THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Cheung Kong Infrastructure Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

CHEUNG KONG INFRASTRUCTURE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1038)

MAJOR TRANSACTION
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL IN BARRA TOPCO II LIMITED

30th April, 2013

CONTENTS

In this circular, the following expressions have the meanings correspondingly ascribed below unless the context otherwise requires:

"Acquisition"	the acquisition by the Purchaser from the Vendors of the Sale Shares on and subject to the terms and conditions of the Share Sale Agreement
"Actual Net Asset Amount"	the actual amount of net assets of Barra Topco as shown in the Completion Balance Sheet
"Adjustment Date"	the date being 5 Business Days following the date on which the Completion Balance Sheet is approved, deemed to be approved, agreed or determined under the Share Sale Agreement
"Barra Group"	Barra Topco and its subsidiaries
"Barra Group Companies"	the companies in the Barra Group
"Barra Joint Venture Companies"	the joint venture companies in which any of the Barra Group Companies (directly or indirectly) own shares
"Barra Topco"	Barra Topco II Limited, a limited liability company registered in New Zealand
"Board"	the board of Directors of the Company
"Business Day(s)"	means any day banks are open for business in Auckland and Hong Kong other than a Saturday, Sunday or statutory public holiday in Auckland or Hong Kong
"Company"	Cheung Kong Infrastructure Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1038), the guarantor of the Purchaser under the Share Sale Agreement
"Completion"	completion of the Acquisition in accordance with the terms of the Share Sale Agreement
"Completion Balance Sheet"	the statement of financial position of Barra Topco immediately following Completion in order to establish the Actual Net Asset Amount

"Completion Date"	15th April, 2013, being the date of Completion, a date which was within 10 Business Days after the satisfaction of the conditions (i) and (ii) (as set out in the paragraph headed "Conditions Precedent" in this circular) and as agreed by the Vendors and the Purchaser in writing
"Directors"	the directors of the Company
"EBITDA"	earnings before interest, taxes, depreciation and amortisation
"Enlarged Group"	the Group and Barra Topco after the Completion
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Individual Vendors"	the individual vendors of the Share Sale Agreement, who are the directors and/or management of Enviro Waste Services Limited, an indirect wholly-owned subsidiary of Barra Topco
"Key Warranty(ies)"	certain key warranties given by the Vendors to the Purchaser under the Share Sale Agreement including but not limited to the legal and beneficial titles of the Sale Shares, the capacity of the Vendors and the information of the Barra Group Companies and Barra Joint Venture Companies
"Latest Practicable Date"	24th April, 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange

"Material Adverse Event"	(a) an event or circumstance or a series of related or unrelated events or circumstances which occur during the period from the date of the Share Sale Agreement to the Completion Date and which has had or will have the effect of reducing the: (i) EBITDA of the Barra Group Companies (including a proportionate share of the EBITDA of the Barra Joint Venture Companies) in aggregate in the 12 month period following the occurrence of the relevant event or circumstance by 15% or more compared with the EBITDA for that period as shown in the financial model of Barra Group and with the result that the EBITDA of the Barra Group Companies (including a proportionate share of the EBITDA of the Barra Joint Venture Companies) in aggregate in that period will be less than NZ$50,200,000 (equivalent to approximately HK$328,508,800); and/or (ii) net assets of the Barra Group Companies (including a proportionate share of the net assets of the Barra Joint Venture Companies) in aggregate by 15% or more; and/or (b) a material loss of access to and/or use of the Hampton Downs landfill occurs during the period from the date of the Share Sale Agreement to the Completion Date and which continues, or is reasonably likely to continue, for longer than three months, but, for the avoidance of doubt, excludes changes in general economic, financial, political or regulatory conditions and events or circumstances arising directly from the same, and events or circumstances which affect all businesses in New Zealand carrying on the same business as the businesses carried on by the Barra Group Companies and the Barra Joint Venture Companies.
"Model Code"	the model code for securities transactions by Directors adopted by the Company
"NZ$"	New Zealand dollars, the lawful currency of New Zealand
"Power Assets"	Power Assets Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6)

"percentage ratios"	shall have the meaning ascribed to such term in Chapter 14 of the Listing Rules
"Purchase Price"	the consideration in the amount of NZ$490,000,000 (equivalent to approximately HK$3,206,560,000) paid by the Purchaser for the Acquisition (subject to the adjustment) in accordance with the terms of the Share Sale Agreement
"Purchaser"	NZ Holdings (2012) Limited, a company incorporated in New Zealand with limited liability and an indirect wholly-owned subsidiary of the Company
"PwC NZ"	PricewaterhouseCoopers New Zealand
"Sale Shares"	the entire issued share capital of Barra Topco as at Completion
"SFO"	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Share Consideration"	the consideration payable by the Purchaser to the Vendors for the sale and purchase of the Sale Shares under the Share Sale Agreement
"Share Sale Agreement"	a conditional agreement for sale and purchase of the Sale Shares dated 14th January, 2013 entered into amongst the Purchaser, the Company and the Vendors in respect of the Acquisition
"Shareholder(s)"	holder(s) of the ordinary share(s) of HK$1.00 each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Vendors"	the vendors to the Share Sale Agreement, comprising Ironbridge Capital II A Pty Limited, Ironbridge Capital II B Pty Limited, Envirowaste Holdings NV, and the Individual Vendors
"US$"	United States dollar, the lawful currency of the United States of America
"%"	per cent

Note: The figures in NZ$ are converted into HK$ at the rate of NZ$1: HK$6.544 throughout this circular for indicative purpose only.

CHEUNG KONG INFRASTRUCTURE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1038)

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

Company Secretary
Eirene YEUNG

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

30th April, 2013

Dear Shareholder(s),

MAJOR TRANSACTION
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL IN BARRA TOPCO II LIMITED

INTRODUCTION

The Board announced on 15th January, 2013 that the Purchaser, being an indirect wholly owned subsidiary of the Company, and the Company entered into the Share Sale Agreement with the Vendors on 14th January, 2013 (after trading hours) pursuant to which: (i) the Vendors have agreed to sell and the Purchaser has agreed to purchase the Sale Shares; and (ii) the Company, as guarantor, has agreed to guarantee the due and punctual compliance of the Purchaser with its obligations under the Share Sale Agreement.

SHARE SALE AGREEMENT

Date

14th January, 2013

Parties

(1) The Purchaser

(2) The Company

(3) The Vendors

The Directors confirm that to the best of their knowledge, information and belief, having made all reasonable enquiries, each of the Vendors and their respective ultimate beneficial owner(s) (if applicable) are third parties independent of the Company and its connected persons (as defined in the Listing Rules). The Directors also confirm that to the best of their knowledge, information and belief and after having made all reasonable enquiries, there is no prior transaction with each of the Vendors or their respective ultimate beneficial owner(s) (if applicable) which is required to be aggregated with the Acquisition pursuant to Rule 14.22 of the Listing Rules.

Interests to be acquired

The Purchaser has agreed to acquire from the Vendors the Sale Shares, representing the entire issued share capital of Barra Topco as at Completion, free from all encumbrances and together with all rights attaching and accruing thereto from the Completion Date.

Consideration

The Purchase Price in the aggregate amount of NZ$490,000,000 (equivalent to approximately HK$3,206,560,000) for the Acquisition has been paid by the Purchaser in cash on the Completion Date, part of which was used to pay or repay certain financial obligations of the Barra Group Companies as at Completion and the costs incurred by Barra Topco for the disposal of the Sale Shares.

Pursuant to the Share Sale Agreement, the remaining part of the Purchase Price (the amount after deducting the aggregate amount of the aforesaid financial obligations of Barra Group Companies as at Completion and the costs of disposal incurred by Barra Topco) shall be the Share Consideration payable to the Vendors, of which, an amount of NZ$3,500,000 (equivalent to approximately HK$22,904,000), has been paid to an escrow agent to secure the Vendors' potential liability arising as a result of purchase price adjustment, on the Completion Date.

The Purchase Price was determined after taking into account the Company's internal valuation of the Sale Shares conducted with reference to various factors, including but not limited to the asset value, the historical financial information regarding the performance of Barra Topco and arm's length negotiations among the Purchaser and the Vendors. The Share Sale Agreement was entered into following a private bid auction.

Purchase Price Adjustment

Pursuant to the Share Sale Agreement, the Purchaser shall, within 60 Business Days after Completion, provide the Vendors the Completion Balance Sheet and the Purchaser's calculation of the adjustment amount. With reference to the Actual Net Asset Amount as shown in the Completion Balance Sheet, the Purchase Price will be adjusted upwards or downwards according to the following manner:

(i) in the event that the Actual Net Asset Amount is less than NZ$119,389,000 (equivalent to approximately HK$781,281,616), the Vendors shall pay to the Purchaser, as a partial refund of the Share Consideration, such difference on the Adjustment Date; or

(ii) in the event that the Actual Net Asset Amount is more than NZ$119,389,000 (equivalent to approximately HK$781,281,616), the Purchaser shall pay to the Vendors, as an increase in the Share Consideration, such difference on the Adjustment Date, provided that the adjustment payment amount shall be capped at NZ$20,000,000 (equivalent to approximately HK$130,880,000).

The benchmark amount of NZ$119,389,000 (equivalent to approximately HK$781,281,616) adopted above is a projected figure on a designated presentation format provided by the Vendors.

Further announcement(s) will be made in relation to the adjustment on Purchase Price if and when appropriate in compliance with the applicable requirements of the Listing Rules.

Conditions Precedent

Completion of the Acquisition is conditional upon:

(i) the consent being obtained under the Overseas Investment Act 2005 of New Zealand for the Acquisition;

(ii) receipt of all approvals required from the Shareholders under the Listing Rules to implement the Acquisition;

(iii) no Material Adverse Event having occurred on or prior to Completion; and

(iv) no breach of any Key Warranty having occurred on or prior to Completion.

The conditions (except the conditions set out in (i) above) may be waived in whole or in part by the Purchaser in writing. The Share Sale Agreement may be cancelled by written notice given:

(a) by either party if the condition set out in (i) above is not fulfilled or able to be satisfied or waived in accordance with the Share Sale Agreement by 14th July, 2013 or such later date as may be agreed by the Vendors and the Purchaser in writing;

(b) by either party if the condition set out in (ii) above is not fulfilled or able to be satisfied or waived in accordance with the Share Sale Agreement by 14th February, 2013 or such later date as may be agreed by the Vendors and the Purchaser in writing; or

(c) by the Purchaser if a Material Adverse Event and/or a breach of a Key Warranty occurs at any time during the period from date of the Share Sale Agreement to Completion.

Guarantee

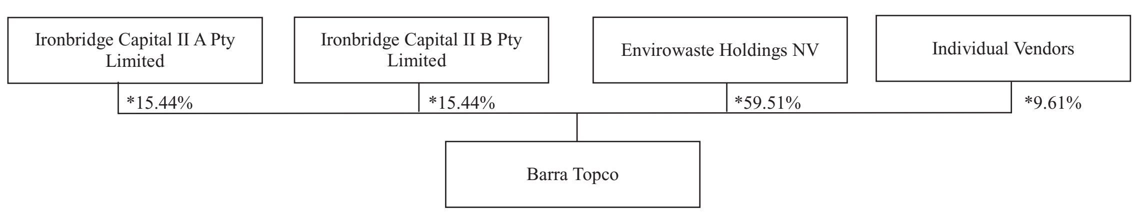
The Company unconditionally and irrevocably guarantees to the Vendors the due and punctual compliance of the Purchaser with its obligations, commitments, undertakings, warranties and indemnities under the Share Sale Agreement.

Completion

Completion of the Acquisition shall take place on the Completion Date or such other time and date as may be agreed in writing by the Vendors and the Purchaser. As the conditions set out in (i) and (ii) in the section headed "Conditions Precedent" above have been fulfilled, and a Material Adverse Event or a breach of any Key Warranty has not occurred, the Completion took place on 15th April, 2013.

INFORMATION ON THE VENDORS

The shareholding structure of the Vendors in Barra Topco before Completion is shown below:



* *approximate percentages*

Ironbridge Capital II A Pty Limited and Ironbridge Capital II B Pty Limited are limited companies incorporated under the laws of Australia, being the trustees of the Ironbridge Fund II A and Ironbridge Fund II B respectively, which are investment funds investing in leveraged buyout and expansion capital transactions, and focusing on investments in healthcare, financial services and outsourced services sector businesses in Australia and New Zealand. The beneficial holders of the Ironbridge Fund II A and Ironbridge Fund II B include Australian superannuation funds.

Envirowaste Holdings NV is a company incorporated under the laws of Belgium, which is an investment holding company.

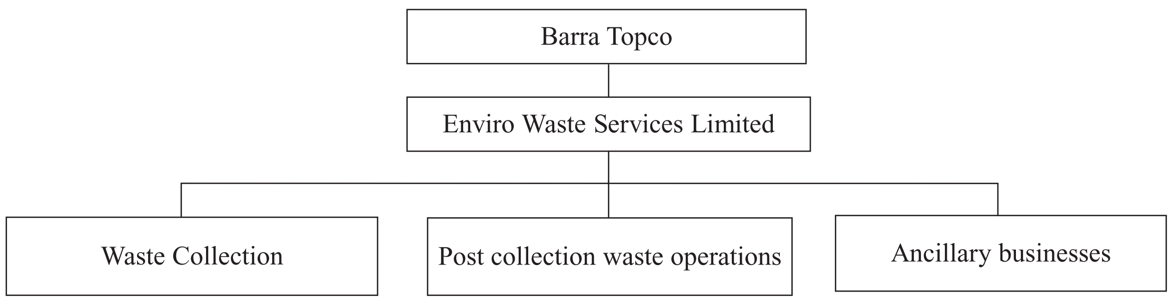
The Individual Vendors are a group of individuals who work as the directors and/or management of Enviro Waste Services Limited, some of whom are the trustees of the respective trusts or entities associated with such persons.

INFORMATION ON THE GROUP

The principal activities of the Group are development, investment and operation of infrastructure businesses in Hong Kong, Mainland China, the United Kingdom, Australia, New Zealand and Canada.

INFORMATION ON THE INTERESTS BEING ACQUIRED

Barra Topco, through its operating subsidiaries and joint venture companies, is a diversified, vertically integrated waste management business that has national coverage across New Zealand. It is one of only two vertically integrated waste collection and disposal companies operating throughout New Zealand, offering waste-related services to approximately half a million commercial and residential customers via collection services, landfills and transfer stations. Set forth below is the simplified structure of the main business lines of the Barra Group:



Enviro Waste Services Limited, one of the operating subsidiaries of the Barra Group, owns and manages a range of waste management infrastructure in New Zealand including waste collection facilities, a network of transfer stations and landfills. In addition, it also owns and operates ancillary business such as bulk waste haulage and landfill gas-to-electricity generation. Set out below is the financial information attributable to the entire issued share capital of Barra Topco (on a consolidated basis) as stated in its audited financial statements which were prepared in accordance with the New Zealand Generally Accepted Accounting Practice and International Financial Reporting Standards.

Based on the accountants' report as shown in Appendix II, the audited net liability value of Barra Topco as at 30th June, 2012 was approximately NZ$40,323,000 (equivalent to approximately HK$263,873,712). The audited net profits before interest and tax attributable to Barra Topco for the two years ended 30th June, 2011 and 30th June, 2012 were approximately NZ$24,673,000 (equivalent to approximately HK$161,460,112) and NZ$34,909,000 (equivalent to approximately HK$228,444,496) respectively. The audited net loss after interest and tax attributable to Barra Topco for the two years ended 30th June, 2011 and 30th June, 2012 were approximately NZ$12,217,000 (equivalent to approximately HK$79,948,048) and NZ$16,998,000 (equivalent to approximately HK$111,234,912) respectively.

The difference between the previously reported results and results outlined in Appendix II relates to two adjustments. The first adjustment is to align the depreciation methods of Barra Topco and the Company. This resulted in an increase in profit before tax of approximately NZ$2,209,000 (equivalent to approximately HK$14,455,696) for the year ended 30th June, 2011 and a decrease in profit before tax of approximately NZ$237,000 (equivalent to approximately HK$1,550,928) for the year ended 30th June, 2012. The second adjustment is a restatement to the 30th June, 2011 derivative liability. This resulted in a decrease in profit before tax of approximately NZ$2,984,000 (equivalent to approximately HK$19,527,296) for the year ended 30th June, 2011, and an increase in profit before tax of approximately NZ$2,984,000 (equivalent to approximately HK$19,527,296) for the year ended 30th June, 2012.

REASONS FOR THE ACQUISITION

The Company is a diversified infrastructure investment company with a focus on the development, investment and operation of infrastructure businesses in Hong Kong, Mainland China, the United Kingdom, Australia, New Zealand and Canada. The Acquisition reflects the Company's strategy of investing in infrastructure opportunities around the world, leveraging the Group's strong financial position and solid experience in infrastructure.

The Directors (including Independent Non-executive Directors) consider that the terms of the Share Sale Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

For the year ended 31st December, 2012, the Group's audited profit attributable to shareholders amounted to HK$9,427 million, a 22% increase as compared to the year ended 31st December, 2011. The Group's turnover and its share of turnover of jointly controlled entities was HK$5,749 million, a 14% increase over the year ended 31st December, 2011. Earnings per share for the year ended 31st December, 2012 were HK$3.93.

The profit contribution from businesses in the United Kingdom was HK$5,485 million, representing a growth of 47% as compared to last year. The two main drivers of the profit contribution growth were UK Power Networks Holdings Limited and Northumbrian Water Group Limited which were acquired in 2010 and 2011 respectively. Profit contribution from Power Assets was HK$3,757 million, an increase of 7% over 2011's HK$3,503 million. The profit contribution from the Group's Australian portfolio was HK$1,146 million as compared to last year's HK$1,306 million. This represents a 12% reduction which was primarily due to a one-off gain generated from the Group's disposal of its interest in the Manager of Spark Infrastructure Group in 2011. The profit contribution from Mainland China was HK$395 million, a 4% increase over last year. The contribution from Canada was HK$113 million, a 28% decline over last year. This was due to one-off tax and depreciation adjustments. In New Zealand, the profit contribution of HK$59 million was recorded, representing a 19% decline from last year's results. The Group's materials business delivered profit contribution of HK$324 million, an increase of 15% over last year. As at 31st December, 2012, the Group had a strong cash position of HK$6,980 million. The Group is well-placed to consider large-scale acquisitions that would add value to the Group's quality portfolio. The Company is optimistic about its future prospects and will continue to build on its growth momentum, sound fundamentals and solid business foundation.

The Company announced the Acquisition on 15th January, 2013 and the transaction was completed on 15th April, 2013. Barra Topco holds Enviro Waste Services Limited which owns and manages a range of waste management infrastructure in New Zealand which can generate immediate revenue. The Acquisition is expected to further enhance the Company's strong existing portfolio of regulated businesses.

EFFECT OF THE ACQUISITION ON THE EARNINGS AND ASSETS AND LIABILITIES OF THE COMPANY

The total Purchase Price for the Acquisition has been funded through a combination of the Company's internal resources and external financing.

Upon Completion, each of the Barra Group Companies has become indirect wholly-owned subsidiaries of the Company and the financial information of Barra Topco will be consolidated into the consolidated financial statements of the Group. Based on the unaudited pro forma financial information of the Enlarged Group as shown in Appendix IV, the Group had audited total assets and total liabilities of approximately HK$88,542 million and HK$15,161 million respectively as at 31st December, 2012. Upon Completion, the Enlarged Group would have unaudited pro forma total assets and total liabilities of approximately HK$89,822 million and HK$16,441 million respectively.

Subject to performance of Barra Topco, the Acquisition may result in an increase in the Group's profit before taxation and interest due to the operating results of Barra Topco.

Save as the above, the Acquisition has no significant impact on the assets and liabilities of the Company. The Acquisition is not expected to have any significant impact on the earnings of the Company in short term, but is expected to improve the profitability of the Company in the long run.

WAIVER FROM STRICT COMPLIANCE WITH RULE 4.03 OF THE LISTING RULES

Pursuant to Rule 4.03 of the Listing Rules, an accountants' report on the Barra Group which is included in this circular must be prepared by certified public accountants who are qualified under Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong). Rule 4.03 of the Listing Rules also provides that, in the case of a circular issued by a listed issuer in connection with acquisition of an overseas company, the Stock Exchange may be prepared to permit the accountants' report to be prepared by a firm of practising accountants which is not so qualified but which is acceptable to the Stock Exchange. Such firm must normally have an international name and reputation and be a member of a recognized body of accountants.

Each of the Barra Group Companies is incorporated in New Zealand. PwC NZ has been the independent auditors to the Barra Group for more than 5 years. The Directors are of the view that PwC NZ is knowledgeable about the operations, accounting, reporting and management systems of the Barra Group and is familiar with the financial information of the Barra Group. Given their familiarity with, and geographical proximity to the Barra Group, it will therefore be more cost and time effective to engage PwC NZ to issue the accountants' report of the Barra Group in accordance with the Hong Kong Financial Reporting Standards.

Although PwC NZ is not registered under the Professional Accountants Ordinance, it is registered under the applicable laws of New Zealand and is a member of the New Zealand Institute of Chartered Accountants, an internationally recognised association for accountants, and is a member firm of the PricewaterhouseCoopers network of firms.

The Directors are of the view that it is more appropriate to appoint PwC NZ instead of professional accountants who are qualified under the Professional Accountant Ordinance as reporting accountants for the purpose of issuing the accountants' report of the Barra Group to be included in this circular. The Company has therefore applied to the Stock Exchange for a waiver from strict compliance with Rule 4.03 of the Listing Rules to allow PwC NZ to prepare the accountants' report of the Barra Group for the inclusion in this circular. Such waiver was granted by the Stock Exchange on 23rd April, 2013.

GENERAL

As one or more of the applicable percentage ratios in respect of the Acquisition is greater than 25% and less than 100%, as calculated under Rule 14.07 of the Listing Rules, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, which is subject to the notification, publication and shareholders' approval requirements. As no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the Acquisition, and as the Company has obtained a written approval of the Acquisition from Hutchison Infrastructure Holdings Limited (which as at the date of the written approval held 1,906,681,945 shares in the Company, representing approximately 76.39% of the issued share capital of the Company), pursuant Rule 14.44 of the Listing Rules, the Company is not required to convene a general meeting for approving the Acquisition.

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By Order of the Board
CHEUNG KONG INFRASTRUCTURE HOLDINGS LIMITED
LI TZAR KUOI, VICTOR
Chairman

(A) AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The Company is required to set out in this circular the information for the last three financial years with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited balance sheet together with the notes on the annual accounts for the last financial year for the Group.

The audited consolidated financial statements of the Group for the year ended 31st December, 2012 has been set out from page 66 in the Annual Report 2012 of the Company which was published on 3rd April, 2013. The Annual Report 2012 has also been posted on the Company's website http://www.cki.com.hk. Please also see below quick link to the Annual Report 2012:

http://www.cki.com.hk/english/PDF_file/annualReport/2012/cki_ar12_full.pdf

The audited consolidated financial statements of the Group for the year ended 31st December, 2011 has been set out from page 66 in the Annual Report 2011 of the Company which was published on 12th April, 2012. The Annual Report 2011 has also been posted on the Company's website http://www.cki.com.hk. Please also see below quick link to the Annual Report 2011:

http://www.cki.com.hk/english/PDF_file/annualReport/2011/cki_ar11_full.pdf

The audited consolidated financial statements of the Group for the year ended 31st December, 2010 has been set out from page 56 in the Annual Report 2010 of the Company which was published on 31st March, 2011. The Annual Report 2010 has also been posted on the Company's website http://www.cki.com.hk. Please also see below quick link to the Annual Report 2010:

http://www.cki.com.hk/english/PDF_file/annualReport/2010/cki_ar10_full.pdf

(B) INDEBTEDNESS

As at the close of business on 28th February, 2013, for the purpose of this indebtedness statement, the Enlarged Group had outstanding borrowings of approximately HK$11,739 million which comprised unsecured bank loans and other borrowings of approximately HK$10,390 million, secured bank loans of approximately HK$1,221 million, and finance lease obligations of approximately HK$128 million.

As at the close of business on 28th February, 2013, the Enlarged Group had contingent liabilities of approximately HK$1,057 million. The contingent liabilities comprised other guarantee given in respect of an affiliated company of approximately HK$954 million, performance bonds of approximately HK$94 million and sub-contractor warranties of approximately HK$9 million.

Save as disclosed above or as otherwise herein and apart from intra-group liabilities, the Enlarged Group did not, at the close of business on 28th February, 2013, have any mortgages, charges, debentures, bank overdrafts or loan capital, issued or outstanding, or authorised or otherwise created but unissued, or other similar indebtedness, finance lease commitment, hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits or guarantees or other contingent liabilities.

(C) WORKING CAPITAL

The Directors are of the opinion that after taking into account the internal resources and available borrowing facilities and the cash flow impact of the Acquisition, the Enlarged Group has sufficient working capital for at least twelve months from the date of this circular.

The following is the text of a report received from the Company's reporting accountant, PricewaterhouseCoopers, Chartered Accountants, New Zealand, for the purpose of incorporation in this circular.

pwc

30th April, 2013

The Directors
Cheung Kong Infrastructure Holdings Limited
12th Floor, Cheung Kong Center,
2 Queen's Road Central,
Hong Kong

Dear Sirs,

We report on the financial information of Barra Topco II Limited (the "Target Company") and its subsidiaries (together, the "Target Group"), which comprises the consolidated statements of financial position of the Target Group as at 30th June, 2010, 30th June, 2011, 30th June, 2012 and 31st December, 2012, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group for each of the years ended 30th June, 2010, 30th June, 2011, 30th June, 2012 and the six months ended 31st December, 2012 (the "Relevant Periods") and a summary of significant accounting policies and other explanatory information (the "Consolidated Financial Information"). This Consolidated Financial Information is set out in Sections I to III below for inclusion in Appendix II to the circular of Cheung Kong Infrastructure Holdings Limited (the "Company") dated 30th April, 2013 (the "Circular") in connection with the proposed acquisition of the entire issued share capital of the Target Company by the Company.

The Target Company was incorporated in New Zealand on 14th March, 2007 as a limited liability company under the Companies Act 1993 of New Zealand.

As at the date of this report, the Target Company has direct and indirect interests in the subsidiaries and jointly controlled entities as set out in Note 16(a) and 16(b) of Section II below.

PricewaterhouseCoopers, 188 Quay Street, Private Bag 92162, Auckland 1142, New Zealand
T: +64 (9) 355 8000, F: +64 (9) 355 8001, www.pwc.com/nz

Directors' Responsibility

The directors of the Target Company are responsible for the preparation of the consolidated financial statements of the Target Group for the Relevant Periods that give a true and fair view in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (the "Underlying Financial Statements"), and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of the Underlying Financial Statements that are free from material misstatement, whether due to fraud or error. We have audited the Underlying Financial Statements in accordance with International Standards on Auditing (the "ISAs") issued by the International Auditing and Assurance Standards Board ("IAASB") pursuant to separate terms of engagement.

The Consolidated Financial Information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon.

The directors of the Company are responsible for the preparation of the Consolidated Financial Information that gives a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and accounting policies adopted by the Company and its subsidiaries (together, the "Group") as set out in the annual report of the Company for the year ended 31st December, 2012 and the disclosure requirements of the Hong Kong Companies Ordinance.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the Consolidated Financial Information and to report our opinion to you. We carried out our procedures in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

Opinion

In our opinion, the Consolidated Financial Information, for the purpose of this report, gives a true and fair view of the state of affairs of the Target Group as at 30th June, 2010, 30th June, 2011, 30th June, 2012 and 31st December, 2012 and of the Target Group's results and cash flows for the Relevant Periods then ended.

Review of Financial Information for the six months ended 31st December, 2011

We have reviewed the financial information set out in Sections I to II below included in Appendix II to the Circular which comprises the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Target Group for the six months ended 31st December, 2011 and a summary of significant accounting policies and other explanatory information (the "December 2011 Financial Information").

The directors of the Target Company are responsible for the preparation of the December 2011 Financial Information in accordance with the accounting policies set out in the Underlying Financial Statements.

The directors of the Company are responsible for the preparation of the December 2011 Financial Information in accordance with the accounting policies set out in Note 2 of Section II below and the accounting policies adopted by the Group as set out in the annual report of the Company for the year ended 31st December, 2012.

Our responsibility is to express a conclusion on the December 2011 Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the IAASB. A review of the December 2011 Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with ISAs and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the December 2011 Financial Information, for the purpose of this report, is not prepared, in all material respects, in accordance with the accounting policies set out in Note 2 of Section II below.

I FINANCIAL INFORMATION

The following is the Financial Information of the Target Company as at 30th June, 2010, 2011 and 2012 and 31st December, 2012 and for each of the years ended 30th June, 2010, 2011 and 2012 and six months ended 31st December, 2011 and 2012 (the "Financial Information").

1. Consolidated Statements of Comprehensive Income

		Year ended 30th June,			Six months ended 31st December,	
	Notes	**2010**	**2011**	**2012**	**2011**	**2012**
NZ$'000					(unaudited)	
Revenue	*5*	**131,362**	**143,795**	**163,632**	**79,241**	**89,710**
Other income	*6*	2,035	218	183	90	103
Depreciation	*7*	(13,858)	(12,819)	(16,195)	(8,007)	(7,575)
Amortisation	*7*	(752)	(764)	(1,028)	(420)	(568)
Employee benefits	*7*	(29,214)	(32,138)	(37,887)	(18,634)	(21,211)
Repairs and maintenance	*7*	(7,369)	(7,646)	(8,225)	(4,000)	(5,076)
Fuel purchases	*7*	(4,262)	(6,604)	(8,492)	(4,194)	(4,752)
Collection and landfill costs	*7*	(41,821)	(40,893)	(44,857)	(21,585)	(23,297)
Other operating costs	*7*	(16,026)	(16,442)	(18,843)	(8,567)	(10,047)
Operating profit		**20,095**	**26,707**	**28,288**	**13,924**	**17,287**
Finance costs	*7*	(36,094)	(39,396)	(41,932)	(20,716)	(19,943)
Fair value gains / (losses) on derivative financial instruments	*28*	2,144	(2,387)	5,237	2,021	1,401
Share of profits of jointly controlled entities	*16(b)*	687	353	1,384	514	719
Loss before income tax		**(13,168)**	**(14,723)**	**(7,023)**	**(4,257)**	**(536)**
Income tax benefit / (expense)	*8*	1,963	2,506	(9,975)	(2,147)	(2,563)
Loss for the year / period		**(11,205)**	**(12,217)**	**(16,998)**	**(6,404)**	**(3,099)**
Other comprehensive expense for the year / period		–	–	–	–	–
Total comprehensive expense for the year / period – net of tax		**(11,205)**	**(12,217)**	**(16,998)**	**(6,404)**	**(3,099)**

The Target Group has not paid any dividends during the Financial Information periods.

I FINANCIAL INFORMATION (cont'd)

2. Consolidated Statements of Changes in Equity

NZ$'000	*Notes*	**Share Capital**	**Accumulated Losses**	**Total Deficit**
Balance at 1st July, 2009		**17,200**	**(17,351)**	**(151)**
Loss and total comprehensive expense for the year		–	(11,205)	(11,205)
Contributions from shareholders	*22*	248	–	248
Balance at 30th June, 2010		**17,448**	**(28,556)**	**(11,108)**
Balance at 1st July, 2010		**17,448**	**(28,556)**	**(11,108)**
Loss and total comprehensive expense for the year		–	(12,217)	(12,217)
Balance at 30th June, 2011		**17,448**	**(40,773)**	**(23,325)**
Balance at 1st July, 2011		**17,448**	**(40,773)**	**(23,325)**
Loss and total comprehensive expense for the year		–	(16,998)	(16,998)
Balance at 30th June, 2012		**17,448**	**(57,771)**	**(40,323)**
Balance at 1st July, 2011		**17,448**	**(40,773)**	**(23,325)**
Loss and total comprehensive expense for the period (unaudited)		–	(6,404)	(6,404)
Balance at 31st December, 2011 (unaudited)		**17,448**	**(47,177)**	**(29,729)**
Balance at 1st July, 2012		**17,448**	**(57,771)**	**(40,323)**
Loss and total comprehensive expense for the period		–	(3,099)	(3,099)
Balance at 31st December, 2012		**17,448**	**(60,870)**	**(43,422)**

I FINANCIAL INFORMATION (cont'd)

3. Consolidated Statements of Financial Position

NZ$'000	*Notes*	As at 30th June, 2010	2011	2012	As at 31st December, 2012
Assets					
Non-current assets					
Property, plant and equipment	*13*	115,984	124,535	129,037	131,458
Intangible assets	*14*	254,774	254,580	256,420	256,388
Interest in jointly controlled entities	*16(b)*	9,904	9,497	10,458	10,727
Deferred tax assets	*21*	612	3,120	–	–
		381,274	**391,732**	**395,915**	**398,573**
Current assets					
Cash and cash equivalents	*10*	1,262	1,826	2,637	11,259
Trade and other receivables	*11*	13,608	16,922	18,653	17,814
Related party receivables	*25(e)*	160	485	541	475
Inventories	*12*	386	540	763	634
		15,416	**19,773**	**22,594**	**30,182**
Liabilities					
Current liabilities					
Shareholder loans	*18*	–	–	(215,950)	(226,648)
Bank overdraft	*10, 18*	(1,062)	(2,110)	(2,773)	(7,890)
Other interest bearing liabilities	*18*	(783)	(2,408)	(193,876)	(193,001)
Trade and other payables	*17*	(8,718)	(11,763)	(15,696)	(13,603)
Employee benefits	*17*	(3,011)	(3,387)	(4,212)	(4,454)
Unearned revenue		(3,386)	(3,327)	(3,449)	(3,047)
Related party payables	*25(e)*	–	(34)	–	–
Provision for landfill completion costs	*20*	(1,255)	(1,260)	(1,410)	(419)
Derivative financial instruments	*28*	–	–	(2,345)	(944)
		(18,215)	**(24,289)**	**(439,711)**	**(450,006)**
Net current liabilities		**(2,799)**	**(4,516)**	**(417,117)**	**(419,824)**
Total assets less current liabilities		**378,475**	**387,216**	**(21,202)**	**(21,251)**
Non-current liabilities					
Shareholder loans	*18*	(178,427)	(196,269)	–	–
Other interest bearing liabilities	*18*	(204,670)	(204,519)	(9,061)	(8,142)
Provision for landfill completion costs	*20*	(898)	(1,773)	(2,785)	(4,188)
Obligation to sell shares	*27*	(393)	(398)	(403)	(406)
Derivative financial instruments	*28*	(5,195)	(7,582)	–	–
Deferred tax liabilities	*21*	–	–	(6,872)	(9,435)
		(389,583)	**(410,541)**	**(19,121)**	**(22,171)**
Net liabilities		**(11,108)**	**(23,325)**	**(40,323)**	**(43,422)**
Shareholders' Equity					
Share capital	*22*	17,448	17,448	17,448	17,448
Accumulated losses		(28,556)	(40,773)	(57,771)	(60,870)
Total deficit		**(11,108)**	**(23,325)**	**(40,323)**	**(43,422)**

I FINANCIAL INFORMATION (cont'd)

4. Consolidated Statements of Cash Flows

		Year ended 30th June,			Six months ended 31st December,	
	Notes	**2010**	**2011**	**2012**	**2011**	**2012**
NZ$'000					(unaudited)	
Operating activities						
Loss before income tax		(13,168)	(14,723)	(7,023)	(4,257)	(536)
Add non-cash items:						
Depreciation	*7, 13*	13,858	12,819	16,195	8,007	7,575
Amortisation of intangible assets	*7, 14*	752	764	1,028	420	568
Fair value (gains) / losses on derivative financial instruments	*28*	(2,144)	2,387	(5,237)	(2,021)	(1,401)
Landfill provision	*20*	1,255	1,260	1,410	690	419
Expenses accrued		–	–	–	–	(628)
Interest accrued		17,411	20,277	22,028	10,870	11,949
Share of profits of jointly controlled entities	*16(b)*	(687)	(353)	(1,384)	(514)	(719)
Dividends received from jointly controlled entities	*16(b)*	670	905	150	–	–
Net loss / (gain) on disposal of property, plant and equipment	*7*	1,239	(345)	949	39	415
Other non-cash adjustments		–	–	(353)	–	(1,435)
Operating cash flows before changes in working capital		**19,186**	**22,991**	**27,763**	**13,234**	**16,207**
Movement in working capital:						
(Decrease) / increase in accounts payable and accruals		(21)	2,348	3,928	377	(2,603)
(Increase) / decrease in accounts receivable and other debtors		(118)	(3,640)	(1,787)	(101)	816
(Increase) / decrease in inventories		(104)	(154)	(223)	(71)	129
Cash from operating activities		**18,943**	**21,545**	**29,681**	**13,439**	**14,549**

I FINANCIAL INFORMATION (cont'd)

4. Consolidated Statements of Cash Flows (cont'd)

NZ$'000	*Notes*	**Year ended 30th June, 2010**	**2011**	**2012**	**Six months ended 31st December, 2011** (unaudited)	**2012**
Investing activities						
Sale of property, plant and equipment		267	480	264	–	7
Repayments from jointly controlled entities		–	–	625	–	450
Purchase of businesses, net of cash acquired		(3,412)	–	(1,138)	–	(796)
Purchase of property, plant and equipment		(12,215)	(21,354)	(19,471)	(10,295)	(7,652)
Landfill completion costs	*20*	(437)	(380)	(248)	(137)	(7)
Advances to jointly controlled entities		(269)	–	–	–	–
Net cash used in investing activities		**(16,066)**	**(21,254)**	**(19,968)**	**(10,432)**	**(7,998)**
Financing activities						
Proceeds from borrowings		5,311	9,922	1,255	3,256	7,300
Share issue	*22*	248	–	–	–	–
Repayment of borrowings		(9,540)	(10,697)	(10,820)	(5,406)	(10,346)
Net cash used in financing activities		**(3,981)**	**(775)**	**(9,565)**	**(2,150)**	**(3,046)**
Net (decrease) / increase in cash and cash equivalents		**(1,104)**	**(484)**	**148**	**857**	**3,505**
Cash and cash equivalents at beginning of the year / period		1,304	200	(284)	(284)	(136)
Cash and cash equivalents at end of the year / period	*10*	**200**	**(284)**	**(136)**	**573**	**3,369**

II NOTES TO THE FINANCIAL INFORMATION

1. General Information

Barra Topco II Limited (the "Target Company") and its subsidiaries (together the "Target Group") are limited liability companies incorporated and domiciled in New Zealand and are registered under the New Zealand Companies Act 1993. The Target Group is engaged in waste collection, commercial refuse and recycling services together with refuse transfer station operations and landfill operations. The address of the registered office of the Target Company is care of Buddle Findlay, 188 Quay Street, Auckland, New Zealand.

2. Summary of Significant Accounting Policies

2.1 Basis of Preparation

The principal accounting policies adopted in the preparation of the Financial Information are set out below. These policies have been consistently applied to all the periods presented.

The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The preparation of the Financial Information in conformity with HKFRSs requires the use of estimates and assumptions that affect the reported amount of assets and liabilities and the reported amount of revenues and expenses during the relevant period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in Note 3 below.

Historical cost convention

The Financial Information has been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities as stated in specific accounting policies below.

Going concern

The Target Group is in a negative equity position as at the end of each financial period. This Financial Information has been prepared on the basis that the Target Group is a going concern based on budgets and forecasts and on the basis that sufficient financing facilities will continue to be made available to ensure the Target Group has the ability to meet its financial commitments as and when they fall due.

2.2 Principles of Consolidation

The Financial Information incorporates the assets and liabilities of all subsidiaries of the Target Company as at each reporting date.

(i) Subsidiaries

Subsidiaries are all those entities (including special purpose entities) over which the Target Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Target Company controls another entity.

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

2.2 Principles of Consolidation (cont'd)

(i) Subsidiaries (cont'd)

Subsidiaries are fully consolidated from the date on which control is transferred to the Target Company. They are no longer consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Target Company. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Target Company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income.

If the business combination is achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between Target companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Target Group.

(ii) Jointly controlled entities

A joint venture is a contractual arrangement whereby the venturers undertake an economic activity which is subject to joint control and over which none of the participating parties has unilateral control. A jointly controlled entity is the joint venture which involves the establishment of a separate entity.

The Target Group's share of its jointly controlled entities' post acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post acquisition movements in reserves is recognised in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from jointly controlled entities reduce the carrying amount of the investment. When the Target Group's share of losses in an jointly controlled entity equals or exceeds its interest in the jointly controlled entity, including any other unsecured receivables, the Target Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entity.

Unrealised gains on transactions between the Target Group and its jointly controlled entities are eliminated to the extent of the interest in the jointly controlled entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2.3 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Target Company that makes strategic decisions.

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

2.4 Foreign Currency Translation

Items included in the Financial Information are measured using the currency of the primary economic environment in which each of the Target Group entities operate ("the functional currency"). The Financial Information is presented in New Zealand dollars, which is the Target Company's functional currency and the Target Group's presentation currency.

(i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2.5 Revenue Recognition

Revenue comprises the fair value for the sale of goods and services, net of Goods and Services Tax, rebates and discounts and after eliminating sales within the Target Group. Revenue is recognised as follows:

(i) Sales of services

Sales of services including waste collection, commercial refuse and recycling services together with refuse transfer station operations and landfill operations are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(ii) Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Target Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(iii) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.6 Income Tax

The income tax comprises both current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year / period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous years.

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

2.6 Income Tax (cont'd)

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Information. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Target Group and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.7 Goods and Services Tax (GST)

The statement of comprehensive income has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

2.8 Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

2.9 Leases

Accounting by Lessee

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

Finance leases

Leases where the Target Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased vehicles, plant and equipment and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charge so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in the non-current liabilities. The interest portion of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The vehicles, plant and equipment acquired under finance lease is depreciated over the shorter of the useful life of the asset and the lease term.

Accounting by Lessor

Operating leases

Assets leased to third parties under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight line basis over the lease term.

2.10 Impairment

Assets with finite useful lives are subject to depreciation and amortisation and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment irrespective of whether any circumstances identifying a possible impairment have been identified. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

2.11 Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

2.11 Trade Receivables (cont'd)

A provision for impairment of trade receivables is established when there is objective evidence that the Target Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within "other operating costs". When a trade receivable is uncollectible, it is written off against an allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "other operating costs" in the statement of comprehensive income.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.13 Loans and Receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Target Group provides money, goods or services directly to a debtor with no intention of selling the receivable. Loans and receivables are included in receivables in the statement of financial position. Loans and receivables are carried at amortised cost using the effective interest method.

The Target Group assesses at each reporting date whether there is objective evidence that loans and receivables are impaired.

2.14 Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Target Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date.

The carrying value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Target Group for similar financial instruments.

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

2.15 Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The cost of self-constructed assets includes the cost of all materials used in construction, direct labour on the project, cost of obtaining Resource Management Act consents, financing costs that are directly attributable to the project and an appropriate proportion of variable fixed overheads. Costs cease to be capitalised as soon as the asset is ready for productive use and do not include any inefficiency costs.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associate with the item will flow to the Target Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Development includes costs accumulated for landfills, transfer stations and council contract projects under development. When landfills, transfer stations or council contract projects come into operation all costs associated are transferred to the relevant property, plant and equipment asset class.

Land is not depreciated. Development assets are depreciated once the development is complete. Buildings are depreciated over their estimated economic life on a straight-line basis. Resource consents are amortised over the estimated lives of the consents on a straight-line basis. Landfill capital costs is amortised using unit of production method. Plant and equipment costs are depreciated over their estimated useful life on a straight-line basis.

Depreciation rates used are as follows:

Buildings	3%
Plant and equipment	6% – 40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

2.16 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Target Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2.17 Borrowing Costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed. The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's outstanding borrowings during the year / period.

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

2.18 Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Target Group prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

2.19 Unearned Revenue

Unearned revenue represents cash received on prepaid contracts where the service is yet to be performed. It is disclosed as a liability in the statement of financial position until the service is performed and revenue is recognised in the statement of comprehensive income.

2.20 Provisions

Provisions are recognised when the Target Group has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provision for landfill completion costs

An obligation in relation to unavoidable completion costs arises when a landfill comes into use. These completion costs can relate to site restoration costs for individual cells in the landfill, to the landfill as a whole, and to any aftercare costs that follow the closure of the landfill. The majority of landfill costs are for work required to cap the landfills as they achieve their finished profiles and other capital costs including leachate, gas and storm water control systems. Certain capital costs are expensed prior to completion of the landfill.

A provision is made for the estimated net present value of landfill completion costs to be incurred to which the Target Group is currently obligated. These costs have been estimated based on current best practice and the estimate of costs is reviewed at least annually and is adjusted as necessary. These costs may be impacted by a number of factors including changes in legislation and technology. The estimate net present value is calculated taking into account the Target Group's weighted average cost of capital as the discount rate.

2.21 Intangible Assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Target Group's share of the net identifiable assets of the acquired business or joint venture at the date of acquisition. Goodwill on acquisitions of businesses is included in intangible assets. Goodwill on acquisitions of jointly controlled entities is included in investments in jointly controlled entities. Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

2.21 Intangible Assets (cont'd)

(ii) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (3 to 5 years).

(iii) Resource consents

Resource consents are carried at cost less accumulated amortisation. The cost of resource consents is the consideration given to obtain consents under the Resource Management Act in order for the Target Group to complete certain operations. Resource consents are amortised on a straight-line basis over their legal lives, which vary between 12 and 25 years.

(iv) Wastestream rights

Wastestream rights are valued at cost less accumulated amortisation, if any. The cost of wastestream rights is the consideration given to secure a significant portion of the waste from the Pikes Point Transfer Station subsequent to the closure of the Greenmount landfill. The rights are amortised on a straight-line basis over their expected economic life, commencing at the closure of the Greenmount landfill. Expected economic lives vary between 15 and 20 years.

(v) Customer contracts

Customer contracts are valued at cost less accumulated amortisation. The contracts are amortised on a straight-line basis over their expected contract lives.

(vi) Contract set-up costs

Contract set-up costs are internally generated assets and are valued at cost less accumulated amortisation. The contract set-up costs are amortised on a straight-line basis over the life of the contract.

2.22 Employee Benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Bonus plans

The Target Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Target Company's shareholders after certain adjustments. The Target Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.23 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

2.24 Dividends

Provision is made for the amount of any dividend declared on or before the end of the year / period but not distributed at reporting date.

2.25 Standards, Amendments and Interpretations to Existing Standards that Are Not Yet Effective

Below is a list of new standards, amendments and interpretations to existing standards which have been published that are mandatory for the Target Group's annual accounting periods beginning on or after 1st January, 2013 or later periods but which the Target Group has not early adopted. The standards listed are not expected to have a material impact on the Target Group's Financial Information.

(i) HKFRS 9 Financial Instruments: (Mandatory for annual periods commencing on or after 1st January, 2015)

It is the intention of the HKICPA to replace HKAS 39 with HKFRS 9. The first phase of the implementation of HKFRS 9 relates to the classification and measurement of financial assets.

HKFRS 9 specifies how an entity should classify and measure financial assets, including some hybrid contracts. Management have not yet ascertained the impact which the implementation of this standard will have on the Target Group financial statements nor assessed when it will be adopted.

3. Critical Accounting Estimates & Judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Target Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and profit within the next financial year.

Impairment testing of intangible assets requires significant judgement and estimate. It is subjective and is performed annually. Further information is disclosed in Note 14. Reasonable changes were made to the assumptions within the impairment model which has had no impact on the statement of comprehensive income and statement of financial position.

A provision is made for the estimated net present value of landfill completion costs to be incurred to which the Target Group is currently obligated. These costs have been estimated based on current best practice and the estimate of costs is reviewed at least annually and is adjusted as necessary. These costs may be impacted by a number of factors including changes in legislation and technology. The estimate net present value is calculated taking into account the Target Group's weighted average cost of capital as the discount rate (refer to Note 20).

Landfill capital costs are depreciated based on a unit of production method, also known as "cell amortisation". A depreciation rate per tonne is determined via a model which is updated annually for actual / budget volumes.

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

3. Critical Accounting Estimates & Judgement (cont'd)

From 1st July, 2012, the depreciation rates of the following classes of assets changed to more accurately reflect the remaining estimated useful lives of the asset:

Asset class	Old rate	New rate	Estimated Useful Life (years)
Plant and equipment	8-46%	8-26%	7-25
Buildings	3-13.5%	3%	50
Leasehold improvements	3-13.5%	3%	50
Landfill capital costs	3-8%	3%	50

The estimated impact of the change in depreciation rates during the 6 month period was NZ$1,016,000.

There are no significant accounting judgements applied in any of the periods.

4. Financial Risk Management

The Target Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cashflow interest rate risk), credit risk and liquidity risk.

Risk management is carried out by Management under policies approved by the Board of Directors. Management identifies and evaluates financial risks in close co-operation with the Target Group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Currency risk

The Target Group has very limited exposure to foreign currency risk. On limited occasions the Target Group will procure plant and equipment from overseas suppliers. Where there is an expected leadtime, the Target Group will require the purchase to be denominated in New Zealand dollars or the foreign denominated currency will be covered by foreign exchange rate forward contracts to provide certainty.

(ii) Cashflow and fair value interest rate risk

The Target Group's main interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Target Group to cashflow interest rate risk. Borrowings issued at fixed rates expose the Target Group to fair value interest rate risk as analysed in the table overleaf.

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

4. Financial Risk Management (cont'd)

(a) Market risk (cont'd)

(ii) Cashflow and fair value interest rate risk (cont'd)

	Target Group	Target Group			
		-1%		1%	
NZ$'000	Carrying amount	Profit	Equity	Profit	Equity
30th June, 2010					
Financial assets					
Cash and cash equivalents	1,262	(13)	(9)	13	9
Trade receivables	12,465	–	–	–	–
Related party receivables	160	–	–	–	–
Financial liabilities					
Bank overdraft	1,062	11	7	(11)	(7)
Other interest bearing liabilities and shareholder loans	383,880	2,055	1,439	(2,055)	(1,439)
Derivative financial instruments	5,195	(1,121)	(785)	1,121	785
Trade and other payables and related party payables	8,718	–	–	–	–
Total increase / (decrease)		**932**	**652**	**(932)**	**(652)**
30th June, 2011					
Financial assets					
Cash and cash equivalents	1,826	(18)	(13)	18	13
Trade receivables	15,877	–	–	–	–
Related party receivables	485	–	–	–	–
Financial liabilities					
Bank overdraft	2,110	21	15	(21)	(15)
Other interest bearing liabilities and shareholder loans	403,196	1,992	1,395	(1,992)	(1,395)
Derivative financial instruments	7,582	(1,870)	(1,309)	1,870	1,309
Trade and other payables and related party payables	11,797	–	–	–	–
Total increase / (decrease)		**125**	**88**	**(125)**	**(88)**
30th June, 2012					
Financial assets					
Cash and cash equivalents	2,637	(26)	(19)	26	19
Trade receivables	17,442	–	–	–	–
Related party receivables	541	–	–	–	–
Financial liabilities					
Bank overdraft	2,773	28	20	(28)	(20)
Other interest bearing liabilities and shareholder loans	418,887	1,938	1,395	(1,938)	(1,395)
Derivative financial instruments	2,345	(481)	(346)	481	346
Trade and other payables and related party payables	15,696	–	–	–	–
Total increase / (decrease)		**1,459**	**1,050**	**(1,459)**	**(1,050)**

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

4. Financial Risk Management (cont'd)

(a) Market risk (cont'd)

(ii) Cashflow and fair value interest rate risk (cont'd)

	Target Group	Target Group			
		-1%		1%	
NZ$'000	Carrying amount	Profit	Equity	Profit	Equity
31st December, 2012					
Financial assets					
Cash and cash equivalents	11,259	(113)	(81)	113	81
Trade receivables	16,932	–	–	–	–
Related party receivables	475	–	–	–	–
Financial liabilities					
Bank overdraft	7,890	79	57	(79)	(57)
Other interest bearing liabilities and shareholder loans	427,791	950	684	(950)	(684)
Derivative financial instruments	944	(24)	(17)	24	17
Trade and other payables and related party payables	13,603	–	–	–	–
Total increase / (decrease)		**892**	**643**	**(892)**	**(643)**

(b) Credit risk

Credit risk is managed on a regular basis. Credit risk arises from cash and cash equivalents, derivatives and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Only banks with a high credit worthiness are used by the Target Group.

The Target Group's credit policy states, "All arrears accounts have strict "monthly terms". Payment is due on the 20th of the month following invoicing and if a request is received from a customer, either at the time of signing a contract or subsequently due to special circumstances, to provide terms in excess of "monthly" then a request is raised via the Credit Manager who will provide the relevant facts to the Chief Financial Officer and Managing Director for approval". Every effort is made to minimise the credit risk.

The Target Group has limited exposure to concentrated credit risk. At 30th June, 2012, the Target Group's top 10 customers made up 20.6% of turnover for the year, 2011: 18.7%, 2010: 13.0%, 31st December, 2012: 25.8%.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, as well as the availability of funding through an adequate amount of committed credit facilities.

The table below analyses the Target Group's financial liabilities including future interest payable into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. Balances due within 12 months equal their carrying balances, as the impact of interest is not significant.

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

4. Financial Risk Management (cont'd)

(c) Liquidity risk (cont'd)

As at 30th June, 2010 *NZ$'000*	**0-3 months**	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Trade and other payables and related party payables	8,718	–	–	–	–
Bank overdraft	1,062	–	–	–	–
Derivative financial instruments	937	2,810	2,866	2,507	–
Borrowings	10,512	22,109	32,398	330,342	–

As at 30th June, 2011 *NZ$'000*	**0-3 months**	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Trade and other payables and related party payables	11,797	–	–	–	–
Bank overdraft	2,110	–	–	–	–
Derivative financial instruments	1,522	2,513	1,728	–	–
Borrowings	11,622	25,169	37,998	346,885	–

As at 30th June, 2012 *NZ$'000*	**0-3 months**	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Trade and other payables and related party payables	15,696	–	–	–	–
Bank overdraft	2,773	–	–	–	–
Derivative financial instruments	2,345	–	–	–	–
Borrowings	194,998	218,357	7,871	1,002	–

As at 31st December, 2012 *NZ$'000*	**0-3 months**	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Trade and other payables and related party payables	13,603	–	–	–	–
Bank overdraft	7,890	–	–	–	–
Derivative financial instruments	944	–	–	–	–
Borrowings	419,650	1,515	3,326	6,876	696

(d) Capital risk

The Target Group's objectives when managing capital are to safeguard the Target Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an appropriate capital structure including long term debt and equity. In order to maintain or adjust the capital structure, the Target Group may pay dividends to shareholders, return capital to shareholders, issue new shares or sell assets and adjust debt levels accordingly.

The Target Group monitors capital using a number of financial ratios as well as the ability of the Target Group to service and repay the amounts due on the capital base. The Target Group is also required to meet various covenants including a leverage ratio, an interest cover ratio, a cashflow cover ratio and capital expenditure spend restrictions. All covenants at 30th June, 2010, 2011 and 2012 and at 31st December, 2012 have been met.

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

4. Financial Risk Management (cont'd)

(e) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. Refer to the accounting policies for fair value estimation methods. The fair value of debtors have been arrived at after providing for doubtful debts. There is no difference between fair value and carrying amounts for other financial assets and liabilities.

The majority of the loans are at floating rates therefore the carrying value approximates to the fair values. All other indebtedness is at fixed rates that approximate market value and therefore also compare closely to fair value.

Hierarchy of fair value measurements

The following provides an analysis of financial instruments that are measured at fair value subsequent to initial recognition, grouped into levels 1 to 3 depending on the degree to which the fair value is observable.

Level one – fair value in an active market

The fair value of financial assets traded in active markets for the same instruments based on their quoted market prices at reporting date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices.

Level two – fair value in an inactive or unquoted market using valuation techniques and observable market data

The fair value of financial assets that are not traded in an active market is determined using valuation techniques for which all significant inputs are based on observable market data.

Level three – fair value in an inactive or unquoted market using valuation techniques without observable market data

The fair value of financial assets that are not traded in an active market is determined using valuation techniques for which any significant input is not based on observable market data.

The only financial instruments held at fair value through profit and loss are derivative financial instruments which are classed as level two.

5. Revenue

	Year ended 30th June,			Six months ended 31st December,	
	2010	**2011**	**2012**	**2011**	**2012**
NZ$'000				(unaudited)	
Sales of services	131,362	143,795	163,632	79,241	89,710
Total revenue	**131,362**	**143,795**	**163,632**	**79,241**	**89,710**

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

6. Other Income

	Year ended 30th June,			Six months ended 31st December,	
NZ$'000	2010	2011	2012	2011 (unaudited)	2012
Subsidies	48	27	22	9	18
Management fees	599	171	157	77	83
Settlement of building and warranty escrow	1,338	–	–	–	–
Interest income	32	3	4	4	2
Other sundry income	18	17	–	–	–
Total other income	**2,035**	**218**	**183**	**90**	**103**

7. Expenses

Depreciation

	Year ended 30th June,			Six months ended 31st December,	
NZ$'000	2010	2011	2012	2011 (unaudited)	2012
Buildings	332	337	353	173	160
Plant and equipment	10,351	9,170	12,678	6,414	5,563
Landfill capital costs	3,175	3,312	3,164	1,420	1,852
	13,858	**12,819**	**16,195**	**8,007**	**7,575**

Amortisation

	Year ended 30th June,			Six months ended 31st December,	
NZ$'000	2010	2011	2012	2011 (unaudited)	2012
Software amortisation	390	273	357	176	135
Landfill resource consents amortisation	55	141	140	70	31
Wastestream rights amortisation	231	231	231	115	115
Deferred lease costs amortisation	76	77	77	38	38
Contract set-up costs amortisation	–	42	96	21	140
Customer contracts amortisation	–	–	127	–	109
	752	**764**	**1,028**	**420**	**568**

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

7. Expenses (cont'd)

Employee benefits

	Year ended 30th June,			Six months ended 31st December,	
	2010	**2011**	**2012**	**2011**	**2012**
NZ$'000				(unaudited)	
Wages and salaries	**29,214**	**32,138**	**37,887**	**18,634**	**21,211**

Repairs and maintenance

	Year ended 30th June,			Six months ended 31st December,	
	2010	**2011**	**2012**	**2011**	**2012**
NZ$'000				(unaudited)	
General plant repairs	2,719	2,174	1,759	800	802
Vehicles repairs	4,160	4,958	6,026	2,989	4,035
Other maintenance costs	490	514	440	211	239
	7,369	**7,646**	**8,225**	**4,000**	**5,076**

Fuel purchases

	Year ended 30th June,			Six months ended 31st December,	
	2010	**2011**	**2012**	**2011**	**2012**
NZ$'000				(unaudited)	
Fuel and oil – vehicles	3,974	5,327	7,755	3,900	4,306
Fuel and oil – general plant	288	1,277	737	294	446
	4,262	**6,604**	**8,492**	**4,194**	**4,752**

Collection and landfill costs

	Year ended 30th June,			Six months ended 31st December,	
	2010	**2011**	**2012**	**2011**	**2012**
NZ$'000				(unaudited)	
Collection and landfill costs	**41,821**	**40,893**	**44,857**	**21,585**	**23,297**

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

7. Expenses (cont'd)

Other operating costs

Other operating costs include the following:

	Year ended 30th June,			Six months ended 31st December,	
	2010	**2011**	**2012**	**2011**	**2012**
NZ$'000				(unaudited)	
Auditor's remuneration					
Audit services	116	107	120	58	50
Tax services	119	107	229	86	51
Other services	–	–	258	–	200
Total auditor's remuneration	**235**	**214**	**607**	**144**	**301**
Directors' fees	305	193	167	–	167
Net loss / (gain) on disposal of property, plant and equipment	1,239	(345)	949	39	415
Bad and doubtful debts expense	260	394	390	21	88
Rental expense relating to operating leases	2,668	3,099	4,511	2,108	2,264

Finance costs

	Year ended 30th June,			Six months ended 31st December,	
	2010	**2011**	**2012**	**2011**	**2012**
NZ$'000				(unaudited)	
Interest expense – paid on bank borrowings wholly repayable within 5 years	18,683	19,119	19,904	9,846	7,994
Interest expense – capitalised on bank borrowings wholly repayable within 5 years	17,411	20,277	22,028	10,870	11,949
	36,094	**39,396**	**41,932**	**20,716**	**19,943**

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

8. Income Tax (Benefit) / Expense

(a) Income tax (benefit) / expense

	Year ended 30th June,			Six months ended 31st December,	
	2010	2011	2012	2011	2012
NZ$'000				(unaudited)	
Current tax (benefit) / expense	(627)	2	(17)	–	–
Deferred tax (benefit) / expense	(1,336)	(2,508)	9,992	2,147	2,563
	(1,963)	**(2,506)**	**9,975**	**2,147**	**2,563**

(b) Numerical reconciliation of loss before income tax to income tax (benefit) / expense

	Year ended 30th June,			Six months ended 31st December,	
	2010	2011	2012	2011	2012
NZ$'000				(unaudited)	
Loss before income tax	(13,168)	(14,723)	(7,023)	(4,257)	(536)
Tax at the New Zealand tax rate of 28%, 30%, 30%, 28%, 28% for the years ended 30th June, 2012, 2011 and 2010 and six months ended 31st December, 2011 and 2012	(3,950)	(4,417)	(1,967)	(1,192)	(150)
Tax effect of amounts which are not deductible in calculating taxable income	3,089	960	4,276	2,334	2,487
Imputation credits received	–	(391)	(68)	(2)	(2)
(Over) / under provision in prior years	(442)	–	–	363	391
Tax effect of corporate tax rate change	(450)	745	62	–	–
Tax effect of building rate change	474	616	644	644	–
Amalgamation adjustment	(684)	–	–	–	–
Tax loss offsets	–	(19)	–	–	(163)
Tax losses unutilised in the eventuation of a sale	–	–	7,028	–	–
Income tax (benefit) / expense	**(1,963)**	**(2,506)**	**9,975**	**2,147**	**2,563**

The applicable tax rate for the Target Group for the year ended 30th June, 2012 was 28%, 2011: 30%, 2010: 30%, 31st December, 2011: 28% and 31st December, 2012: 28%. The reduction in applicable tax rate is due to a reduction in the statutory tax rate for the companies from the beginning of the 2012 income year.

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

8. Income Tax (Benefit) / Expense (cont'd)

(b) Numerical reconciliation of loss before income tax to income tax (benefit) / expense (cont'd)

For the years ended 30th June, 2010 and 2011 the Target Group recognised a deferred tax asset of NZ$8,408,000 and NZ$9,359,000 respectively in relation to tax losses on the basis that the sale of the Target Group was not probable as at 30th June, 2010 and 2011 and that it was probable that the tax losses would be utilised in the future.

Due to the sale of the Target Company being probable as at 30th June, 2012, NZ$25,100,000 of tax losses brought forward do not meet the definition of an asset under Hong Kong Accounting Standard 12 "Income Taxes". As such, the Target Group has not recognised a deferred tax asset of NZ$7,028,000 in relation to such tax losses.

At 31st December, 2012, a further NZ$5,700,000 of tax losses brought forward do not meet the definition of an asset under Hong Kong Accounting Standard 12 "Income Taxes". As such, the Target Group has not recognised a deferred tax asset of NZ$1,596,000 in relation to such tax losses.

9. Segment Information

The Board of Directors of the Target Group (the Board) is the Target Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Board for the purposes of allocating resources and assessing performance.

The Board considers the business from a nature of service perspective, specifically the performance of Collections (collection and recycling services), Post Collections (services offered post collection), Technical Services (liquid waste and treatment business), Corporate and Jointly Controlled Entities which is how the business is organised and how resources are allocated. The Target Group operates in one geographical segment being New Zealand.

The Board assesses the performance of the operating segments based on revenue and a measure of adjusted EBITDA. The measurement basis excludes landfill provisions expense, derivative revaluations and extraordinary expenses incurred during the year.

Revenue

	Year ended 30th June, 2010			Year ended 30th June, 2011			Year ended 30th June, 2012		
NZ$'000	Total segment revenue	Inter-segment revenue	Revenue from external customers	Total segment revenue	Inter-segment revenue	Revenue from external customers	Total segment revenue	Inter-segment revenue	Revenue from external customers
Collections	68,888	1,161	67,727	76,219	1,993	74,226	90,501	2,000	88,501
Post collections	68,731	14,586	54,145	76,641	15,935	60,706	82,187	19,369	62,818
Technical services	9,262	–	9,262	8,728	–	8,728	12,310	–	12,310
Corporate	228	–	228	135	–	135	3	–	3
Jointly controlled entities	23,735	4,161	19,574	23,685	5,900	17,785	24,406	3,695	20,711
Total	**170,844**	**19,908**	**150,936**	**185,408**	**23,828**	**161,580**	**209,407**	**25,064**	**184,343**
Reconciling items	(23,735)	(4,161)	(19,574)	(23,685)	(5,900)	(17,785)	(24,406)	(3,695)	(20,711)
Total Revenue per statements of comprehensive income	**147,109**	**15,747**	**131,362**	**161,723**	**17,928**	**143,795**	**185,001**	**21,369**	**163,632**

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

9. Segment Information (cont'd)

Revenue (cont'd)

	Six months ended 31st December, 2011 (unaudited)			Six months ended 31st December, 2012		
NZ$'000	**Total segment revenue**	**Inter-segment revenue**	**Revenue from external customers**	**Total segment revenue**	**Inter-segment revenue**	**Revenue from external customers**
Collections	44,127	1,312	42,815	52,662	1,201	51,461
Post collections	39,794	9,295	30,499	43,745	10,918	32,827
Technical services	5,924	–	5,924	5,414	–	5,414
Corporate	3	–	3	8	–	8
Jointly controlled entities	12,124	1,924	10,200	9,070	3,034	6,036
Total	**101,972**	**12,531**	**89,441**	**110,899**	**15,153**	**95,746**
Reconciling items	(12,124)	(1,924)	(10,200)	(9,070)	(3,034)	(6,036)
Total Revenue per statements of comprehensive income	**89,848**	**10,607**	**79,241**	**101,829**	**12,119**	**89,710**

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Board is measured in a manner consistent with that in the income statement.

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

9. Segment Information (cont'd)

Adjusted EBITDA

	Year ended 30th June,			Six months ended 31st December,	
	2010	**2011**	**2012**	**2011**	**2012**
NZ$'000				(unaudited)	
Collections	17,330	18,951	21,651	10,463	13,175
Post collections	26,055	31,541	32,236	15,507	16,751
Technical services	3,017	1,775	3,656	1,927	1,682
Corporate	(8,842)	(10,537)	(9,204)	(4,594)	(4,780)
Jointly controlled entities	2,747	2,504	1,883	1,260	898
Total	**40,307**	**44,234**	**50,222**	**24,563**	**27,726**
Reconciling items					
Depreciation and amortisation	(14,610)	(13,583)	(17,223)	(8,427)	(8,143)
Interest expense	(36,094)	(39,396)	(41,932)	(20,716)	(19,943)
Landfill provision	(1,255)	(1,260)	(1,410)	(690)	(419)
Derivative financial instruments revaluation	2,144	(2,387)	5,237	2,021	1,401
Extraordinary costs	(1,600)	(180)	(1,418)	(262)	(979)
Share of jointly controlled entities depreciation and amortisation	(983)	(945)	(1,012)	(401)	(929)
Share of jointly controlled entities interest and extraordinary costs	(319)	(386)	(376)	(172)	291
Share of jointly controlled entities tax (expense) / benefit	(758)	(820)	39	(173)	(73)
Shareholder distribution	–	–	850	–	532
Loss before income tax per statements of comprehensive income	**(13,168)**	**(14,723)**	**(7,023)**	**(4,257)**	**(536)**

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

9. Segment Information (cont'd)

Other Profit and Loss Disclosures

Segments – Collections

	Year ended 30th June,			Six months ended 31st December,	
	2010	2011	2012	2011	2012
NZ$'000				(unaudited)	
Depreciation and amortisation	7,379	6,408	7,460	3,771	4,329
Total	**7,379**	**6,408**	**7,460**	**3,771**	**4,329**

Segments – Post Collections

	Year ended 30th June,			Six months ended 31st December,	
	2010	2011	2012	2011	2012
NZ$'000				(unaudited)	
Depreciation and amortisation	6,110	6,450	8,294	4,189	3,336
Total	**6,110**	**6,450**	**8,294**	**4,189**	**3,336**

Segments – Technical Services

	Year ended 30th June,			Six months ended 31st December,	
	2010	2011	2012	2011	2012
NZ$'000				(unaudited)	
Depreciation and amortisation	662	302	685	176	183
Total	**662**	**302**	**685**	**176**	**183**

Segments – Corporate

	Year ended 30th June,			Six months ended 31st December,	
	2010	2011	2012	2011	2012
NZ$'000				(unaudited)	
Depreciation and amortisation	459	423	784	291	295
Total	**459**	**423**	**784**	**291**	**295**

Refer to Note 4(b) for information concerning major customers.

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

10. Cash and Cash Equivalents

NZ$'000	2010	As at 30th June, 2011	2012	As at 31st December, 2012
Cash at bank and in hand	1,262	1,826	2,637	11,259
Cash and cash equivalents per consolidated statements of financial position	**1,262**	**1,826**	**2,637**	**11,259**
Less: bank overdraft	(1,062)	(2,110)	(2,773)	(7,890)
Cash and cash equivalents per consolidated statements of cash flows	**200**	**(284)**	**(136)**	**3,369**

11. Trade and Other Receivables

NZ$'000	2010	As at 30th June, 2011	2012	As at 31st December, 2012
Trade receivables	12,832	16,434	17,633	17,138
Provision for doubtful receivables	(367)	(557)	(191)	(206)
Net trade receivables	**12,465**	**15,877**	**17,442**	**16,932**
Other debtors and prepayments	1,143	1,045	1,211	882
Total receivables	**13,608**	**16,922**	**18,653**	**17,814**

(a) Ageing analysis of trade receivables

NZ$'000	2010	As at 30th June, 2011	2012	As at 31st December, 2012
Not past due	9,528	12,168	14,526	13,863
Less than 1 month past due	1,951	2,451	2,434	2,460
1 to 3 months past due	480	895	516	543
More than 3 months but less than 12 months past due	873	920	157	272
More than 12 months past due	–	–	–	–
Total amount past due	3,304	4,266	3,107	3,275
Total	**12,832**	**16,434**	**17,633**	**17,138**
Allowance for doubtful debts	(367)	(557)	(191)	(206)
Total after allowance	**12,465**	**15,877**	**17,442**	**16,932**

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

11. Trade and Other Receivables (cont'd)

(b) Ageing analysis of trade receivables neither individually or collectively considered to be impaired

NZ$'000	As at 30th June, 2010	2011	2012	As at 31st December, 2012
Neither past due nor impaired	9,528	12,168	14,526	13,863
Less than 1 month past due	1,951	2,451	2,412	2,460
1 to 3 months past due	480	895	472	540
More than 3 months but less than 12 months past due	506	363	32	69
More than 12 months past due	–	–	–	–
Total amount past due but not impaired	2,937	3,709	2,916	3,069
Total	**12,465**	**15,877**	**17,442**	**16,932**

Trade customers for waste services are carried out largely on credit, except for customers with unsatisfactory payment records where a payment in advance is normally required. Residential customers pay in advance for contracted collection services or pay cash for all non-contracted services. Invoices are normally due within one month of issuance, except for certain well-established customers, where the terms are extended to two months, and certain customers with disputed items, where the terms are negotiated individually. Each company that has been registered for less than 12 months has a maximum credit limit, which was granted and approved by senior management in accordance with the laid-down credit review policy procedures.

NZ$'000	As at 30th June, 2010	2011	2012	As at 31st December, 2012
Impairment provision				
Provision for doubtful debts – opening	(231)	(367)	(557)	(191)
Increase in provision	(136)	(217)	(24)	(103)
Bad debts written off	–	27	390	88
Provision for doubtful debts – closing	**(367)**	**(557)**	**(191)**	**(206)**

The above provision represents all impaired trade receivables past due.

12. Inventories

NZ$'000	As at 30th June, 2010	2011	2012	As at 31st December, 2012
Bin liners, recycled glass stocks, pre-paid road user charges and roading materials	386	540	763	634
Total inventories	**386**	**540**	**763**	**634**

The carrying amount of inventories is pledged as security for liabilities (refer to Note 18).

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

13. Property, Plant and Equipment

NZ$'000	Freehold land	Buildings	Plant and equipment	Landfill capital costs	Total
Year ended 30th June, 2010					
Cost					
As at 1st July, 2009	16,292	11,221	78,632	53,394	159,539
Additions	395	–	18,326	–	18,721
Disposals	–	(426)	(792)	(814)	(2,032)
As at 30th June, 2010	**16,687**	**10,795**	**96,166**	**52,580**	**176,228**
Depreciation					
As at 1st July, 2009	–	(2,131)	(29,940)	(14,841)	(46,912)
Charge for the year	–	(332)	(10,351)	(3,175)	(13,858)
Disposals	–	–	526	–	526
As at 30th June, 2010	**–**	**(2,463)**	**(39,765)**	**(18,016)**	**(60,244)**
Net book value as at 30th June, 2010	**16,687**	**8,332**	**56,401**	**34,564**	**115,984**
Year ended 30th June, 2011					
Cost					
As at 1st July, 2010	16,687	10,795	96,166	52,580	176,228
Additions	1	197	16,215	5,092	21,505
Disposals	–	(3)	(477)	–	(480)
As at 30th June, 2011	**16,688**	**10,989**	**111,904**	**57,672**	**197,253**
Depreciation					
As at 1st July, 2010	–	(2,463)	(39,765)	(18,016)	(60,244)
Charge for the year	–	(337)	(9,170)	(3,312)	(12,819)
Disposals	–	3	342	–	345
As at 30th June, 2011	**–**	**(2,797)**	**(48,593)**	**(21,328)**	**(72,718)**
Net book value as at 30th June, 2011	**16,688**	**8,192**	**63,311**	**36,344**	**124,535**

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

13. Property, Plant and Equipment (cont'd)

NZ$'000	Freehold land	Buildings	Plant and equipment	Landfill capital costs	Total
Year ended 30th June, 2012					
Cost					
As at 1st July, 2011	16,688	10,989	111,904	57,672	197,253
Additions	–	259	17,432	4,219	21,910
Disposals	–	(5)	(1,540)	–	(1,545)
As at 30th June, 2012	**16,688**	**11,243**	**127,796**	**61,891**	**217,618**
Depreciation					
As at 1st July, 2011	–	(2,797)	(48,593)	(21,328)	(72,718)
Charge for the year	–	(353)	(12,678)	(3,164)	(16,195)
Disposals	–	1	331	–	332
As at 30th June, 2012	**–**	**(3,149)**	**(60,940)**	**(24,492)**	**(88,581)**
Net book value as at 30th June, 2012	**16,688**	**8,094**	**66,856**	**37,399**	**129,037**
Six months ended 31st December, 2012					
Cost					
As at 1st July, 2012	16,688	11,243	127,796	61,891	217,618
Additions	–	186	9,424	808	10,418
Disposals	–	(53)	(526)	–	(579)
As at 31st December, 2012	**16,688**	**11,376**	**136,694**	**62,699**	**227,457**
Depreciation					
As at 1st July, 2012	–	(3,149)	(60,940)	(24,492)	(88,581)
Charge for the period	–	(160)	(5,563)	(1,852)	(7,575)
Disposals	–	–	157	–	157
As at 31st December, 2012	**–**	**(3,309)**	**(66,346)**	**(26,344)**	**(95,999)**
Net book value as at 31st December, 2012	**16,688**	**8,067**	**70,348**	**36,355**	**131,458**

The Target Group has finance leases with a net book value of NZ$10,927,000 at 31st December, 2012, 30th June, 2012: NZ$11,757,000, 30th June, 2011: NZ$10,218,000, 30th June, 2010: NZ$2,282,000, in the plant and equipment class. The carrying amount of assets is pledged as security for liabilities (refer to Note 18).

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

14. Intangible Assets

NZ$'000	Customer contracts	Goodwill	Deferred lease	Software	Resource consents	Wastestream rights	Contract set-up costs	Total
Year ended 30th June, 2010								
Cost								
As at 1st July, 2009	–	245,868	1,685	2,492	1,696	5,771	390	257,902
Additions	–	760	–	165	–	–	–	925
Disposals	–	–	–	(1,618)	–	–	–	(1,618)
As at 30th June, 2010	**–**	**246,628**	**1,685**	**1,039**	**1,696**	**5,771**	**390**	**257,209**
Amortisation								
As at 1st July, 2009	–	–	–	(1,935)	(338)	(924)	(104)	(3,301)
Amortisation for the year	–	–	(76)	(390)	(55)	(231)	–	(752)
Write-off of disposal amortisation	–	–	–	1,618	–	–	–	1,618
As at 30th June, 2010	**–**	**–**	**(76)**	**(707)**	**(393)**	**(1,155)**	**(104)**	**(2,435)**
Carrying amount at 30th June, 2010	**–**	**246,628**	**1,609**	**332**	**1,303**	**4,616**	**286**	**254,774**
Year ended 30th June, 2011								
Cost								
As at 1st July, 2010	–	246,628	1,685	1,039	1,696	5,771	390	257,209
Additions	–	–	–	615	5	–	–	620
Disposals	–	(51)	–	–	(38)	–	–	(89)
As at 30th June, 2011	**–**	**246,577**	**1,685**	**1,654**	**1,663**	**5,771**	**390**	**257,740**
Amortisation								
As at 1st July, 2010	–	–	(76)	(707)	(393)	(1,155)	(104)	(2,435)
Amortisation for the year	–	–	(77)	(273)	(141)	(231)	(42)	(764)
Write-off of disposal amortisation	–	–	–	–	39	–	–	39
As at 30th June, 2011	**–**	**–**	**(153)**	**(980)**	**(495)**	**(1,386)**	**(146)**	**(3,160)**
Carrying amount at 30th June, 2011	**–**	**246,577**	**1,532**	**674**	**1,168**	**4,385**	**244**	**254,580**

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

14. Intangible Assets (cont'd)

NZ$'000	Customer contracts	Goodwill	Deferred lease	Software	Resource consents	Wastestream rights	Contract set-up costs	Total
Year ended 30th June, 2012								
Cost								
As at 1st July, 2011	–	246,577	1,685	1,654	1,663	5,771	390	257,740
Additions	1,000	627	–	160	150	–	931	2,868
As at 30th June, 2012	**1,000**	**247,204**	**1,685**	**1,814**	**1,813**	**5,771**	**1,321**	**260,608**
Amortisation								
As at 1st July, 2011	–	–	(153)	(980)	(495)	(1,386)	(146)	(3,160)
Amortisation for the year	(127)	–	(77)	(357)	(140)	(231)	(96)	(1,028)
As at 30th June, 2012	**(127)**	**–**	**(230)**	**(1,337)**	**(635)**	**(1,617)**	**(242)**	**(4,188)**
Carrying amount at 30th June, 2012	**873**	**247,204**	**1,455**	**477**	**1,178**	**4,154**	**1,079**	**256,420**
Six months ended 31st December, 2012								
Cost								
As at 1st July, 2012	1,000	247,204	1,685	1,814	1,813	5,771	1,321	260,608
Additions	–	28	–	108	14	–	386	536
As at 31st December, 2012	**1,000**	**247,232**	**1,685**	**1,922**	**1,827**	**5,771**	**1,707**	**261,144**
Amortisation								
As at 1st July, 2012	(127)	–	(230)	(1,337)	(635)	(1,617)	(242)	(4,188)
Amortisation for the period	(109)	–	(38)	(135)	(31)	(115)	(140)	(568)
As at 31st December, 2012	**(236)**	**–**	**(268)**	**(1,472)**	**(666)**	**(1,732)**	**(382)**	**(4,756)**
Carrying amount at 31st December, 2012	**764**	**247,232**	**1,417**	**450**	**1,161**	**4,039**	**1,325**	**256,388**

Impairment tests for goodwill

Goodwill is allocated to the Target Group's cash-generating units (CGUs) identified according to division.

A segment-level summary of the goodwill allocation is presented below.

NZ$'000	As at 30th June, 2010	2011	2012	As at 31st December, 2012
Collections	74,980	75,003	75,651	75,679
Post collections	148,143	147,207	147,178	147,178
Technical services	11,465	12,324	12,328	12,328
Jointly controlled entities	12,040	12,043	12,047	12,047
	246,628	**246,577**	**247,204**	**247,232**

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

14. Intangible Assets (cont'd)

Impairment tests for goodwill (cont'd)

The recoverable amounts of the cash generating units have been based on value in use calculations. As at 30th June, 2010, 30th June, 2011 and 30th June, 2012 these calculations use cashflow projections using the 2013 budget as a base. The cashflow projections are sourced from the Board approved business plan. Cashflows are extrapolated over 15 years, consistent with long term forecasts undertaken by the business and using specific growth assumptions resulting in a consolidated EBITDA CAGR of 10%, 2011: 10%, 2010: 10%. The business plan has been extrapolated using reasonable assumptions such as revenue growing between 1% and 10%, 2011: 6% and 10%, 2010: 6% and 9% and EBITDA margins growing between 0% and 1%, 2011: 0% and 1%, 2010: 0% and 1%. A pre-tax discount rate of 13%, 2011: 13%, 2010: 13% has been used in discounting the projected cashflows. The impairment testing assumptions involve judgments and estimation. The following table details the impact resulting from changes to these assumptions.

As at 31st December, 2012 the recoverable amounts of the cash generating units have been based on fair value less costs to sell based on the acquisition price of the business.

	As at 30th June, 2010		As at 30th June, 2011		As at 30th June, 2012	
	Base assumption	**Sensitivity / revised assumptions**	**Base assumption**	**Sensitivity / revised assumptions**	**Base assumption**	**Sensitivity / revised assumptions**
Growth rate	between 6% and 9%	between 0% and 1%	between 6% and 10%	Reduction in growth rate of 2%	between 1% and 10%	Reduction in growth rate of 2%
EBITDA Growing margins	between 0% and 1%	between -1% and 0%	between 0% and 1%	EBITDA Growing margin of 0%	between 0% and 1%	EBITDA Growing margin of 0%
Discount rate	13%	15%	13%	15%	13%	15%

No impairment would result under the above sensitivities and revised assumption as at 30th June, 2011 and 30th June, 2012. As at 30th June, 2010 impairment would be between NZ$1 million and NZ$2 million.

15. Acquisitions

(a) Acquisition of the remaining 50% shares in Refill Transport Limited at 31st July, 2009

	NZ$'000
Purchase consideration – cash paid	1,375
Less fair value of net identifiable assets acquired	(765)
Goodwill	610

The goodwill relates to the capabilities of management, the established infrastructure and the overall acquired profitability of the businesses.

Assets and liabilities acquired:

	Fair value *NZ$'000*
Property, plant and equipment	1,420
Other assets	595
Current liabilities	(1,235)
Finance lease	(15)
Net assets	765

Refill Transport Limited is a bulk waste haulage business.

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

15. Acquisitions (cont'd)

(a) Acquisition of the remaining 50% shares in Refill Transport Limited at 31st July, 2009 (cont'd)

The contribution to surplus after tax to the Target Group statement of comprehensive income since acquisition to 30th June, 2010 is NZ$350,000. The revenue and surplus after tax had the trade and assets been acquired at the beginning of the period are estimated at NZ$4,840,000 and NZ$380,000 respectively.

(b) Acquisition of trade assets of Red Bins at 1st May, 2012

	NZ$'000
Purchase consideration – cash paid	1,138
less fair value of net identifiable assets acquired	(513)
Goodwill	625

The goodwill relates to the capabilities of management, the established infrastructure and the overall acquired profitability of the businesses.

Assets and liabilities acquired:

	Fair value *NZ$'000*
Property, plant and equipment	513
Net assets acquired	513

Red Bins is a waste collection company based in Te Awamutu.

The contribution to surplus after tax to the Target Group statement of comprehensive income since acquisition to 30th June, 2012 is NZ$19,000. The revenue and surplus after tax had the trade and assets been acquired at the beginning of the period are estimated at NZ$1,062,000 and NZ$112,000 respectively.

(c) Acquisition of trade assets of Cairns at 11th September, 2012

	NZ$'000
Purchase consideration – cash paid	796
less fair value of net identifiable assets acquired	(2,231)
Discount on acquisition	(1,435)

Assets and liabilities acquired:

	Fair value *NZ$'000*
Property, plant and equipment	2,231
Net assets acquired	2,231

Cairns is a waste collection company based in Palmerston North.

The contribution to surplus after tax to the Target Group statement of comprehensive income since acquisition to 31st December, 2012 is NZ$(48,000). The revenue and surplus after tax had the trade and assets been acquired at the beginning of the period are estimated at NZ$766,000 and NZ$(97,000) respectively.

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

16(a). Investment in Subsidiaries

The Financial Information incorporates the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 2.2.

Refill Transport Limited which was a jointly controlled entity during the year ended 30th June, 2009, was acquired by the Target Group on 31st July, 2009. On 2nd February, 2010, Manawatu Waste Limited and Refill Transport Limited were amalgamated into EnviroWaste Services Limited.

EnviroWay Limited and EnviroWaste Technical Services Limited, a 100% held subsidiary of Barra Topco II Limited were amalgamated into EnviroWaste Services Limited as at 1st December, 2010.

Name of entity	Auditor	Legal form	Principal activity	Place of incorporation	Class of shares	Number of shares	Par value per share	Equity holding % As at 30th June, 2010	2011	2012	As at 31st December, 2012	As at 30th April, 2013
Barra Holdco Limited	PricewaterhouseCooeprs New Zealand	Company	Holding Company	New Zealand	Ordinary	12,875,616	NZ$1	100%	100%	100%	100%	100%
Barra Bidco Limited	PricewaterhouseCooeprs New Zealand	Company	Holding Company	New Zealand	Ordinary	12,875,616	NZ$1	100%	100%	100%	100%	100%
EnviroWaste Services Limited	PricewaterhouseCooeprs New Zealand	Company	Waste Management Services	New Zealand	Ordinary	46,933,787	NZ$1.81	100%	100%	100%	100%	100%
Envirocare Limited	PricewaterhouseCoopers New Zealand	Company	Non-trading / Asset-owning	New Zealand	Ordinary	100,000	NZ$1	100%	100%	100%	100%	100%
Waikato Regional Landfills Limited	PricewaterhouseCoopers New Zealand	Company	Non-trading / Asset-owning	New Zealand	Ordinary	20,000	NZ$1	100%	100%	100%	100%	100%
EnviroWaste Technical Services Limited	PricewaterhouseCoopers New Zealand	Company	Waste Management Services	New Zealand	Ordinary	–	–	100%	0%	0%	0%	0%
EnviroWay Limited	PricewaterhouseCoopers New Zealand	Company	Municipal Waste Management Services	New Zealand	Ordinary	–	–	100%	0%	0%	0%	0%

All subsidiaries have a reporting date of 30th June.

EnviroWaste Services Limited owns 100% shares in Envirocare Limited and Waikato Regional Landfills Limited. These are non-operating, asset-owning entities; Envirocare Limited holds shares in Pikes Point Transfer Station Limited and Waikato Regional Landfills Limited holds title to the land at Hampton Downs. These assets have been consolidated in the financial statements of EnviroWaste Services Limited.

16(b). Interest in Jointly Controlled Entities

The Target Group's principal jointly controlled entities are:

	Business activity	Share of capital and voting rights As at 30th June, 2010	2011	2012	As at 31st December, 2012
Midwest Disposals Limited	Landfill operator	50%	50%	50%	50%
Pikes Point Transfer Station Limited	Waste transfer station	50%	50%	50%	50%
Northern Waste Handling Limited	Waste transfer station	50%	50%	50%	50%

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

16(b). Interest in Jointly Controlled Entities (cont'd)

The carrying value is comprised of:

NZ$'000	2010	As at 30th June, 2011	2012	As at 31st December, 2012
Shares at cost	3,708	3,708	3,708	3,708
Asset revaluation reserves	3,772	3,772	3,772	3,772
Shareholders advances	124	269	494	44
Share of undistributed post acquisition surpluses	2,300	1,748	2,484	3,203
Total carrying value	**9,904**	**9,497**	**10,458**	**10,727**

NZ$'000	2010	Year ended 30th June, 2011	2012	Six months ended 31st December, 2011 (unaudited)	2012
Results of jointly controlled entities					
Share of earnings before income tax	1,445	1,173	495	686	260
Income tax	(758)	(820)	39	(172)	(73)
Shareholder distribution	–	–	850	–	532
Share of profits of jointly controlled entities	**687**	**353**	**1,384**	**514**	**719**

NZ$'000	2010	As at 30th June, 2011	2012	As at 31st December, 2012
Interest in jointly controlled entities				
Carrying value at beginning of the year / period	10,884	9,904	9,497	10,458
Divestments	(691)	–	–	–
Share of net earnings before tax	1,445	1,173	495	260
Share of tax expense	(758)	(820)	39	(73)
Dividends	(670)	(905)	(150)	–
Change in shareholder advances	(306)	145	225	(450)
Shareholder distribution	–	–	850	532
Adjustment to prior year profit	–	–	(498)	–
Balance at end of the year / period	**9,904**	**9,497**	**10,458**	**10,727**

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

16(b). Interest in Jointly Controlled Entities (cont'd)

Summarised financial information of jointly controlled entities

NZ$'000	Current Assets	Non-current Assets	Total Assets	Current Liabilities	Non-current Liabilities	Total Liabilities	Revenues	Profit/ (Loss)
As at 30th June, 2010								
Refill Transport Limited	–	–	–	–	–	–	389	20
Midwest Disposals Limited	1,698	13,150	14,848	6,238	2,310	8,548	10,195	1,623
Pikes Point Transfer Station Limited	514	12,576	13,090	420	2,724	3,144	4,872	(3)
Northern Waste Handling Limited	894	6,503	7,397	1,330	2,825	4,155	8,279	(265)
As at 30th June, 2011								
Midwest Disposals Limited	548	14,101	14,649	6,209	2,084	8,293	10,117	541
Pikes Point Transfer Station Limited	663	12,384	13,047	457	2,886	3,343	5,387	108
Northern Waste Handling Limited	970	6,114	7,084	1,303	2,682	3,985	8,181	56
As at 30th June, 2012								
Midwest Disposals Limited	1,393	14,456	15,849	6,972	1,910	8,882	10,996	610
Pikes Point Transfer Station Limited	552	12,469	13,021	496	2,854	3,350	5,265	266
Northern Waste Handling Limited	966	5,826	6,792	904	2,598	3,502	8,145	194
As at 31st December, 2012								
Midwest Disposals Limited	2,161	14,499	16,660	7,097	2,403	9,500	5,772	191
Pikes Point Transfer Station Limited	552	12,494	13,046	418	2,854	3,272	2,864	105
Northern Waste Handling Limited	1,153	5,699	6,852	799	2,687	3,486	4,139	77

The jointly controlled entities did not have any contingent liabilities as at the reporting dates.

The above jointly controlled entities' balances may appear different to what has been reported in each entity due to differences between Target Group and jointly controlled entities' accounting policies. All entities are incorporated in New Zealand and have a reporting date of 30th June.

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

17. Trade and Other Payables

NZ$'000	2010	As at 30th June, 2011	2012	As at 31st December, 2012
Trade payables	6,122	7,232	9,165	7,568
Accrued expenses	2,596	4,531	6,531	6,035
Trade and other payables (excluding employee benefits)	**8,718**	**11,763**	**15,696**	**13,603**
Employee benefits	3,011	3,387	4,212	4,454
Total trade and other payables	**11,729**	**15,150**	**19,908**	**18,057**

The ageing analysis of the Target Group's trade payables is as follows:

NZ$'000	2010	As at 30th June, 2011	2012	As at 31st December, 2012
Current	6,202	7,290	9,167	7,557
1 month past due	(1)	17	4	8
2 to 3 months past due	–	–	–	8
Over 3 months past due	(79)	(75)	(6)	(5)
Total	**6,122**	**7,232**	**9,165**	**7,568**

18. Interest Bearing Liabilities

NZ$'000	2010	As at 30th June, 2011	2012	As at 31st December, 2012
Non-current				
Redeemable preference shares	117,484	129,233	–	–
Convertible loan notes	60,943	67,036	–	–
Bank borrowings	201,750	196,746	–	–
Finance leases	2,920	7,773	9,061	8,142
Total non-current interest bearing borrowings	**383,097**	**400,788**	**9,061**	**8,142**

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

18. Interest Bearing Liabilities (cont'd)

NZ$'000	**2010**	**As at 30th June, 2011**	**2012**	**As at 31st December, 2012**
Current				
Bank overdrafts	1,062	2,110	2,773	7,890
Finance leases	783	2,408	3,046	3,025
Bank borrowings	–	–	190,830	189,976
Redeemable preference shares	–	–	142,192	149,236
Convertible loan notes	–	–	73,758	77,412
Total current interest bearing borrowings	**1,845**	**4,518**	**412,599**	**427,539**

The bank borrowings are secured by a floating charge over the assets of the Target Company and subsidiaries (excluding jointly controlled entities' assets).

Bank borrowings at 30th June, 2012 mature in 2013 and bear average coupons of 8.53% annually, 30th June, 2011: 9.59%, 30th June, 2010: 8.34%, 31st December, 2012: 7.94%.

The Target Group has issued 50.0 million convertible loan notes at 30th June, 2012, 2011: 50.0 million, 2010: 50.0 million, 31st December, 2012: 50.0 million. The loan notes are repayable at an agreed date and may be converted at the option of the note holder. The convertible loan notes bear a coupon rate of 10% annually. These instruments are held by the shareholders of the Target Group.

The Target Group has issued 96.4 million redeemable preference shares at 30th June, 2012, 2011: 96.4 million, 2010: 96.4 million, 31st December, 2012: 96.4 million with a par value of NZ$1 per share. The shares are redeemable when the convertible loan notes are redeemed. The redeemable shares bear a coupon rate of 10% annually. These instruments are held by the shareholders of the Target Group.

As at 30th June, 2010, 30th June, 2011, 30th June, 2012 and 31st December, 2012, the Target Group held finance leases in relation to certain assets with UDC Finance, Marac Finance and Fleet Partners Finance during the year / period. UDC Finance, Marac Finance and Fleet Partners Finance accordingly hold security over those assets.

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

18. Interest Bearing Liabilities (cont'd)

NZ$'000	2010	As at 30th June, 2011	2012	As at 31st December, 2012
Obligations under finance leases repayable:				
Within 1 year	783	2,408	3,046	3,025
In the 2nd year	821	2,293	2,620	2,535
In the 3rd to 5th year, inclusive	2,060	4,058	4,650	4,939
After 5 years	39	1,422	1,791	668
	3,703	**10,181**	**12,107**	**11,167**
Secured bank loans repayable:				
Within 1 year	1,062	2,110	193,603	197,866
In the 2nd year	18,528	72,380	–	–
In the 3rd to 5th year, inclusive	183,222	124,366	–	–
	202,812	**198,856**	**193,603**	**197,866**
Unsecured Shareholder loans				
Within 1 year	–	–	215,950	226,648
In the 2nd year	–	196,269	–	–
In the 3rd to 5th year, inclusive	178,427	–	–	–
After 5 years	–	–	–	–
	178,427	**196,269**	**215,950**	**226,648**

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

19. Financial Instruments by Category

NZ$'000	Loans and receivables	Assets at fair value through profit and loss	Total
Assets as per consolidated statement of financial position			
Trade and other receivables and related party receivables	13,768	–	13,768
Cash and cash equivalents	1,262	–	1,262
Total as at 30th June, 2010	**15,030**	**–**	**15,030**
Assets as per consolidated statement of financial position			
Trade and other receivables and related party receivables	17,407	–	17,407
Cash and cash equivalents	1,826	–	1,826
Total as at 30th June, 2011	**19,233**	**–**	**19,233**
Assets as per consolidated statement of financial position			
Trade and other receivables and related party receivables	19,194	–	19,194
Cash and cash equivalents	2,637	–	2,637
Total as at 30th June, 2012	**21,831**	**–**	**21,831**
Assets as per consolidated statement of financial position			
Trade and other receivables and related party receivables	18,289	–	18,289
Cash and cash equivalents	11,259	–	11,259
Total as at 31st December, 2012	**29,548**	**–**	**29,548**

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

19. Financial Instruments by Category (cont'd)

NZ$'000	**Other financial liabilities at amortised cost**	**Liabilities at fair value through profit and loss**	**Total**
Liabilities as per consolidated statement of financial position			
Borrowings (excluding finance lease liabilities)	(381,239)	–	(381,239)
Finance leases	(3,703)	–	(3,703)
Derivative financial instruments	–	(5,195)	(5,195)
Trade and other payables and related party payables	(8,718)	–	(8,718)
Total as at 30th June, 2010	**(393,660)**	**(5,195)**	**(398,855)**
Liabilities as per consolidated statement of financial position			
Borrowings (excluding finance lease liabilities)	(395,125)	–	(395,125)
Finance leases	(10,181)	–	(10,181)
Derivative financial instruments	–	(7,582)	(7,582)
Trade and other payables and related party payables	(11,797)	–	(11,797)
Total as at 30th June, 2011	**(417,103)**	**(7,582)**	**(424,685)**
Liabilities as per consolidated statement of financial position			
Borrowings (excluding finance lease liabilities)	(409,553)	–	(409,553)
Finance leases	(12,107)	–	(12,107)
Derivative financial instruments	–	(2,345)	(2,345)
Trade and other payables and related party payables	(15,696)	–	(15,696)
Total as at 30th June, 2012	**(437,356)**	**(2,345)**	**(439,701)**
Liabilities as per consolidated statement of financial position			
Borrowings (excluding finance lease liabilities)	(424,514)	–	(424,514)
Finance leases	(11,167)	–	(11,167)
Derivative financial instruments	–	(944)	(944)
Trade and other payables and related party payables	(13,603)	–	(13,603)
Total as at 31st December, 2012	**(449,284)**	**(944)**	**(450,228)**

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

20. Provisions

		As at 30th June,		As at 31st December,
NZ$'000	**2010**	**2011**	**2012**	**2012**
Provision for landfill completion costs				
Carrying amount at beginning of the year / period	1,335	2,153	3,033	4,195
Additional provisions recognised	1,255	1,260	1,410	419
Amounts used	(437)	(380)	(248)	(7)
Carrying amount at end of the year / period	**2,153**	**3,033**	**4,195**	**4,607**
Expected maturity				
Within 12 months	1,255	1,260	1,410	419
Later than 12 months	898	1,773	2,785	4,188
	2,153	**3,033**	**4,195**	**4,607**

An obligation in relation to unavoidable completion costs arises when a landfill comes into use. These completion costs can relate to site restoration costs for individual cells in the landfill, to the landfill as a whole, and to any aftercare costs that follow the closure of the landfill. The majority of landfill costs are for work required to cap the landfills as they achieve their finished profiles and other capital costs including leachate, gas and storm water control systems. Certain capital costs are expensed prior to completion of the landfill.

A provision is made for the estimated net present value of landfill completion costs to be incurred to which the Target Group is currently obligated. These costs have been estimated based on current best practice and the estimate of costs is reviewed at least annually and is adjusted as necessary. These costs may be impacted by a number of factors including changes in legislation and technology. The Greenmount Landfill provision is currently expected to close within 2-3 years however and extension application is currently being applied for. The Hampton Downs landfill provision is expected to close in 2055.

The estimated net present value is calculated taking into account the Target Company's weighted average cost of capital as the discount rate.

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

21. Deferred Tax

NZ$'000	As at 30th June, 2010	2011	2012	As at 31st December, 2012
Deferred tax assets	11,099	12,458	5,044	3,509
Deferred tax liabilities	(10,487)	(9,338)	(11,916)	(12,944)
Net deferred tax assets / (liabilities)	**612**	**3,120**	**(6,872)**	**(9,435)**

Deferred tax assets

NZ$'000	Doubtful debts	Employee benefits	Landfill completion	Other provisions	Tax losses	Total
Balance as at 1st July, 2009	43	707	1,437	234	7,263	9,684
Subsidiary acquired	–	(18)	–	(3)	–	(21)
Credit to the statement of comprehensive income	67	168	181	6	1,145	1,567
Amalgamation adjustment	–	(111)	–	(20)	–	(131)
Balance as at 30th June, 2010	**110**	**746**	**1,618**	**217**	**8,408**	**11,099**
Balance as at 1st July, 2010	110	746	1,618	217	8,408	11,099
Credit / (charge) to the statement of comprehensive income	46	114	269	(21)	951	1,359
Balance as at 30th June, 2011	**156**	**860**	**1,887**	**196**	**9,359**	**12,458**
Balance as at 1st July, 2011	156	860	1,887	196	9,359	12,458
(Charge) / credit to the statement of comprehensive income	(103)	132	307	(14)	(7,736)	(7,414)
Balance as at 30th June, 2012	**53**	**992**	**2,194**	**182**	**1,623**	**5,044**
Balance as at 1st July, 2012	53	992	2,194	182	1,623	5,044
Credit / (charge) to the statement of comprehensive income	4	47	72	(35)	(1,623)	(1,535)
Balance as at 31st December, 2012	**57**	**1,039**	**2,266**	**147**	**–**	**3,509**

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

21. Deferred Tax (cont'd)

Deferred tax liabilities

NZ$'000	Property, Plant and Equipment	Derivatives	Total
Balance as at 1st July, 2009	(13,301)	2,201	(11,100)
Subsidiary acquired	29	–	29
Credit / (charge) to the statement of comprehensive income	516	(747)	(231)
Amalgamation adjustment	815	–	815
Balance as at 30th June, 2010	**(11,941)**	**1,454**	**(10,487)**
Balance as at 1st July, 2010	(11,941)	1,454	(10,487)
Credit to the statement of comprehensive income	481	668	1,149
Balance as at 30th June, 2011	**(11,460)**	**2,122**	**(9,338)**
Balance as at 1st July, 2011	(11,460)	2,122	(9,338)
Charge to the statement of comprehensive income	(1,112)	(1,466)	(2,578)
Balance as at 30th June, 2012	**(12,572)**	**656**	**(11,916)**
Balance as at 1st July, 2012	(12,572)	656	(11,916)
Charge to the statement of comprehensive income	(636)	(392)	(1,028)
Balance as at 31st December, 2012	**(13,208)**	**264**	**(12,944)**

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

22. Contributed Equity

	As at 30th June, 2010	As at 30th June, 2011	As at 30th June, 2012	As at 31st December, 2012	As at 30th June, 2010	As at 30th June, 2011	As at 30th June, 2012	As at 31st December, 2012
	Number	*Number*	*Number*	*Number*	*NZ$'000*	*NZ$'000*	*NZ$'000*	*NZ$'000*
(a) Shares								
Ordinary shares	17,425,000	17,425,000	17,425,000	17,425,000	17,448	17,448	17,448	17,448
	17,425,000	**17,425,000**	**17,425,000**	**17,425,000**	**17,448**	**17,448**	**17,448**	**17,448**
(b) Movements								
Opening balance of ordinary shares issued	17,200,000	17,425,000	17,425,000	17,425,000	17,200	17,448	17,448	17,448
Shares issued during the year	225,000	–	–	–	248	–	–	–
Closing balance of ordinary shares issued	**17,425,000**	**17,425,000**	**17,425,000**	**17,425,000**	**17,448**	**17,448**	**17,448**	**17,448**

(c) Share rights

All ordinary shares are fully paid and authorised. They have equal voting rights and share equally in dividends and surpluses on winding up. The shares have no par value.

During the year ended 30th June, 2010, the Target Group completed a share issue of 225,000 ordinary shares at NZ$1.10. As at 30th June, 2010, 2011 and 2012 and 31st December, 2012, there were 17,425,000 fully paid ordinary shares.

(d) Dividends

No dividends were paid during any of the periods.

23. Contingencies

The Target Group has performance bonds for NZ$5,800,000 as at 30th June, 2010, 30th June, 2011: NZ$8,200,000, 30th June, 2012: NZ$13,300,000, and 31st December, 2012: NZ$14,300,000 outstanding to support nineteen contracts as at 30th June, 2012 and 31st December, 2012 and eighteen contracts as at 30th June, 2010 and 2011.

In the normal course of business, legal claims are made against the Target Group. In the Director's opinion, the likelihood of success of these claims is considered remote.

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

24. Commitments

(a) Capital commitments

The total capital expenditure contracted for but not provided for was:

NZ$'000	2010	As at 30th June, 2011	2012	As at 31st December, 2012
Property, plant and equipment	1,277	250	1,069	–
Intangibles	–	69	9	–
Total	**1,277**	**319**	**1,078**	**–**

As at 30th June, 2010, the total expenditure approved but not contracted for was NZ$4,400,000, 2011: NZ$300,000, 2012: NZ$1,600,000, 31st December, 2012: NZ$3,300,000.

The Target Company did not share any capital commitment of its associate companies at 30th June, 2010, 30th June, 2011, 30th June, 2012 and 31st December, 2012.

(b) Lease commitments

(i) Operating leases

The Target Group leases premises, plant and equipment and motor vehicles. Operating leases held over properties give the Target Company the right to renew the lease subject to a predetermination of the lease rental by the lessor. There are no renewal options or options to purchase in respect of operating leases of plant and equipment and vehicles.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

NZ$'000	2010	As at 30th June, 2011	2012	As at 31st December, 2012
Within 1 year	2,561	3,191	3,722	4,259
Later than 1 year but not later than 5 years	6,954	10,014	12,472	13,288
Later than 5 years	506	1,633	–	882
Total	**10,021**	**14,838**	**16,194**	**18,429**

The Target Group's share of lease commitments of its associates companies is:

Current	7	28	27	27
Non – current	2	–	–	–
	9	**28**	**27**	**27**

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

24. Commitments (cont'd)

(b) Lease commitments (cont'd)

(ii) Finance leases

As at 30th June, 2010, 2011 and 2012 and 31st December, 2012, the Target Group held finance leases in relation to certain assets with UDC Finance, Marac Finance and Fleet Partners Finance during the year / period. UDC Finance, Marac Finance and Fleet Partners Finance accordingly hold security over those assets.

NZ$'000	**2010**	**As at 30th June, 2011**	**2012**	**As at 31st December, 2012**
Gross finance lease liabilities – minimum lease payments				
Within 1 year	783	2,408	3,040	3,025
Later than 1 year but not later than 5 years	3,923	10,692	11,406	10,202
Later than 5 years	40	–	1,004	696
	4,746	**13,100**	**15,450**	**13,923**
Future finance charges on finance lease	(1,043)	(2,919)	(3,343)	(2,756)
Present value of finance lease liabilities	**3,703**	**10,181**	**12,107**	**11,167**

25. Related Party Transactions

(a) Directors

The names of persons who were directors of the Target Company at any time during the years ended 30th June, 2010, 2011 and 2012 and six months ended 31st December, 2011 and 2012 are as follows:

Malcolm Hope
Christopher Aughton
Matthew McLellan
Julian Knights
Kerry McIntosh
Kimmitt Ellis
Gary Saunders
Earl Gasparich

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

25. Related Party Transactions (cont'd)

(b) Key management and personnel and compensation

Key management personnel compensation for the years ended 30th June, 2010, 30th June, 2011 and 30th June, 2012 and the six months ended 31st December, 2011 and 2012 is set out below. The key management personnel are all the directors of the Target Company and the executives with the greatest authority for the strategic direction and management of the Target Company.

NZ$'000	Year ended 30th June, 2010	2011	2012	Six months ended 31st December, 2011 (unaudited)	2012
Salaries and short term benefits	1,548	1,697	2,318	1,018	1,055
Total	**1,548**	**1,697**	**2,318**	**1,018**	**1,055**

Directors emoluments:

NZ$'000	Fees	Salary	Bonus	Inducement fees	Other benefits	Employer contribution to pension scheme	Housing allowance	Total
Name of Director								
For the year ended 30th June, 2010								
Malcolm Hope	16	–	–	–	–	–	–	**16**
Christopher Aughton	60	–	–	–	–	–	–	**60**
Matthew McLellan	60	–	–	–	–	–	–	**60**
Julian Knights	–	–	–	–	–	–	–	**–**
Kerry McIntosh	60	–	–	–	–	–	–	**60**
Kimmitt Ellis	109	–	–	–	–	–	–	**109**
Gary Saunders	–	300	–	–	30	–	61	**391**
Earl Gasparich	–	240	–	–	19	–	–	**259**
For the year ended 30th June, 2011								
Malcolm Hope	17	–	–	–	–	–	–	**17**
Christopher Aughton	60	–	–	–	–	–	–	**60**
Matthew McLellan	60	–	–	–	–	–	–	**60**
Julian Knights	–	–	–	–	–	–	–	**–**
Kerry McIntosh	60	–	–	–	–	–	–	**60**
Kimmitt Ellis	113	–	–	–	–	–	–	**113**
Gary Saunders	–	320	71	–	30	–	65	**486**
Earl Gasparich	–	260	55	–	19	–	–	**334**
For the year ended 30th June, 2012								
Malcolm Hope	22	–	–	–	–	–	–	**22**
Christopher Aughton	60	–	–	–	–	–	–	**60**
Matthew McLellan	–	–	–	–	–	–	–	**–**
Julian Knights	45	–	–	–	–	–	–	**45**
Kerry McIntosh	60	–	–	–	–	–	–	**60**
Kimmitt Ellis	115	–	–	–	–	–	–	**115**
Gary Saunders	–	440	71	–	30	–	15	**556**
Earl Gasparich	–	273	55	–	19	–	–	**347**

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

25. Related Party Transactions (cont'd)

(b) Key management and personnel and compensation (cont'd)

Directors emoluments: (cont'd)

NZ$'000	Fees	Salary	Bonus	Inducement fees	Other benefits	Employer contribution to pension scheme	Housing allowance	Total
Name of Director								
For the six month period ended 31st December, 2011 (unaudited)								
Malcolm Hope	12	–	–	–	–	–	–	**12**
Christopher Aughton	30	–	–	–	–	–	–	**30**
Matthew McLellan	30	–	–	–	–	–	–	**30**
Julian Knights	15	–	–	–	–	–	–	**15**
Kerry McIntosh	30	–	–	–	–	–	–	**30**
Kimmitt Ellis	57	–	–	–	–	–	–	**57**
Gary Saunders	–	205	35	–	15	–	15	**270**
Earl Gasparich	–	137	27	–	9	–	–	**173**
For the six month period ended 31st December, 2012								
Malcolm Hope	10	–	–	–	–	–	–	**10**
Christopher Aughton	30	–	–	–	–	–	–	**30**
Matthew McLellan	–	–	–	–	–	–	–	**–**
Julian Knights	30	–	–	–	–	–	–	**30**
Kerry McIntosh	30	–	–	–	–	–	–	**30**
Kimmitt Ellis	58	–	–	–	–	–	–	**58**
Gary Saunders	–	240	48	–	15	–	–	**303**
Earl Gasparich	–	140	28	–	9	–	–	**177**

Five highest paid individuals

Under the Main Board Listing Rules, the Target Group is required to disclose the total emoluments of the five highest paid individuals which are set out below for the years ended 30th June, 2010, 2011 and 2012 and six months ended 31st December, 2011 and 2012.

	Year ended 30th June,			Six months ended 31st December,	
	2010	**2011**	**2012**	**2011**	**2012**
NZ$'000				(unaudited)	
Basic salary and allowance	1,099	1,170	1,337	654	702
Housing allowance	61	65	65	15	15
Other allowances and benefits	112	112	112	56	56
Bonus	57	236	237	118	140
Pension scheme contributions	4	4	4	2	2
	1,333	**1,587**	**1,755**	**845**	**915**

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

25. Related Party Transactions (cont'd)

(b) Key management and personnel and compensation (cont'd)

Five highest paid individuals (cont'd)

	Number of Individuals				
	Year ended 30th June,			Six months ended 31st December,	
	2010	2011	2012	2011 (unaudited)	2012
Up to HK$1,000,000 (Equivalent to NZ$157,000)	–	–	–	–	–
HK$1,000,001 – HK$1,500,000 (Equivalent to NZ$157,001 – NZ$236,000)	3	1	–	1	–
HK$1,500,001 – HK$2,000,000 (Equivalent to NZ$236,001 – NZ$315,000)	1	2	3	2	3
Over HK$2,000,000 (Equivalent to NZ$315,000)	1	2	2	2	2
	5	**5**	**5**	**5**	**5**

Emolument policy

All Board members who are not executives of the Target Company are paid Directors based on market rates for their role. The Chairman's fee is adjusted annually in accordance with CPI.

There are no outstanding balances owing to key management personnel as at 30th June, 2010, 30th June, 2011, 30th June, 2012 and 31st December, 2012.

Certain Directors within the Target Group and key management personnel hold shares in the Target Company and these shares have been acquired at fair value.

(c) Other transactions with key management personnel or entities related to them

There are no transactions with key management personnel or entities related to them, other than compensation.

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

25. Related Party Transactions (cont'd)

(d) Transactions with related parties

The following transactions occurred with related parties:

NZ$'000		Year ended 30th June, 2010	2011	2012	Six months ended 31st December, 2011 (unaudited)	2012
Reimbursement of expenses						
Jointly controlled entities	– Pikes Point Transfer Station Limited	260	–	262	–	168
	– Northern Waste Handling Limited	238	413	387	–	193
Management and administration fees						
Jointly controlled entities	– Pikes Point Transfer Station Limited	77	–	82	–	42
	– Northern Waste Handling Limited	50	53	55	–	28
Rental of premises						
Jointly controlled entities	– Northern Waste Handling Limited	12	12	12	–	–
Disposal costs at EnviroWaste Services Limited landfill sites						
Jointly controlled entities	– Northern Waste Handling Limited	1,579	3,435	3,370	–	1,737
	– Pikes Point Transfer Station Limited	324	345	313	–	211
Income received from waste delivered to the transfer station						
Jointly controlled entities	– Pikes Point Transfer Station Limited	1,197	1,433	1,375	619	751
	– Northern Waste Handling Limited	5,029	4,932	4,756	2,362	2,452
Income received from waste transportation services						
Jointly controlled entities	– Pikes Point Transfer Station Limited	741	789	779	393	424
	– Northern Waste Handling Limited	1,693	1,734	1,737	862	902

(e) Outstanding balances

The following balances are outstanding at the reporting date in relation to transactions with jointly controlled entities:

NZ$'000	As at 30th June, 2010	2011	2012	As at 31st December, 2012
Receivables				
Jointly controlled entities	160	485	541	475
Payables				
Jointly controlled entities	–	34	–	–

The funding agreements between the Target Company and its jointly controlled entities allow for interest to be charged on the respective advances.

26. Immediate and Ultimate Controlling Party

As at 31st December, 2012, the Directors consider the immediate parent and ultimate controlling party of the Target Group to be Funds managed or controlled by Ironbridge Capital.

II NOTES TO THE FINANCIAL INFORMATION (cont'd)

27. Obligation to Sell Shares

The future obligation to sell shares represents the future value of an option issued to a third party over shares in a subsidiary. It is disclosed as a liability at the discounted amount in the Balance Sheet of the Target Company until the option is exercised with the annual reduction in the discount being taken to operating income.

NZ$'000		**As at 30th June,**		**As at 31st December,**
	2010	**2011**	**2012**	**2012**
Obligation to sell shares	393	398	403	406

28. Derivative Financial Instruments

NZ$'000	**As at 30th June, 2010 Assets**	**Liabilities**	**As at 30th June, 2011 Assets**	**Liabilities**	**As at 30th June, 2012 Assets**	**Liabilities**	**As at 31st December, 2012 Assets**	**Liabilities**
Interest rate swaps – cash flow hedges	–	5,195	–	7,582	–	2,345	–	944

The notional principal amounts of the outstanding interest rate swap contracts at 30th June, 2010 were NZ$100,700,000, 2011: NZ$183,400,000, 2012: NZ$59,800,000 and 31st December, 2012: NZ$57,700,000. The effective interest rates of the interest rate swaps for the year ended 30th June, 2010 range from 2.57% to 7.39%, 2011: range from 2.67% to 7.39%, 2012: range from 2.68% to 7.39%, and for the six months ended 31st December, 2012: range from 2.68% to 7.39% and are to mature in April and May 2013.

29. Financial Information of the Target Company

Statement of Financial Position of the Target Company

NZ$'000		**As at 30th June,**		**As at 31st December,**
	2010	**2011**	**2012**	**2012**
Total assets	193,260	210,979	230,331	240,607
Total liabilities	(178,427)	(196,400)	(215,973)	(226,649)
Net assets	**14,833**	**14,579**	**14,358**	**13,958**
Representing:				
Share capital	17,448	17,448	17,448	17,448
Reserves	(2,615)	(2,869)	(3,090)	(3,490)
Total equity	**14,833**	**14,579**	**14,358**	**13,958**

30. Events Occurring after Balance Sheet Date

On 14th January, 2013 funds managed or advised by Ironbridge Capital announced that it has agreed to sell its entire issued share capital in the Target Group subject to Cheung Kong Infrastructure Holdings Limited shareholder approval. The sale is subject to certain conditions being satisfied.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company or any of its subsidiaries in respect of any period subsequent to 31st December, 2012 up to the date of this report. As disclosed in this report, no dividend or distribution has been declared or made by the Target Company or any of its subsidiaries in respect of any period subsequent to 31st December, 2012.

Yours faithfully,
PricewaterhouseCoopers
Chartered Accountants
New Zealand

The following management discussion and analysis is based on the Financial Information included in the accountants' report on the Barra Group as set out in Appendix II to this circular.

TURNOVER

For each of the three years ended 30th June, 2010, 2011 and 2012, turnover of the Barra Group was NZ$131,362,000 (approximately HK$859,632,928), NZ$143,795,000 (approximately HK$940,994,480), and NZ$163,632,000 (approximately HK$1,070,807,808) respectively. For the six months ended 31st December, 2011, turnover of the Barra Group was NZ$79,241,000 (approximately HK$518,553,104) and for the six months ended 31st December, 2012, turnover of the Barra Group was NZ$89,710,000 (approximately HK$587,062,240).

The turnover of the Barra Group represents revenue from the provision of waste management services to customers including the collection, consolidation and disposal of both solid waste, liquid waste and the handling of recyclable material. The increase in turnover from 2010 to 2011 was primarily due to price increases implemented across the Barra Group's customer base and a growth in customer numbers, as well as the commencement of a major kerbside collection contract for a Municipality in February 2011. The increase in turnover from 2011 to 2012 was primarily due to price increases, growth in customer numbers, the full year impact of two kerbside collection contracts for Municipalities and the acquisition of two small businesses during the year. The increase in turnover over the six months ended 31st December, 2012 compared to the six months ended 31st December, 2011 was primarily due to price increases, growth in customer numbers, the commencement of two new kerbside collection contracts for Municipalities and the acquisition of two small businesses during the period.

PROFIT BEFORE INTEREST AND TAX

The Barra Group recorded earnings before interest and tax for each of the three years ended 30th June, 2010, 2011 and 2012 of NZ$22,926,000 (approximately HK$150,027,744), NZ$24,673,000 (approximately HK$161,460,112), and NZ$34,909,000 (approximately HK$228,444,496) respectively. The Barra Group recorded earnings before interest and tax for the six months ended 31st December, 2011 of NZ$16,459,000 (approximately HK$107,707,696) and for the six months ended 31st December, 2012 of NZ$19,407,000 (approximately HK$126,999,408). The increase in operating profit during the periods / years was primarily due to revenue increases (as noted above) as well as cost control to maintain operating margins.

PROFIT AFTER INTEREST AND TAX

For each of the three years ended 30th June, 2010, 2011 and 2012, the Barra Group recorded a net loss of NZ$11,205,000 (approximately HK$73,325,520), NZ$12,217,000 (approximately HK$79,948,048), and NZ$16,998,000 (approximately HK$111,234,912) respectively. For the six months ended 31st December, 2011, the Barra Group recorded a net loss of NZ$6,404,000 (approximately HK$41,907,776) and for the six months ended 31st December, 2012, the Barra Group recorded a net loss of NZ$3,099,000 (approximately HK$20,279,856). The Barra Group incurs losses due to its capital structure, in particular the relatively high proportion of interest-bearing loans from external financiers. The loss reduced over the six months ended 31st December, 2012 compared to the six months ended 31st December, 2011, was primarily due to revenue increases as well as cost control (as noted above).

CAPITAL STRUCTURE

The Barra Group's external debt comprises bank borrowings, finance leases, bank overdrafts, redeemable preference shares and convertible loan notes. As of 30th June, 2010, 2011 and 2012 and 31st December, 2012, bank borrowings totalled NZ$201,750,000 (approximately HK$1,320,252,000), NZ$196,746,000 (approximately HK$1,287,505,824), NZ$190,830,000 (approximately HK$1,248,791,520) and NZ$189,976,000 (approximately HK$1,243,202,944) respectively.

As of 30th June, 2010, 2011 and 2012, and 31st December, 2012, all bank borrowings carried at floating rates with average interest rates of 8.53%, 9.59%, 8.34% and 7.94% respectively. The Barra Group uses interest rate swap agreements to limit the exposure to movements arising from the underlying base rates.

As of 30th June, 2010, the Barra Group had a gearing ratio of 55% (30th June, 2011: 55%, 30th June, 2012: 54% and 31st December, 2012: 52%), calculated as net debt divided by net total capital (representing the net debt plus the Barra Group's total equity).

FINANCIAL POSITION

The total assets of the Barra Group increased from NZ$396,690,000 (approximately HK$2,595,939,360) as at 30th June, 2010 to NZ$411,505,000 (approximately HK$2,692,888,720) as at 30th June, 2011 and to NZ$418,509,000 (approximately HK$2,738,722,896) as at 30th June, 2012. The total assets of the Barra Group were NZ$428,755,000 (approximately HK$2,805,772,720) as at 31st December, 2012. The increase across the year ended 30th June, 2011 was largely attributable to a NZ$6,342,000 (approximately HK$41,502,048) increase in property, plant and equipment associated with the commencement of two major kerbside collection contracts for Municipalities in February and May 2011. The increase across the year ended 30th June, 2012 was largely attributable to a NZ$4,739,000 (approximately HK$31,012,016) increase in property, plant and equipment associated with the acquisition of two small businesses during the year. The increase over the six months to 31st December, 2012 was largely attributable to a NZ$2,770,000 (approximately HK$18,126,880) increase in property, plant and equipment associated with the acquisition of a small business during the period.

The total liabilities of the Barra Group increased from NZ$407,798,000 (approximately HK$2,668,630,112) as at 30th June, 2010 to NZ$434,830,000 (approximately HK$2,845,527,520) as at 30th June, 2011 and to NZ$458,832,000 (approximately HK$3,002,596,608) as at 30th June, 2012. The total liabilities of the Barra Group were NZ$472,177,000 (approximately HK$3,089,926,288) as at 31st December, 2012. The increase across the year ended 30th June, 2011 was largely attributable to a NZ$17,842,000 (approximately HK$116,758,048) increase in redeemable preference shares on issue and convertible loan notes, which bear an annual coupon rate of 10% (accrued by the Barra Group). The increase across the year ended 30th June, 2012 was also predominantly attributable to a NZ$19,681,000 (approximately HK$128,792,464) increase in redeemable preference shares on issue and convertible loan notes. The increase over the six months ended 31st December, 2012 was also predominantly attributable to a NZ$10,698,000 (approximately HK$70,007,712) increase in redeemable preference shares on issue and convertible loan notes.

FOREIGN EXCHANGE RISK MANAGEMENT

The Barra Group is not exposed to any significant foreign exchange exposure and carries out no foreign exchange hedging activities.

CAPITAL COMMITMENTS, CHARGE ON ASSETS AND CONTINGENT LIABILITIES

As at 30th June, 2010, 2011 and 2012 and 31st December, 2012, the Barra Group had capital commitments amounting to NZ$1,277,000 (approximately HK$8,356,688), NZ$319,000 (approximately HK$2,087,536), NZ$1,078,000 (approximately HK$7,054,432) and nil respectively. The majority of these commitments in each of the years represented property, plant and equipment that had been ordered but not received or paid for.

As at 30th June, 2010, 2011 and 2012 and 31st December, 2012, all of the assets of the Barra Group were subject to a floating charge which secures the bank borrowings. Certain assets subject to finance leases are also charged to the respective finance companies providing those leases.

As at 30th June, 2010, 2011 and 2012 and 31st December, 2012, the Barra Group had contingent liabilities amounting to NZ$5,800,000 (approximately HK$37,955,200), NZ$8,200,000 (approximately HK$53,660,800), NZ$13,300,000 (approximately HK$87,035,200) and NZ$14,300,000 (approximately HK$93,579,200) respectively. All of these contingent liabilities in each of the years represented contractor performance bonds to support waste collection and disposal contracts.

EMPLOYEES AND REMUNERATION POLICIES

The Barra Group employs a total of 447 employees, 539 employees, 585 employees and 609 employees as of 30th June, 2010, 30th June, 2011, 30th June, 2012 and 31st December, 2012 respectively. The Barra Group's remuneration policy is in line with prevailing market practice on performance of individual staff and the Barra Group operates a bonus plan to reward the staff on a performance related basis.

Total staff costs for each of the three years ended 30th June, 2010, 2011 and 2012 were NZ$29,214,000 (approximately HK$191,176,416), NZ$32,138,000 (approximately HK$210,311,072), and NZ$37,887,000 (approximately HK$247,932,528) respectively and for the six months ended 31st December, 2012 and 31st December, 2011 were NZ$21,211,000 (approximately HK$138,804,784) and NZ$18,634,000 (approximately HK$121,940,896) respectively.

Deloitte.
德勤

ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF
CHEUNG KONG INFRASTRUCTURE HOLDINGS LIMITED

We report on the unaudited pro forma financial information of Cheung Kong Infrastructure Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the proposed acquisition of the entire issued share capital in Barra Topco II Limited might have affected the financial information presented, for inclusion in Appendix IV of the circular dated 30th April, 2013 (the "Circular"). The basis of preparation of the unaudited pro forma financial information is set out on page 80 in Appendix IV to the Circular.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND REPORTING ACCOUNTANTS

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma financial information is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Group as at 31st December, 2012 or any future date.

OPINION

In our opinion:

a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

b) such basis is consistent with the accounting policies of the Group; and

c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

30th April, 2013

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is a summary of the unaudited pro forma financial information of the Enlarged Group (the "Unaudited Pro Forma Financial Information"), which has been prepared in accordance with paragraph 29 of Chapter 4 of the Listing Rules for the purpose of illustrating the effects of the Acquisition of the entire issued share capital of Barra Topco on the Group, assuming that the Acquisition had been completed as at 31st December, 2012.

The following Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared based on information as set out in (i) the audited consolidated statement of financial position of the Group as at 31st December, 2012; and (ii) the audited consolidated statement of financial position of Barra Topco as at 31st December, 2012, derived from the accountants' report thereon issued by PwC NZ set out in Appendix II to this Circular, incorporated with pro forma adjustments that are (i) directly attributable to the Acquisition; and (ii) factually supportable as if the Acquisition had been completed on 31st December, 2012.

The Unaudited Pro Forma Financial Information has been prepared by the Directors for illustrative purposes only and is based on a number of assumptions, estimates and uncertainties. It does not purport to describe the actual financial position of the Enlarged Group that would have been attained had the Acquisition been completed on 31st December, 2012, nor purport to predict the future financial position of the Enlarged Group.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

HK$ Million	The Group	Barra Group	Sub-total	Pro forma adjustments	The Enlarged Group
				(Note 1)	
Property, plant and equipment	1,477	860	2,337	–	2,337
Investment properties	238	–	238	–	238
Interests in associates	71,337	–	71,337	–	71,337
Interests in jointly controlled entities	1,078	70	1,148	–	1,148
Investments in securities	6,199	–	6,199	–	6,199
Deferred tax assets	22	–	22	–	22
Goodwill and intangible assets	–	1,678	1,678	699	2,377
Total non-current assets	**80,351**	**2,608**	**82,959**	**699**	**83,658**
Inventories	150	4	154	–	154
Derivative financial instruments	47	–	47	–	47
Debtors and prepayments	1,014	120	1,134	–	1,134
Bank balances and deposits	6,980	74	7,054	(2,225)	4,829
Total current assets	**8,191**	**198**	**8,389**	**(2,225)**	**6,164**
Bank and other loans	24	1,315	1,339	(1,296)	43
Derivative financial instruments	198	6	204	–	204
Creditors and accruals	2,972	141	3,113	(13)	3,100
Taxation	97	–	97	–	97
Shareholder loans	–	1,483	1,483	(1,483)	–
Total current liabilities	**3,291**	**2,945**	**6,236**	**(2,792)**	**3,444**
Bank and other loans	11,089	53	11,142	982	12,124
Derivative financial instruments	486	–	486	–	486
Deferred tax liabilities	282	62	344	–	344
Other non-current liabilities	13	30	43	–	43
Total non-current liabilities	**11,870**	**145**	**12,015**	**982**	**12,997**
Net assets	**73,381**	**(284)**	**73,097**	**284**	**73,381**
Representing:					
Share capital	2,496	114	2,610	(114)	2,496
Reserves	60,467	(398)	60,069	398	60,467
Equity attributable to shareholders of the Company	**62,963**	**(284)**	**62,679**	**284**	**62,963**
Perpetual capital securities	10,329	–	10,329	–	10,329
Non-controlling interests	89	–	89	–	89
Total equity	**73,381**	**(284)**	**73,097**	**284**	**73,381**

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

1. The pro forma adjustments represent the followings:

   (a) Pursuant to the Share Sale Agreement, the Purchase Price in the aggregate amount of NZ$490 million (approximately HK$3,207 million) shall be payable by the Purchaser in cash on the Completion Date, part of the which was used to pay or repay certain financial obligations of Barra Group Companies as at Completion and the costs incurred by Barra Topco for the disposal of the Sale Shares.

   (b) The Purchase Price paid is funded by internal resources of the Group of NZ$340 million (approximately HK$2,225 million) and external borrowings of NZ$150 million (approximately HK$982 million).

   (c) The Group prepared this Unaudited Pro Forma Financial Information in accordance with Hong Kong Financial Reporting Standard 3 (Revised) "Business Combinations" and assumed that the carrying amounts of the identifiable assets and liabilities of the Barra Group as at 31st December, 2012 approximated to the fair values of the Barra Group. However, the purchase price allocation and the fair value of the intangible assets have not yet been finalised at this moment, and the amount of goodwill and intangible assets is subject to change and may be materially different after the assessment of the valuation of the identifiable assets and liabilities at the acquisition date.

   (d) For the purpose of this unaudited Pro Forma Financial Information, the management of the Company has performed impairment assessment in accordance with Hong Kong Accounting Standard 36 "Impairment of Assets" and considered that there is no impairment on the goodwill and intangible assets of Barra Group with assumed values set out above.

2. The information set out below is for additional information only and does not constitute pro forma adjustments.

   (a) The Acquisition was completed on 15th April, 2013.

   (b) Pursuant to the Share Sale Agreement, the Purchase Price will be adjusted upwards or downwards with reference to the Actual Net Asset Amount as shown in the Completion Balance Sheet. It is assumed that no adjustment on the Purchase Price would be made for the purpose of this Unaudited Pro Forma Financial Information.

   (c) Transaction costs of the Acquisition have not been taken into account of the pro forma adjustments as the transaction costs are considered to be insignificant.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTEREST

Director's interests and short positions in shares, underlying shares and debentures

As at the Latest Practicable Date, 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 SFO) which were 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, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

(i) Long Positions in Shares

			Number of Ordinary Shares					
Name of Company	Name of Director	Capacity	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	Approximate % of Shareholding
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%
	Lee Pui Ling, Angelina	Beneficial owner	38,500	–	–	–	38,500	0.0009%

(i) Long Positions in Shares (Cont'd)

Name of Company	Name of Director	Capacity	Number of Ordinary Shares: Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	Approximate % of Shareholding
	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	Beneficiary owner & interest of child or spouse	2,770 (Note 7)	2,770 (Note 7)	–	–	2,770	0.00006%
Power Assets Holdings Limited	Li Tzar Kuoi, Victor	Interest of child or spouse & beneficiary of trusts	–	151,000	–	829,599,612 (Note 4)	829,750,612	38.87%
	Kam Hing Lam	Interest of child or spouse	–	100,000	–	–	100,000	0.004%
	Lee Pui Ling, Angelina	Beneficial owner	8,800	–	–	–	8,800	0.0004%
Hutchison Harbour Ring Limited	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	5,000,000 (Note 5)	–	5,000,000	0.05%
Hutchison Telecommunications (Australia) Limited	Fok Kin Ning, Canning	Beneficial owner & interest of controlled corporation	4,100,000	–	1,000,000 (Note 5)	–	5,100,000	0.037%
	Frank John Sixt	Beneficial owner	1,000,000	–	–	–	1,000,000	0.007%
Hutchison Telecommunications Hong Kong Holdings Limited	Li Tzar Kuoi, Victor	Interest of child or spouse, 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%

(ii) Long Positions in Underlying Shares

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

(iii) Long Positions in Debentures

Name of Company	Name of Director	Capacity	Amount of Debentures: Personal Interests	Family Interests	Corporate Interests	Other Interests	Total
Hutchison Whampoa International (03/33) Limited	Man Ka Keung, Simon	Beneficial owner & interest of child or spouse	US$200,000 6.25% Notes due 2014 (Note 7)	US$200,000 6.25% Notes due 2014 (Note 7)	–	–	US$200,000 6.25% Notes due 2014
Hutchison Whampoa Finance (CI) Limited	Man Ka Keung, Simon	Beneficial owner & interest of child or spouse	US$100,000 7.45% Notes due 2017 (Note 7)	US$100,000 7.45% Notes due 2017 (Note 7)	–	–	US$100,000 7.45% Notes due 2017
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$23,495,000 Subordinated Guaranteed Perpetual Capital Securities (Note 3)	–	US$23,495,000 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
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:

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

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

   The entire issued share capital of TUT1 and of the trustees of DT1 and DT2 are owned by Li Ka-Shing Unity Holdings Limited ("Unity Holdco"). 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.

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.

Notes (Cont'd):

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.

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 interests in the share capital of the Company as a discretionary beneficiary of certain discretionary trusts as described in Note 1 above, is deemed to be interested in those securities of subsidiaries and associated companies of the Company held through the Company and in those securities of the subsidiaries of HWL held through HWL under the SFO.

Save as disclosed above, none of the Directors or chief executives of the Company had, as at the Latest Practicable Date, 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.

3. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, the interests of Directors or their respective associates (as that term is defined in the Listing Rules) in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group (the "Competing Business") as required to be disclosed pursuant to the Listing Rules were as follows:

(a) Core Business Activities of the Group

(1) Development, investment and operation of energy infrastructure;

(2) Development, investment and operation of transportation infrastructure;

(3) Development, investment and operation of water infrastructure;

(4) Development, investment and operation and commercialisation of infrastructure related business;

(5) Investment holding and project management; and

(6) Securities investment.

(b) Interests in Competing Business

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
Li Tzar Kuoi, Victor	Cheung Kong (Holdings) Limited	Managing Director and Deputy Chairman	(1), (3), (5) & (6)
	Hutchison Whampoa Limited	Deputy Chairman	(1), (3), (5) & (6)
	Power Assets Holdings Limited	Executive Director	(1), (5) & (6)
	CK Life Sciences Int'l., (Holdings) Inc.	Chairman	(3) & (6)
Kam Hing Lam	Cheung Kong (Holdings) Limited	Deputy Managing Director	(1), (3), (5) & (6)
	Hutchison Whampoa Limited	Executive Director	(1), (3), (5) & (6)
	Power Assets Holdings Limited	Executive Director	(1), (5) & (6)
	CK Life Sciences Int'l., (Holdings) Inc.	President and Chief Executive Officer	(3) & (6)
Ip Tak Chuen, Edmond	Cheung Kong (Holdings) Limited	Deputy Managing Director	(1), (3), (5) & (6)
	CK Life Sciences Int'l., (Holdings) Inc.	Senior Vice President and Chief Investment Officer	(3) & (6)
	TOM Group Limited	Non-executive Director	(5) & (6)
	AVIC International Holding (HK) Limited	Non-executive Director	(5) & (6)
	Shougang Concord International Enterprises Company Limited	Non-executive Director	(5) & (6)
	ARA Asset Management Limited	Non-executive Director	(5) & (6)
Fok Kin Ning, Canning	Cheung Kong (Holdings) Limited	Non-executive Director	(1), (3), (5) & (6)
	Hutchison Whampoa Limited	Group Managing Director	(1), (3), (5) & (6)
	Power Assets Holdings Limited	Chairman	(1), (5) & (6)
	Hutchison Telecommunications Hong Kong Holdings Limited	Chairman and Alternate Director	(5)
Andrew John Hunter	Power Assets Holdings Limited	Executive Director	(1), (5) & (6)
Chan Loi Shun	Power Assets Holdings Limited	Executive Director and Alternate Director	(1), (5) & (6)
	Envestra Limited	Director	(1)
Chow Woo Mo Fong, Susan	Hutchison Whampoa Limited	Deputy Group Managing Director	(1), (3), (5) & (6)
	Power Assets Holdings Limited	Executive Director and Alternate Director	(1), (5) & (6)
	TOM Group Limited	Alternate Director	(5) & (6)
	Hutchison Telecommunications Hong Kong Holdings Limited	Non-executive Director	(5)
Frank John Sixt	Cheung Kong (Holdings) Limited	Non-executive Director	(1), (3), (5) & (6)
	Hutchison Whampoa Limited	Group Finance Director	(1), (3), (5) & (6)
	Power Assets Holdings Limited	Executive Director	(1), (5) & (6)
	TOM Group Limited	Non-executive Chairman	(5) & (6)
	Hutchison Telecommunications Hong Kong Holdings Limited	Non-executive Director	(5)

(b) Interests in Competing Business (Cont'd)

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
Lee Pui Ling, Angelina	TOM Group Limited	Non-executive Director	(5) & (6)
	Henderson Land Development Company Limited	Non-executive Director	(1), (2) & (5)
George Colin Magnus	Cheung Kong (Holdings) Limited	Non-executive Director	(1), (3), (5) & (6)
	Hutchison Whampoa Limited	Non-executive Director	(1), (3), (5) & (6)
Tso Kai Sum	Power Assets Holdings Limited	Non-executive Director and Deputy Chairman and Senior Adviser to the Board	(1), (5) & (6)

Note: Such businesses may be made through subsidiaries, associated companies or by way of other forms of investments.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

(a) As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which will not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

(b) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31st December, 2012, the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by, or leased to, any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

(c) As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the date of this circular and which was significant in relation to the business of the Group.

5. LITIGATION

So far as the Directors are aware, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claim of material importance and no litigation or claim of material importance was pending or threatened against the Company or any of its subsidiaries.

6. MATERIAL CONTRACTS

Within the two years immediately preceding the date of this circular, the Group has not entered into any contracts, not being contracts entered into in the ordinary course of business, which are or may be material.

7. NO MATERIAL ADVERSE CHANGE

The Group is a diversified infrastructure investment company with businesses in Hong Kong, Mainland China, the United Kingdom, Australia, New Zealand and Canada, and is exposed to potential currency fluctuations in these countries and places in which the Group operate. The results of the Group are recorded in Hong Kong dollars but its various subsidiaries, associates and joint ventures may receive revenue and incur expenses in other currencies. Any currency fluctuations on translation of the accounts of these subsidiaries, associates and joint ventures and also on the repatriation of earnings, equity investments and loans may therefore impact on the Group's financial position or potential income, asset value and liabilities, but the Group confirms that it has not entered into any speculative derivative transaction and generally hedging arrangements are in place for overseas investments as appropriate.

Save as aforesaid, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31st December, 2012, the date to which the latest published audited consolidated financial statements of the Group were made up.

8. EXPERTS AND CONSENTS

(a) The following are the qualifications of the experts who have given their opinions or advice which are contained or referred to in this circular:

Name	Qualifications
Deloitte Touche Tohmatsu	Certified Public Accountants
PwC NZ	Chartered Accountants

(b) As at the Latest Practicable Date, Deloitte Touche Tohmatsu and PwC NZ did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of the Group.

(c) As at the Latest Practicable Date, Deloitte Touche Tohmatsu and PwC NZ did not have any direct or indirect interest in any assets which had been, since 31st December, 2012, the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by, or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group.

(d) Deloitte Touche Tohmatsu and PwC NZ have given and have not withdrawn their written consents to inclusion of their letters dated 30th April, 2013 in this circular and the references to their names included herein in the form and context in which they respectively appear.

(e) As set out in the accountants' report issued by PwC NZ in Appendix II, the Consolidated Financial Information of Barra Group is prepared based on the Underlying Financial Statement with no adjustment made thereon. The management confirmed that there is no material difference in adopting International Financial Reporting Standards and Hong Kong Financial Reporting Standards for the preparation of the Consolidated Financial Information.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 12th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong on weekdays (Saturdays and public holidays excepted) up to and including 14th May, 2013:

(a) the Memorandum of Association and Bye-laws of the Company;

(b) the audited financial statements of the Group for the last two financial years ended 31st December, 2012;

(c) the accountants' report from PwC NZ on the Barra Group as set out in Appendix II to this circular for the years ended 30th June 2010, 2011 and 2012 and the six months ended 31st December, 2012;

(d) the report from Deloitte Touche Tohmatsu on the unaudited pro forma financial information of the Enlarged Group following the Acquisition as set out in Appendix IV to this circular;

(e) a copy of each circular published pursuant to the requirements set out in Chapters 14 and/or 14A of the Listing Rules which has been issued since the date of the latest published audited consolidated accounts of the Group; and

(f) the written consents from Deloitte Touche Tohmatsu and PwC NZ referred to in paragraph 8(d) of this Appendix.

10. MISCELLANEOUS

(a) The principal activities of the Group are development, investment and operation of infrastructure businesses in Hong Kong, Mainland China, the United Kingdom, Australia, New Zealand and Canada.

(b) The company secretary of the Company is Ms. Eirene Yeung. She is a solicitor of the High Court of the Hong Kong Special Administrative Region and of the Supreme Court of Judicature in England and Wales, and she holds a Master of Science degree in Finance, a Master's degree in Business Administration and a Bachelor's degree in Laws.

(c) The registered office of the Company is at Clarendon House, Church Street, Hamilton HM11, Bermuda and the principal place of business of the Company is at 12th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

(d) The principal share registrar and transfer office of the Company is Butterfield Fulcrum Group (Bermuda) Limited, 26 Burnaby Street, Hamilton HM 11, Bermuda. The branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(e) The English text of this circular shall prevail over the Chinese text, in case of any inconsistency.

This circular (both English and Chinese versions) ("Circular") 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 Circular) published on the Company's website in place of receiving printed copies thereof may request the printed copy of the Circular 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 Circular 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 Circular 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 Circular since both language versions are bound together into one booklet.