



CHEUNG KONG INFRASTRUCTURE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 1038)



REACHING NEW HEIGHTS

INTERIM REPORT 2008

INTERIM REPORT 2008

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

THE HALF YEAR AT A GLANCE

Profit attributable to shareholders (HK\$ million)	2,329
Earnings per share (HK\$)	1.03
Interim dividend per share (HK\$)	0.297

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INTERIM RESULTS

During the first half of 2008, Cheung Kong Infrastructure Holdings Limited (“CKI” or the “Group”) delivered a strong performance and achieved continued growth.

THE FIRST HALF RESULTS

HK\$ million	2008	2007	Increase
Group turnover and share of turnover of jointly controlled entities	3,180	2,746	+16%
Profit attributable to shareholders	2,329	2,018	+15%
Earnings per share	HK\$1.03	HK\$0.90	+15%
Interim dividend per share	HK\$0.297	HK\$0.27	+10%

Turnover Increased by 16%

For the six months ended 30th June, 2008, CKI’s group turnover and its share of turnover of jointly controlled entities was HK\$3,180 million, an increase of 16 per cent over the same period last year.

Profit Grew 15%

Unaudited profit after tax attributable to shareholders amounted to HK\$2,329 million, a 15 per cent increase as compared to the first half of 2007. This reflects healthy performances from our quality portfolio of infrastructure investments around the world.

Dividend Up 10%

The Board of Directors of CKI (the “Board”) has declared an interim dividend for 2008 of HK\$0.297 per share (2007: HK\$0.27 per share), representing an increase of 10 per cent over the same period last year and continuing the Group’s dividend growth trend. The interim dividend will be paid on Friday, 26th September, 2008 to shareholders whose names appear on the Register of Members of the Company on Thursday, 25th September, 2008.

HK ELECTRIC

For the period under review, CKI’s investment in Hongkong Electric Holdings Limited (“HK Electric”) provided profit contribution of HK\$1,238 million, achieving strong growth of 21 per cent as compared to the same period last year. This was primarily due to a one-off deferred tax credit resulting from the reduction of the corporate tax rate in Hong Kong. The overseas investments of HK Electric delivered satisfactory performances during the first half and provided stable returns.

INTERIM RESULTS

INTERNATIONAL INFRASTRUCTURE INVESTMENTS

Profit contribution from CKI's energy and toll road projects in Mainland China was HK\$487 million for the period under review, representing an increase of 5 per cent. This performance reflects a one-off gain of HK\$112 million from the disposal of our interest in the Fushun Cogen Power Plants to our Mainland partner. In terms of operations, a satisfactory performance was achieved by our toll roads in Mainland China, while profit contribution from our power portfolio was adversely impacted by rising coal prices during the period under review.

Profit contribution from our Australian operations increased by 3 per cent over the period under review to HK\$448 million. Our electricity distribution businesses in South Australia and Victoria continued to record secure and attractive returns, while the two Australian-listed companies, Spark Infrastructure Group and Envestra Limited, in which CKI has a strategic investment have recorded stable operating performances during the period.

In the United Kingdom, our investments in gas and water delivered a profit contribution of HK\$271 million, a significant 59 per cent increase over the same period last year. The performance was boosted by the recent expansion of our water portfolio through the acquisition of a strategic stake in Southern Water Group at the end of 2007.

The period under review also marked the first time that CKI has received a profit contribution from TransAlta Power, L.P., which has interests in six power plants in Canada, and was acquired in the last quarter of 2007.

MATERIALS

Profit contribution from CKI's materials business was HK\$116 million. This includes an amount of HK\$71 million arising from the disposal of a cement grinding mill in Shantou during the period under review.

NEW MARKET – NEW ZEALAND

In the first half of 2008, CKI announced its first investment in New Zealand with the acquisition of the Wellington Electricity Distribution Network. A 50 per cent stake of this investment has since been divested to HK Electric. The Wellington Electricity Distribution Network supplies electricity to the city of Wellington, the capital of New Zealand, and extends to the Porirua and Hutt Valley

INTERIM RESULTS

regions of New Zealand, with a system length of over 4,592 km. It was acquired from Vector Limited for a consideration of approximately NZ\$785 million (equivalent to about HK\$4.8 billion) and the transaction was completed in July 2008. Generating immediate revenue, the acquisition is expected to further enhance CKI's strong existing portfolio of regulated businesses.

PROSPECTS

With a strong portfolio of investments, CKI is well-placed to continue its growth momentum. Over 80 per cent of the Group's revenue is generated through regulated income. The nature of our regulated infrastructure asset portfolio enables us to be relatively unaffected by the global economic predicament brought about by the subprime mortgage crisis.

CKI has ample resources to pursue new acquisitions. Our balance sheet remains very strong – cash on hand amounted to HK\$8,863 million as at 30th June, 2008, while debt was HK\$8,105 million, resulting in no net debt at the corporate level. Further to our recent acquisition of power assets in Canada and New Zealand, and our water investment in the United Kingdom, we will continue to look for quality infrastructure assets that generate secure and attractive returns.

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

Li Tzar Kuoi, Victor

Chairman

Hong Kong, 14th August, 2008

FINANCIAL REVIEW

FINANCIAL RESOURCES, TREASURY ACTIVITIES AND GEARING RATIO

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

As at 30th June, 2008, total borrowings of the Group amounted to HK\$8,105 million, which are all denominated in foreign currencies. Of the total borrowings, 38 per cent were repayable in 2008, 34 per cent were repayable between 2009 and 2012 and 28 per cent repayable beyond 2012. The Group's financing activities continue to be well received and fully supported by its bankers.

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

The Group continues to have a strong balance sheet. Cash on hand amounted to HK\$8,863 million, while total borrowings of the Group amounted to HK\$8,105 million, resulting in no net debt at the corporate level.

To minimise currency risk exposure in respect of its investments in other countries, the Group generally hedges those investments with the appropriate level of borrowings denominated in the local currencies of those countries. The Group also entered into certain interest rate and currency swaps to mitigate interest rate and other currency exposure risks. As at 30th June, 2008, the notional amounts of these derivative instruments amounted to HK\$11,224 million.

FINANCIAL REVIEW

CHARGE ON GROUP ASSETS

As at 30th June, 2008, the Group's interests in an affiliated company with carrying value of HK\$1,986 million were pledged as part of the security to secure bank borrowings totalling HK\$1,976 million granted to the affiliated company. The Group's obligations under finance leases totalling HK\$47 million were secured by charge over the leased assets with carrying value of HK\$236 million. Moreover, certain plant and machinery of the Group with carrying value of HK\$66 million were pledged to secure bank borrowings totalling HK\$44 million granted to the Group.

CONTINGENT LIABILITIES

As at 30th June, 2008, the Group was subject to the following contingent liabilities:

HK\$ million	
Guarantee in respect of a bank loan drawn by an affiliated company	2,467
Performance bonds	54
Total	2,521

EMPLOYEES

The Group, including its subsidiaries but excluding affiliated companies, employs a total of 1,013 employees. Employees' cost (excluding directors' emoluments) amounted to HK\$133 million. The Group ensures that the pay levels of its employees are competitive and that its employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system.

Preferential subscription of 2,978,000 new shares of the Company was given to those employees who had subscribed for shares of HK\$1.00 each in the Company at HK\$12.65 per share on the flotation of the Company in 1996. The Group does not have any share option scheme for employees.

CONSOLIDATED INCOME STATEMENT

for the six months ended 30th June

HK\$ million	Notes	Unaudited	
		2008	2007
Group turnover	2	1,021	870
Share of turnover of jointly controlled entities	2	2,159	1,876
		3,180	2,746
Group turnover	2	1,021	870
Other income	3	443	430
Operating costs	4	(896)	(736)
Finance costs		(263)	(277)
Share of results of associates		1,656	1,276
Share of results of jointly controlled entities		414	469
Profit before taxation		2,375	2,032
Taxation	5	(42)	(16)
Profit for the period	6	2,333	2,016
Attributable to:			
Shareholders of the Company		2,329	2,018
Minority interests		4	(2)
		2,333	2,016
Interim dividend		670	609
Earnings per share	7	HK\$1.03	HK\$0.90
Interim dividend per share		HK\$0.297	HK\$0.27

CONSOLIDATED BALANCE SHEET

HK\$ million	Notes	Unaudited	Audited
		30/6/2008	31/12/2007
Property, plant and equipment		1,134	1,121
Investment properties		171	160
Leasehold land		285	292
Interests in associates		31,055	30,389
Interests in jointly controlled entities		3,314	3,176
Interests in infrastructure project investments		350	377
Investments in securities		3,786	4,187
Derivative financial instruments		77	55
Goodwill		207	209
Deferred tax assets		5	5
Other non-current assets		19	19
Total non-current assets		40,403	39,990
Inventories		120	75
Interests in infrastructure project investments		135	125
Derivative financial instruments		369	428
Debtors and prepayments	8	425	607
Bank balances and deposits		8,863	8,217
Total current assets		9,912	9,452
Bank and other loans		3,112	2,972
Derivative financial instruments		488	417
Creditors and accruals	9	1,324	1,292
Taxation		112	121
Total current liabilities		5,036	4,802
Net current assets		4,876	4,650
Total assets less current liabilities		45,279	44,640
Bank and other loans		4,993	4,607
Derivative financial instruments		124	187
Deferred tax liabilities		332	373
Other non-current liabilities		15	16
Total non-current liabilities		5,464	5,183
Net assets		39,815	39,457
Representing:			
Share capital	10	2,254	2,254
Reserves	11	37,509	37,155
Equity attributable to shareholders of the Company		39,763	39,409
Minority interests	11	52	48
Total equity		39,815	39,457

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30th June

HK\$ million	Unaudited	
	2008	2007
Net cash from operating activities	593	957
Net cash from investing activities	2,034	2,662
Net cash utilised in financing activities	(1,981)	(309)
Net increase in cash and cash equivalents	646	3,310
Cash and cash equivalents at 1st January	8,217	7,720
Cash and cash equivalents at 30th June		
Bank balances and deposits	8,863	11,030

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

for the six months ended 30th June

HK\$ million	Unaudited	
	2008	2007
(Loss)/Gain from fair value changes of available-for-sale financial assets	(483)	187
Gain/(Loss) from fair value changes of derivatives designated as effective cash flow hedges	71	(66)
Actuarial (losses)/gains of defined benefit retirement schemes	(312)	69
Exchange differences on translation of financial statements of foreign operations	617	634
Surplus on revaluation of properties upon transfer to investment properties	9	–
Net (loss)/gain recognised directly in equity	(98)	824
Reserve released upon disposal of a subsidiary	(6)	–
Reserves released upon disposals of interests in an associate	–	28
Profit for the period	2,333	2,016
Total recognised income and expense for the period	2,229	2,868
Attributable to:		
Shareholders of the Company	2,225	2,870
Minority interests	4	(2)
	2,229	2,868

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Basis of Preparation

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

The accounting policies adopted are consistent with those set out in the Group’s annual financial statements for the year ended 31st December, 2007, except for the adoption of new and revised Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as “new HKFRSs”) issued by the HKICPA which are effective to the Group for accounting periods beginning on or after 1st January, 2008. The adoption of the new HKFRSs has no material impact on the Group’s results and financial position for the current or prior periods.

2. Group Turnover and Share of Turnover of Jointly Controlled Entities

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

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS

2. Group Turnover and Share of Turnover of Jointly Controlled Entities (Cont'd)

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

HK\$ million	Six months ended 30th June	
	2008	2007
Sales of infrastructure materials	521	423
Income from the supply of water	144	142
Return from infrastructure project investments	36	45
Interest income from loans granted to associates	238	206
Distribution from investments in securities	82	54
Group turnover	1,021	870
Share of turnover of jointly controlled entities	2,159	1,876
	3,180	2,746

3. Other Income

Other income includes the following:

HK\$ million	Six months ended 30th June	
	2008	2007
Interest income from banks and debt securities	226	244
Gain on disposals of infrastructure project investments	112	–
Gain on disposal of a subsidiary	71	–
Gain on disposals of listed securities	2	67
Gain on disposals of interests in an associate	–	79

NOTES TO THE INTERIM FINANCIAL STATEMENTS

4. Operating Costs

Operating costs include the following:

HK\$ million	Six months ended 30th June	
	2008	2007
Depreciation of property, plant and equipment	29	27
Cost of inventories sold	594	476
Change in fair values of investments in securities	105	7
Change in fair values of derivative financial instruments	24	3

5. Taxation

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

HK\$ million	Six months ended 30th June	
	2008	2007
Current taxation-overseas tax	4	10
Deferred taxation	38	6
Total	42	16

NOTES TO THE INTERIM FINANCIAL STATEMENTS

6. Segment Information

By business segment

for the six months ended 30th June

HK\$ million	Investment in HK Electric*		Infrastructure investments		Infrastructure related business		Unallocated items		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Group turnover	-	-	500	447	521	423	-	-	1,021	870
Share of turnover of jointly controlled entities	-	-	1,807	1,588	352	288	-	-	2,159	1,876
	-	-	2,307	2,035	873	711	-	-	3,180	2,746
Segment revenue										
Group turnover	-	-	500	447	521	423	-	-	1,021	870
Others	-	-	14	20	6	7	-	-	20	27
	-	-	514	467	527	430	-	-	1,041	897
Segment result	-	-	378	338	(48)	(33)	-	-	330	305
Net gain on disposals of interests in an associate, infrastructure project investments and listed securities	-	-	112	79	2	-	-	67	114	146
Gain on disposal of a subsidiary	-	-	-	-	71	-	-	-	71	-
Change in fair values of investments in securities and derivative financial instruments	-	-	-	-	10	-	(139)	(10)	(129)	(10)
Interest income	-	-	44	3	58	66	124	175	226	244
Corporate overheads and others	-	-	-	-	-	-	(44)	(121)	(44)	(121)
Finance costs	-	-	(61)	(16)	-	-	(202)	(261)	(263)	(277)
Share of results of associates and jointly controlled entities	1,238	1,021	808	689	24	35	-	-	2,070	1,745
Profit/(Loss) before taxation	1,238	1,021	1,281	1,093	117	68	(261)	(150)	2,375	2,032
Taxation	-	-	(45)	(16)	3	-	-	-	(42)	(16)
Profit/(Loss) for the period	1,238	1,021	1,236	1,077	120	68	(261)	(150)	2,333	2,016
Attributable to:										
Shareholders of the Company	1,238	1,021	1,236	1,077	116	70	(261)	(150)	2,329	2,018
Minority interests	-	-	-	-	4	(2)	-	-	4	(2)
	1,238	1,021	1,236	1,077	120	68	(261)	(150)	2,333	2,016

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS

6. Segment Information (Cont'd)

By geographic region

for the six months ended 30th June

HK\$ million	Hong Kong		Mainland China		Australia		United Kingdom		Canada and Others		Unallocated items		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Group turnover	358	332	197	136	320	260	144	142	2	-	-	-	1,021	870
Share of turnover of jointly controlled entities	219	245	1,940	1,631	-	-	-	-	-	-	-	-	2,159	1,876
	577	577	2,137	1,767	320	260	144	142	2	-	-	-	3,180	2,746
Segment revenue														
Group turnover	358	332	197	136	320	260	144	142	2	-	-	-	1,021	870
Others	6	7	3	10	-	-	11	10	-	-	-	-	20	27
	364	339	200	146	320	260	155	152	2	-	-	-	1,041	897
Segment result	(57)	(23)	34	27	288	260	65	45	-	(4)	-	-	330	305
Net gain on disposals of interests in an associate, infrastructure project investments and listed securities	-	-	112	-	-	79	-	-	2	-	-	67	114	146
Gain on disposal of a subsidiary	-	-	71	-	-	-	-	-	-	-	-	-	71	-
Change in fair values of investments in securities and derivative financial instruments	-	-	-	-	-	-	-	-	10	-	(139)	(10)	(129)	(10)
Interest income	58	66	-	-	-	-	44	3	-	-	124	175	226	244
Corporate overheads and others	-	-	-	-	-	-	-	-	-	-	(44)	(121)	(44)	(121)
Finance costs	-	-	-	-	-	-	(61)	(16)	-	-	(202)	(261)	(263)	(277)
Share of results of associates and jointly controlled entities	1,265	1,063	390	435	160	95	231	154	24	(2)	-	-	2,070	1,745
Profit/(Loss) before taxation	1,266	1,106	607	462	448	434	279	186	36	(6)	(261)	(150)	2,375	2,032
Taxation	3	-	(37)	-	-	-	(8)	(16)	-	-	-	-	(42)	(16)
Profit/(Loss) for the period	1,269	1,106	570	462	448	434	271	170	36	(6)	(261)	(150)	2,333	2,016
Attributable to:														
Shareholders of the Company	1,269	1,106	566	464	448	434	271	170	36	(6)	(261)	(150)	2,329	2,018
Minority interests	-	-	4	(2)	-	-	-	-	-	-	-	-	4	(2)
	1,269	1,106	570	462	448	434	271	170	36	(6)	(261)	(150)	2,333	2,016

NOTES TO THE INTERIM FINANCIAL STATEMENTS

7. Earnings per Share

The calculation of earnings per share is based on the profit attributable to shareholders of the Company of HK\$2,329 million (2007: HK\$2,018 million) and on 2,254,209,945 shares (2007: 2,254,209,945 shares) in issue during the interim period.

8. Debtors and Prepayments

Included in debtors and prepayments are trade debtors of HK\$288 million (HK\$235 million at 31st December, 2007) and their aging analysis is as follows:

HK\$ million	30/6/2008	31/12/2007
Current	206	144
Less than 1 month past due	36	55
1 to 3 months past due	36	24
More than 3 months but less than 12 months past due	20	24
More than 12 months past due	75	71
Amount past due	167	174
Allowance for doubtful debts	(85)	(83)
Total after allowance	288	235

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS

9. Creditors and Accruals

Included in creditors and accruals are trade creditors of HK\$103 million (HK\$131 million at 31st December, 2007) and their aging analysis is as follows:

HK\$ million	30/6/2008	31/12/2007
Current	62	98
1 month	13	12
2 to 3 months	9	6
Over 3 months	19	15
Total	103	131

10. Share Capital

There were no movements in the share capital of the Company in the six months ended 30th June, 2008 and 2007, respectively.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

11. Reserves and Minority Interests

HK\$ million	Attributable to shareholders of the Company									
	Share Contributed		Property Investment		Exchange		Retained profits	Sub-total	Minority interests	Total
	premium	surplus	revaluation reserve	revaluation reserve	Hedging reserve	translation reserve				
At 1st January, 2008	3,836	6,062	59	144	191	1,596	25,267	37,155	48	37,203
Loss from fair value changes of available-for-sale financial assets	-	-	-	(483)	-	-	-	(483)	-	(483)
Gain from fair value changes of derivatives designated as effective cash flow hedges	-	-	-	-	71	-	-	71	-	71
Actuarial losses of defined benefit retirement schemes	-	-	-	-	-	-	(312)	(312)	-	(312)
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	617	-	617	-	617
Surplus on revaluation of properties upon transfer to investment properties	-	-	9	-	-	-	-	9	-	9
Net gain/(loss) recognised directly in equity	-	-	9	(483)	71	617	(312)	(98)	-	(98)
Reserve released upon disposal of a subsidiary	-	-	-	-	-	(6)	-	(6)	-	(6)
Profit for the period	-	-	-	-	-	-	2,329	2,329	4	2,333
Total recognised income and expense for the period	-	-	9	(483)	71	611	2,017	2,225	4	2,229
Dividend paid	-	-	-	-	-	-	(1,871)	(1,871)	-	(1,871)
At 30th June, 2008	3,836	6,062	68	(339)	262	2,207	25,413	37,509	52	37,561

NOTES TO THE INTERIM FINANCIAL STATEMENTS

11. Reserves and Minority Interests (Cont'd)

HK\$ million	Attributable to shareholders of the Company									
	Share Contributed		Property	Investment	Exchange		Retained	Sub-	Minority	Total
	premium	surplus	revaluation	revaluation	Hedging	translation				
			reserve	reserve	reserve	reserve	profits	total	interests	
At 1st January, 2007	3,836	6,062	56	76	(146)	981	22,705	33,570	41	33,611
Gain from fair value changes of available-for-sale financial assets	-	-	-	187	-	-	-	187	-	187
Loss from fair value changes of derivatives designated as effective cash flow hedges	-	-	-	-	(90)	-	24	(66)	-	(66)
Actuarial gains of defined benefit retirement schemes	-	-	-	-	-	-	69	69	-	69
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	634	-	634	-	634
Net gain/(loss) recognised directly in equity	-	-	-	187	(90)	634	93	824	-	824
Reserves released upon disposals of interests in an associate	-	-	-	-	95	(67)	-	28	-	28
Profit for the period	-	-	-	-	-	-	2,018	2,018	(2)	2,016
Total recognised income and expense for the period	-	-	-	187	5	567	2,111	2,870	(2)	2,868
Dividend paid	-	-	-	-	-	-	(1,690)	(1,690)	-	(1,690)
At 30th June, 2007	3,836	6,062	56	263	(141)	1,548	23,126	34,750	39	34,789

NOTES TO THE INTERIM FINANCIAL STATEMENTS

12. Commitments

The Group's capital commitments outstanding at 30th June, 2008 and not provided for in the financial statements are as follows:

HK\$ million	Contracted but not provided for		Authorised but not contracted for	
	30/6/2008	31/12/2007	30/6/2008	31/12/2007
Investment in an associate and jointly controlled entities	3,188	831	–	–
Plant and machinery	6	12	96	97
Total	3,194	843	96	97

13. Contingent Liabilities

HK\$ million	30/6/2008	31/12/2007
Guarantee in respect of bank loan drawn by an associate	2,467	2,522
Guarantee in respect of performance bonds	54	59
Total	2,521	2,581

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

As at 30th June, 2008, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (the “Model Code”), to be notified to the Company and the Stock Exchange, were as follows:

(1) Long Positions in Shares

Name of Company	Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
			Personal Interests	Family Interests	Corporate Interests	Other Interests		
Company	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	1,912,109,945 (Note 1)	1,912,109,945	84.82%
	Kam Hing Lam	Beneficial owner	100,000	-	-	-	100,000	0.004%
Hutchison Whampoa Limited	Li Tzar Kuoi, Victor	Interest of controlled corporations & beneficiary of trusts	-	-	1,086,770 (Note 3)	2,141,698,773 (Note 2)	2,142,785,543	50.26%
	Kam Hing Lam	Beneficial owner	60,000	-	-	-	60,000	0.001%
	Fok Kin Ning, Canning	Interest of controlled corporation	-	-	4,310,875 (Note 5)	-	4,310,875	0.10%
	Chow Woo Mo Fong, Susan	Beneficial owner	150,000	-	-	-	150,000	0.003%
	Frank John Sixt	Beneficial owner	50,000	-	-	-	50,000	0.001%
	Lan Hong Tsung, David	Beneficial owner	20,000	-	-	-	20,000	0.0004%

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

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

Name of Company	Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
			Personal Interests	Family Interests	Corporate Interests	Other Interests		
	Lee Pui Ling, Angelina	Beneficial owner	38,500	–	–	–	38,500	0.0009%
	George Colin Magnus	Beneficial owner, interest of child or spouse & founder & beneficiary of a discretionary trust	40,000	9,900	–	950,100 (Note 6)	1,000,000	0.02%
	Man Ka Keung, Simon	Beneficial owner & interest of child or spouse	2,770 (Note 7)	2,770 (Note 7)	–	–	2,770	0.00006%
Hongkong Electric 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%
	Lee Pui Ling, Angelina	Beneficial owner	8,800	–	–	–	8,800	0.0004%
Hutchison Harbour Ring Limited	Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	6,399,728,952 (Note 8)	6,399,728,952	71.51%
	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	0.68%
	Frank John Sixt	Beneficial owner	1,000,000	–	–	–	1,000,000	0.13%

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

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

Name of Company	Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
			Personal Interests	Family Interests	Corporate Interests	Other Interests		
Hutchison Telecommunications International Limited	Li Tzar Kuoi, Victor	Interest of controlled corporations & beneficiary of trusts	-	-	2,519,250 (Note 3)	2,889,651,625 (Note 9)	2,892,170,875	60.42%
	Fok Kin Ning, Canning	Interest of controlled corporation	-	-	1,202,380 (Note 5)	-	1,202,380	0.025%
	Chow Woo Mo Fong, Susan	Beneficial owner	250,000	-	-	-	250,000	0.005%
	George Colin Magnus	Beneficial owner & interest of child or spouse	13,201	132	-	-	13,333	0.0003%

(2) Long Positions in Underlying Shares

Name of Company	Name of Director	Capacity	Number of Underlying Shares				Total
			Personal Interests	Family Interests	Corporate Interests	Other Interests	
Company	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	2 (Note 10)	2
Hutchison Telecommunications International Limited	Frank John Sixt	Beneficial owner	255,000 (Note 11)	-	-	-	255,000
Partner Communications Company Ltd.	Fok Kin Ning, Canning	Interest of controlled corporation	-	-	225,000 (Note 12)	-	225,000
	George Colin Magnus	Beneficial owner	25,000 (Note 13)	-	-	-	25,000

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

(3) Long Positions in Debentures

Name of Company	Name of Director	Capacity	Amount of Debentures				Total
			Personal Interests	Family Interests	Corporate Interests	Other Interests	
Hutchison Whampoa International (01/11) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	–	–	US\$12,000,000 7% Notes due 2011 (Note 3)	–	US\$12,000,000 7% Notes due 2011
Hutchison Whampoa International (03/13) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	–	–	US\$21,000,000 6.5% Notes due 2013 (Note 3)	–	US\$21,000,000 6.5% Notes due 2013
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	US\$2,500,000 6.5% Notes due 2013 (Note 5)	–	US\$2,500,000 6.5% Notes due 2013
	Man Ka Keung, Simon	Beneficial owner & interest of child or spouse	US\$100,000 6.5% Notes due 2013 (Note 7)	US\$100,000 6.5% Notes due 2013 (Note 7)	–	–	US\$100,000 6.5% Notes due 2013
Hutchison Whampoa International (03/33) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	–	–	US\$8,000,000 6.25% Notes due 2014 (Note 3)	–	US\$8,000,000 6.25% Notes due 2014
		Interest of controlled corporation	–	–	US\$15,000,000 7.45% Notes due 2033 (Note 3)	–	US\$15,000,000 7.45% Notes due 2033

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

(3) Long Positions in Debentures (Cont'd)

Name of Company	Name of Director	Capacity	Amount of Debentures				Total
			Personal Interests	Family Interests	Corporate Interests	Other Interests	
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	US\$2,500,000 5.45% Notes due 2010 (Note 5)	–	US\$2,500,000 5.45% Notes due 2010
		Interest of controlled corporation	–	–	US\$2,500,000 6.25% Notes due 2014 (Note 5)	–	US\$2,500,000 6.25% Notes due 2014
		Interest of controlled corporation	–	–	US\$2,000,000 7.45% Notes due 2033 (Note 5)	–	US\$2,000,000 7.45% Notes due 2033
	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

Notes:

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

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

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

Notes (Cont'd):

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

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

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.

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

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

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

3. Such interests are held by certain companies of which Mr. Li Tzar Kuoi, Victor is interested in the entire issued share capital.
4. By virtue of being a Director of the Company and his deemed interest in those shares of the Company as described in Note 1 above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to those shares of Hongkong Electric Holdings Limited held through the Company under the SFO.
5. These interests are held by a company which is equally owned by Mr. Fok Kin Ning, Canning and his wife.
6. Such interests are indirectly held by a trust of which Mr. George Colin Magnus is the settlor and a discretionary beneficiary.
7. Such interests are jointly held by Mr. Man Ka Keung, Simon and his wife.

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

Notes (Cont'd):

8. Such shares of Hutchison Harbour Ring Limited ("HHR") are held by certain wholly-owned subsidiaries of HWL.

By virtue of the interests in the shares of HWL in relation to which Mr. Li Tzar Kuoi, Victor has a duty of disclosure under the SFO in the issued share capital of HWL as described in Note 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 HHR under the SFO.

9. Such shares of Hutchison Telecommunications International Limited ("HTIL") comprise:

- (a) 2,889,498,345 ordinary shares of which 52,092,587 ordinary shares and 2,837,405,758 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 HTIL 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 HTIL under the SFO.

10. Such underlying shares of the Company are held by an indirect wholly-owned subsidiary of CKH by virtue of the HK\$300,000,000 capital guaranteed notes due 2009.

By virtue of the interests in the shares of CKH taken to have by Mr. Li Tzar Kuoi, Victor under the SFO 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 interest in the underlying shares of the Company under the SFO.

11. Such underlying shares are derived from the 17,000 American Depositary Shares (each representing 15 ordinary shares) in HTIL beneficially owned by Mr. Frank John Sixt.

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

Notes (Cont'd):

12. Such underlying shares are derived from the 225,000 American Depositary Shares (each representing one ordinary share) in Partner Communications Company Ltd. ("Partner Communications") held by a company which is equally owned by Mr. Fok Kin Ning, Canning and his wife.
13. Such underlying shares are derived from the 25,000 American Depositary Shares (each representing one ordinary share) in Partner Communications beneficially owned by Mr. George Colin Magnus.

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

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 30th June, 2008, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at 30th June, 2008, shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Positions of Substantial Shareholders in the Shares and Underlying Shares of the Company

Name	Capacity	Number of Ordinary Shares	Number of Underlying Shares	Total	Approximate % of Shareholding
Hutchison Infrastructure Holdings Limited	Beneficial owner	1,906,681,945 (Note i)	–	1,906,681,945	84.58%
Hutchison International Limited	Interest of controlled corporation	1,906,681,945 (Note ii)	–	1,906,681,945	84.58%
Hutchison Whampoa Limited	Interest of controlled corporations	1,906,681,945 (Note ii)	–	1,906,681,945	84.58%
Cheung Kong (Holdings) Limited	Interest of controlled corporations	1,906,681,945 (Note iii)	2 (Note vi)	1,906,681,947	84.58%
Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust	Trustee	1,912,109,945 (Note iv)	2 (Note vi)	1,912,109,947	84.82%
Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust	Trustee & beneficiary of a trust	1,912,109,945 (Note v)	2 (Note vi)	1,912,109,947	84.82%
Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust	Trustee & beneficiary of a trust	1,912,109,945 (Note v)	2 (Note vi)	1,912,109,947	84.82%
Li Ka-shing	Founder of discretionary trusts	1,912,109,945 (Note v)	2 (Note vi)	1,912,109,947	84.82%

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

Notes:

- i. 1,906,681,945 shares of the Company are held by Hutchison Infrastructure Holdings Limited, a subsidiary of HWL. Its interests are duplicated in the interests of HWL in the Company described in Note ii below.
- ii. HWL is deemed to be interested in the 1,906,681,945 shares of the Company referred to in Note i above as it holds more than one-third of the issued share capital of Hutchison International Limited, which holds more than one-third of the issued share capital of Hutchison Infrastructure Holdings Limited.
- iii. CKH is deemed to be interested in the 1,906,681,945 shares of the Company referred to in Note ii above as certain subsidiaries of CKH hold more than one-third of the issued share capital of HWL.
- iv. TUT1 as trustee of UT1 is deemed to be interested in those shares of the Company described in Note iii above as TUT1 as trustee of UT1 and TUT1 related companies hold more than one-third of the issued share capital of CKH and TUT1 as trustee of UT1 holds 5,428,000 shares of the Company.
- v. By virtue of the SFO, each of Mr. Li Ka-shing, being the settlor and may being regarded as a founder of each DT1 and DT2 for the purpose of the SFO, TDT1 as trustee of DT1 and TDT2 as trustee of DT2 is deemed to be interested in the same block of shares TUT1 as trustee of UT1 is deemed to be interested in as referred to in Note iv above as all issued and outstanding units in UT1 are held by TDT1 as trustee of DT1 and by TDT2 as trustee of DT2. More than one-third of the issued share capital of TUT1 and of the trustees of the said discretionary trusts are owned by Unity Holdco. Mr. Li Ka-shing owns one-third of the issued share capital of Unity Holdco.
- vi. Such underlying shares of the Company are held by an indirect wholly-owned subsidiary of CKH by virtue of the HK\$300,000,000 capital guaranteed notes due 2009.

By virtue of the SFO, each of Mr. Li Ka-shing, TDT1, TDT2 and TUT1 is deemed to be interested in the same block of interest in the said underlying shares of the Company held by CKH as described in Note v above.

Save as disclosed above, as at 30th June, 2008, the Company has not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CORPORATE GOVERNANCE

The Board of Directors of the Company (“Board”) and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Company emphasise a quality Board, sound internal controls, and transparency and accountability to all shareholders. The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Code on Corporate Governance Practices (“Code on CG Practices”) as set out in Appendix 14 of the Listing Rules throughout the six months ended 30th June, 2008.

(1) Board Composition and Board Practices

The Board is collectively responsible for the oversight of the management of the business and affairs of the Group with the objective of enhancing shareholders value. The Board consists of a total of sixteen Directors, comprising eight Executive Directors, three Non-executive Directors and five Independent Non-executive Directors. One of the Executive Directors also acts as Alternate Director to two Executive Directors. Two Alternate Directors were appointed with effective from 11th February, 2008. More than one Independent Non-executive Directors have appropriate professional qualifications, or accounting or related financial management expertise as required by the Listing Rules. All Directors (including Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company’s Bye-laws and the Code on CG Practices.

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

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

CORPORATE GOVERNANCE

(1) Board Composition and Board Practices (Cont'd)

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

(2) Model Code for Securities Transactions by Directors

The Company has adopted the model code for securities transactions by directors of listed issuers set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions effective 31st March, 2004. Confirmation has been received from all Directors that they have complied with the required standards set out in the Model Code during the six months ended 30th June, 2008.

(3) Internal Controls

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

The Board, through the Audit Committee, has conducted a review of the effectiveness of internal control system of the Group for the six months ended 30th June, 2008.

CORPORATE GOVERNANCE

(4) Audit Committee

The Company established the Audit Committee in December 1998 and has formulated its written terms of reference in accordance with the provisions set out in the Code on CG Practices. The Audit Committee comprises five Independent Non-executive Directors, namely, Mr. Colin Stevens Russel (Chairman of the Audit Committee), Mr. Cheong Ying Chew, Henry, Mrs. Kwok Eva Lee, Mrs. Sng Sow-mei alias Poon Sow Mei and Mr. Lan Hong Tsung, David. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's financial information and review of the relationship with the external auditors of the Company.

The Group's interim report for the six months ended 30th June, 2008 has been reviewed by the Audit Committee.

(5) Remuneration Committee

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

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

CORPORATE GOVERNANCE

(6) Investor Relations and Communication with Shareholders

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

OTHER INFORMATION

Purchase, Sale or Redemption of Shares

The Company has not redeemed any of its shares during the six months ended 30th June, 2008. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during this period.

Disclosure under Chapter 13 of the Listing Rules

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

- (1) A sponsors/shareholders' undertaking referred to under the section headed "Continuing Connected Transactions" in the Company's 2007 Annual Report has been provided by HWL, the Zhuhai Foreign Party and the other parties in relation to two loan facilities of US\$125.5 million and US\$670 million granted to the PRC project company undertaking the Zhuhai Power Plant. The two loans with the outstanding amounts of US\$4.7 million and US\$248.6 million as at 30th June, 2008, are repayable by installments with the final repayment due in 2008 and 2012 respectively. It is an event of default for both facilities if CKH and HWL collectively own directly or indirectly less than 51 per cent of the shareholding in the Zhuhai Foreign Party. The obligation has been complied with.
- (2) The Group has entered into a long term syndicated facility agreement of A\$400 million with the loan balance of A\$209.9 million remained outstanding as at 30th June, 2008. The facility will mature in December 2008. Under the provision of the loan agreement, it is an event of default if HWL ceases to own (directly or indirectly) at least 30 per cent of the issued share capital of the Company. The obligation has been complied with.
- (3) The Group has entered into a long term syndicated facility agreement of A\$300 million, of which the whole amount was drawn as at 30th June, 2008. The facility will mature in 2009. Under the provision of the loan agreement, it is an event of default if HWL ceases to own (directly or indirectly) at least 30 per cent of the issued share capital of the Company. The obligation has been complied with.

OTHER INFORMATION

Disclosure under Chapter 13 of the Listing Rules (Cont'd)

- (4) As at 30th June, 2008, the Group's financial assistance to certain affiliated companies and its guarantee given for a facility granted to an affiliated company together in aggregate exceeded the assets ratio of 8 per cent. A combined balance sheet of the affiliated companies as at 30th June, 2008 is set out below:

HK\$ million	
Non-current assets	79,688
Current assets	4,064
Current liabilities	(4,992)
Non-current liabilities	(72,986)
Net assets	5,774
Share capital	712
Reserves	5,062
Capital and reserves	5,774

As at 30th June, 2008, the consolidated attributable interest of the Group in these affiliated companies amounted to HK\$7,876 million.

NOTICE OF PAYMENT OF INTERIM DIVIDEND, 2008

The Board of Directors of Cheung Kong Infrastructure Holdings Limited announces that the Group's unaudited profit attributable to shareholders for the six months ended 30th June, 2008 amounted to HK\$2,329 million which represents earnings of HK\$1.03 per share. The Directors have resolved to pay an interim dividend for 2008 of HK\$0.297 per share to shareholders whose names appear on the Register of Members of the Company on Thursday, 25th September, 2008. The dividend will be paid on Friday, 26th September, 2008.

The Register of Members of the Company will be closed from Thursday, 18th September, 2008 to Thursday, 25th September, 2008, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all share certificates with completed transfer forms, either overleaf or separately, must be lodged with the Company's Branch Share Registrars, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 17th September, 2008.

By Order of the Board
CHEUNG KONG INFRASTRUCTURE HOLDINGS LIMITED
Eirene Yeung
Company Secretary

Hong Kong, 14th August, 2008

CORPORATE INFORMATION AND KEY DATES

DIRECTORS

Executive Directors

LI Tzar Kuoi, Victor (Chairman)

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

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

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

Independent Non-executive Directors

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

Alternate Directors

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

Non-executive Directors

LEE Pui Ling, Angelina
Barrie COOK
George Colin MAGNUS

AUDIT COMMITTEE

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

AUDITORS

Deloitte Touche Tohmatsu

LEGAL ADVISERS

Woo, Kwan, Lee & Lo

REMUNERATION COMMITTEE

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

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

COMPANY SECRETARY

Eirene YEUNG

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Butterfield Fund Services (Bermuda) Limited,
Rosebank Centre,
11 Bermudiana Road,
Pembroke HM08,
Bermuda

QUALIFIED ACCOUNTANT

CHAN Loi Shun, Dominic

AUTHORISED REPRESENTATIVES

IP Tak Chuen, Edmond
Eirene YEUNG

BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited,
Rooms 1712-1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Hong Kong

PRINCIPAL BANKERS

Australia and New Zealand
Banking Group Limited
Bank of Nova Scotia
Barclays Bank PLC
Bayerische Landesbank
BNP Paribas
Commonwealth Bank of Australia
Deutsche Bank AG
The Hongkong and Shanghai
Banking Corporation Limited
The Royal Bank of Scotland plc

STOCK CODES

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

WEBSITE

www.cki.com.hk

CORPORATE INFORMATION AND KEY DATES

INVESTOR RELATIONS

For further information about Cheung Kong Infrastructure Holdings Limited, please contact:

Ivan CHAN

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

Telephone: (852) 2122 3986

Facsimile: (852) 2501 4550

Email: contact@cki.com.hk

KEY DATES

Interim Results Announcement	14th August, 2008
Closure of Register of Members	18th to 25th September, 2008 (both days inclusive)
Record Date for Interim Dividend	25th September, 2008
Payment of Interim Dividend	26th September, 2008

This interim report 2008 (in both English and Chinese versions) ("Interim Report 2008") has been posted on the Company's website at www.cki.com.hk.

Shareholders may at any time choose to change your choice of the language of the Company's corporate communications (including but not limited to annual reports, interim reports, notices of meetings, circulars and proxy forms) by notice in writing to the Company's Branch Share Registrars, Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

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 this Interim Report 2008 since both languages are bound together into one booklet.