Interest rate swaps	–	–	174	248	–	–	174	248

During the six months ended 30th June, 2013, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2012: nil).

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

Fair value of derivative financial instruments and certain available-for-sale financial assets not traded on active liquid markets are determined with reference to fair value estimated by independent professionals or the present value of the estimated future cash flows discounted at the effective interest rate.

13. BUSINESS COMBINATION

On 15th April, 2013, the Group completed an acquisition of the entire interest in Barra Topco II Limited (“Bara Topco”) for a consideration of NZ\$490 million (approximately HK\$3,201 million). Barra Topco is the holding company of Enviro Waste Services Limited, which is a diversified, vertically integrated waste management business that has national coverage across New Zealand. This acquisition reflects the Group’s strategy of investing in infrastructure opportunities around the world, leveraging the Group’s strong financial position and solid experience in infrastructure.

The acquisition-related costs were insignificant and were recognised as expenses in the current period within operating costs.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

13. BUSINESS COMBINATION (CONT'D)

The provisional fair value of identifiable assets and liabilities arising from the acquisition are as follows:

HK\$ million	
Net assets acquired:	
Property, plant and equipment	624
Interests in jointly controlled entities	163
Intangible assets	1,793
Bank balances and deposits	3
Debtors and prepayments (note)	149
Inventories	5
Creditors and accruals	(148)
Bank and other loans	(68)
Deferred tax liabilities	(489)
Other non-current liabilities	(32)
	2,000
Provisional goodwill arising from acquisition	1,201
Total consideration	3,201
Net cash outflow arising from acquisition:	
Cash consideration	3,201
Bank balances and cash acquired	(3)
	3,198

Note: The fair value of debtors and prepayments is HK\$149 million and includes trade debtors with a fair value of HK\$111 million. The gross contractual amount for trade debtors due is HK\$113 million, of which HK\$2 million is expected to be uncollectible.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

13. BUSINESS COMBINATION (CONT'D)

The provisional goodwill of HK\$1,201 million arising from the acquisition is attributable to its anticipated profitability and the anticipated future operating synergies from the business combination. None of the goodwill arising on this acquisition is expected to be deductible for tax purpose.

The operation acquired during the period contributed HK\$276 million to the Group's turnover and a contribution of HK\$13 million to profit attributable to shareholders of the Company.

If the acquisition had been completed on 1st January, 2013, the Group's turnover and the profit attributable to shareholders of the Company for the six months ended 30th June, 2013 would have been HK\$647 million and HK\$32 million, respectively. The pro forma information is for illustration purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1st January, 2013, nor is it intended to be a projection of future results.

14. COMMITMENTS

The Group's capital commitments outstanding at 30th June, 2013 and not provided for in the consolidated interim financial statements are as follows:

HK\$ million	Contracted but not provided for		Authorised but not contracted for	
	30/6/2013	31/12/2012	30/6/2013	31/12/2012
Investment in an associate	3,356	–	189	245
Plant and machinery	127	156	238	296
Total	3,483	156	427	541

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

15. CONTINGENT LIABILITIES

(a) HK\$ million	30/6/2013	31/12/2012
Guarantee given in respect of an associate	922	979
Performance bond indemnities	87	–
Sub-contractor warranties	9	9
Total	1,018	988

- (b) There is a claim by the ATO against the Company relating to the tax disputes concerning the South Australian distribution businesses, SA Power Networks and Victoria Power Networks Pty Ltd, which owns the CitiPower and Powercor businesses. The Company has sought legal advice since the dispute arose and has been of the view that the Company has a good case to resist the claim and will vigorously defend its position.

16. REVIEW OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

As at 30th June, 2013, 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	76.61%
	Kam Hing Lam	Beneficial owner	100,000	–	–	–	100,000	0.004%
Hutchison Whampoa Limited	Li Tzar Kuoi, Victor	Interest of child or spouse, interest of controlled corporations & beneficiary of trusts	–	300,000	1,086,770 (Note 3)	2,141,698,773 (Note 2)	2,143,085,543	50.26%
	Kam Hing Lam	Beneficial owner & interest of child or spouse	60,000	40,000	–	–	100,000	0.002%
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	6,010,875 (Note 5)	–	6,010,875	0.14%
	Chow Woo Mo Fong, Susan	Beneficial owner	190,000	–	–	–	190,000	0.004%
	Frank John Sixt	Beneficial owner	200,000	–	–	–	200,000	0.005%
	Lan Hong Tsung, David	Beneficial owner	20,000	–	–	–	20,000	0.0004%

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		
	Lee Pui Ling, Angelina	Beneficial owner	38,500	–	–	–	38,500	0.0009%
	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%

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		
Hutchison Telecommunications Hong Kong Holdings Limited	Li Tzar Kuoi, Victor	Interest of child or spouse, interest of controlled corporations & beneficiary of trusts	–	192,000	2,519,250 (Note 3)	3,185,136,120 (Note 8)	3,187,847,370	66.15%
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	1,202,380 (Note 5)	–	1,202,380	0.025%
	Chow Woo Mo Fong, Susan	Beneficial owner	250,000	–	–	–	250,000	0.005%
	George Colin Magnus	Beneficial owner & interest of child or spouse	13,201	132	–	–	13,333	0.0003%

(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

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

(3) LONG POSITIONS IN DEBENTURES

Name of Company	Name of Director	Capacity	Amount of Debentures				Total
			Personal Interests	Family Interests	Corporate Interests	Other Interests	
Hutchison Whampoa 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 (C1) 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
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	Li Tzar Kuoi, Victor	Interest of controlled corporation	–	–	US\$35,395,000 Subordinated Guaranteed Perpetual Capital Securities (Note 3)	–	US\$35,395,000 Subordinated Guaranteed Perpetual Capital Securities
	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

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 (12) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	–	–	US\$16,800,000 Subordinated Guaranteed Perpetual Capital Securities (Note 3)	–	US\$16,800,000 Subordinated Guaranteed Perpetual Capital Securities

Notes:

- 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”). Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are respectively interested in one-third and two-third of the entire issued share capital of Unity Holdco. 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 and Mr. Li Tzar Kuoi, Victor 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.

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"). Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are respectively interested in one-third and two-third of the entire issued share capital of Castle Holdco. 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 and Mr. Li Tzar Kuoi, Victor as a holder of the shares of Castle Holdco as aforesaid.

By virtue of the above and as a 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.

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.
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.

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

Notes (Cont'd):

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.

Mr. Li Tzar Kuoi, Victor, by virtue of being a Director of the Company and his deemed interest in the share capital of the Company as described in Note 1 above, is deemed to be interested in the securities of the 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 provisions of the SFO, in addition to any separate interest held by him in the Company and its subsidiaries and associated companies. A waiver from compliance with the disclosure requirement under paragraph 13(1) of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") in respect of the above-mentioned deemed interests of Mr. Li Tzar Kuoi, Victor to be disclosed in this interim report, on the ground that compliance with such paragraph would result in particulars being given which were not material in the context of the Group and were of excessive length, had been obtained from the Stock Exchange.

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 30th June, 2013, 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, 2013, 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	76.39%
Hutchison International Limited	Interest of controlled corporation	1,906,681,945 (Note ii)	1,906,681,945	76.39%
Hutchison Whampoa Limited	Interest of controlled corporations	1,906,681,945 (Note ii)	1,906,681,945	76.39%
Cheung Kong (Holdings) Limited	Interest of controlled corporations	1,906,681,945 (Note iii)	1,906,681,945	76.39%
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	76.61%
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	76.61%
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	76.61%
Li Ka-shing	Founder of discretionary trusts	1,912,109,945 (Note v)	1,912,109,945	76.61%

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, 2013, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CORPORATE GOVERNANCE

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

Save as disclosed below, the Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Corporate Governance Code (“CG Code”) as set out in Appendix 14 to the Listing Rules throughout the six months ended 30th June, 2013. In respect of code provisions A.5.1 to A.5.4 of the CG Code, the Company does not have a nomination committee. At present, the Company does not consider it necessary to have a nomination committee as the full Board is responsible for reviewing the structure, size and composition of the Board and the appointment of new Directors from time to time to ensure that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company, and the Board as a whole is also responsible for reviewing the succession plan for the Directors, in particular the Chairman of the Board and the Group Managing Director. In respect of code provision A.6.7 of the CG Code, a Non-executive Director did not attend the annual general meeting of the Company held on 20th May, 2013 due to an overseas commitment.

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

CORPORATE GOVERNANCE

(1) BOARD COMPOSITION AND BOARD PRACTICES

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

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

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

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

CORPORATE GOVERNANCE

(2) MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted the model code for securities transactions by directors of listed issuers set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions effective from 31st March, 2004, which will be revised and adopted from time to time. Confirmation has been received from all Directors that they have complied with the required standards set out in the Model Code during the six months ended 30th June, 2013.

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

(3) INTERNAL CONTROLS

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

The Board, through the Audit Committee, has conducted a review of the effectiveness of the internal control system of the Group for the six months ended 30th June, 2013.

(4) AUDIT COMMITTEE

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

The Group's interim report for the six months ended 30th June, 2013 has been reviewed by the Audit Committee.

CORPORATE GOVERNANCE

(5) REMUNERATION COMMITTEE

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

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

(6) INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

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

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

OTHER INFORMATION

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

During the six months ended 30th June, 2013, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

DISCLOSURE UNDER CHAPTER 13 OF THE LISTING RULES

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

As at 30th June, 2013, 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, 2013 is set out below:

HK\$ million	
Non-current assets	327,847
Current assets	16,942
Current liabilities	(18,603)
Non-current liabilities	(264,992)
Net assets	61,194
Share capital	39,488
Reserves	21,524
Non-controlling interest	182
Total equity	61,194

As at 30th June, 2013, the consolidated attributable interest of the Group in these affiliated companies amounted to HK\$40,861 million.

OTHER INFORMATION

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 2012 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 2012 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.

This interim report 2013 (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.

