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## Highlights of the Unaudited Results for the six months ended 30 June 2015

### CKHH six months statutory results <sup>(1)</sup>

	<b>For the six months ended 30 June 2015 HK\$ millions</b>
Total Revenue	<b>117,250</b>
Profit attributable to ordinary shareholders from continuing business	<b>21,477</b>
Profit attributable to ordinary shareholders from discontinued business	<b>80,381</b>
Profit attributable to ordinary shareholders	<b>101,858</b>
Earnings per share – statutory <sup>(2)</sup>	<b>HK\$39.87</b>

### CKHH six months management pro forma results <sup>(3)</sup> (compared to HWL results for businesses continued by CKHH)

	<b>CKHH Results for the six months ended 30 June 2015 HK\$ millions</b>	<b>HWL Results for the six months ended 30 June 2014 HK\$ millions</b>	<b>Change</b>
Total Revenue <sup>(4)</sup>	<b>197,019</b>	196,671	-
Total EBITDA <sup>(4)</sup>	<b>46,165</b>	42,587	+8%
Total EBIT <sup>(4)</sup>	<b>30,677</b>	26,815	+14%
Profit attributable to ordinary shareholders before profits on disposal of investments & others <sup>(5)</sup>	<b>14,938</b>	10,220	+46%
Profits on disposal of investments & others	<b>(482)</b>	14,921	-103%
Total profit attributable to ordinary shareholders <sup>(6)</sup>	<b>14,456</b>	25,141	-43%
Recurring earnings per share – pro forma <sup>(7)</sup>	<b>HK\$3.87</b>		

	<b>For the six months ended 30 June 2015</b>
Interim dividend per share	<b>HK\$0.70</b>

## Note

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- (1) Statutory results of CK Hutchison Holdings Limited (“CKHH” or the “Group”) for the six months ended 30 June 2015 include the one-time effects of the Reorganisation that occurred on 3 June 2015. Total revenue and results include share of associated companies and joint ventures’ respective items. See page 26 for details of the unaudited statutory interim financial statements for the six months ended 30 June 2015 with comparative information and notes 9 and 11 for details of the discontinued operations.
- (2) Earnings per share for the statutory results is calculated based on the profit attributable to ordinary shareholders of HK\$101,858 million and on the CKHH weighted average number of shares outstanding during the six months ended 30 June 2015 of 2,554,940,009.
- (3) CKHH management pro forma results for the six months ended 30 June 2015 presented assume that the Reorganisation was effective as at 1 January 2015. This presentation is consistent with the way the Group manages its businesses and enables the Group’s underlying performance to be evaluated on a comparable basis, and has been prepared in accordance with the accounting policies of the Group as set out in note 3 of the statutory interim financial statements. See Reconciliation from CKHH Statutory Results to CKHH Management Pro forma Results for the six months ended 30 June 2015 for details. 2014 comparatives represent Hutchison Whampoa Limited (“HWL”) results for the six months ended 30 June 2014 as reported in the Financial Performance Summary presented in HWL’s 2014 Interim Report, excluding discontinued property and hotels businesses.
- (4) Total revenue, earnings before interest expenses and other finance costs, tax, depreciation and amortisation (“EBITDA”) and earnings before interest expenses and other finance costs and tax (“EBIT”) include the Group’s proportionate share of associated companies and joint ventures’ respective items.
- (5) Contribution in first half 2014 from property and hotels businesses carried on by HWL and that have been discontinued following the Reorganisation was HK\$3,302 million. Contribution in first half 2015 from new or additional interests in businesses acquired as a result of the Reorganisation was HK\$1,378 million.
- (6) Total profit attributable to ordinary shareholders for the six months ended 30 June 2014 reconciles to HWL’s 2014 Interim Report as follows:
- |   | HK\$ millions |
|---|---------------|
| – businesses continued by CKHH                | 25,141        |
| – discontinued property and hotels businesses | 3,302         |
| – as reported in HWL 2014 Interim Report      | <u>28,443</u> |
- (7) On a six months pro forma basis, recurring earnings per share is calculated based on profit attributable to ordinary shareholders before exceptional items, excluding discontinued property and hotels businesses and on CKHH’s issued shares outstanding as at 30 June 2015 of 3,859,678,500.

## Chairman's Statement

### Summary of CK Hutchison Holdings Limited ("CKHH" or the "Group") statutory results<sup>1</sup>

- The statutory results reported for the six months ended 30 June 2015 cannot be compared to any prior period as they reflect the one-time accounting effects of the several transactions that implemented the reorganisation of Cheung Kong (Holdings) Limited and Hutchison Whampoa Limited ("HWL") that merged their assets and businesses into CKHH and simultaneously reallocated them between the Group and Cheung Kong Property Holdings Limited on 3 June 2015 (the "Reorganisation").
- Profit attributable to ordinary shareholders from continuing businesses of HK\$21,477 million under statutory basis represents the following:
  - Full six months' contribution from the Group's continuing businesses, including results of the six co-owned infrastructure businesses based on the shareholding interest prior to the Reorganisation, aircraft leasing business and the Group's other non-property assets and liabilities;
  - 49.97% share of consolidated results of HWL's businesses continued by the Group for the five months prior to the Reorganisation and one month of full consolidated results of HWL's businesses continued by the Group; and
  - Net re-measurement gain of HK\$14,260 million from re-measuring the Group's previously held equity interests in HWL and certain interests in co-owned assets which continue to be retained within the Group.
- Profit attributable to ordinary shareholders from discontinued businesses of HK\$80,381 million under statutory basis represents the following:
  - Five months results of the Group's discontinued property and hotels businesses conducted prior to the Reorganisation;
  - 49.97% share of HWL's discontinued property and hotels businesses results for the five months prior to the Reorganisation; and
  - Profits on disposal of investments and others totalling HK\$72,859 million which comprises the gain on distribution in specie arising from the spin-off of Cheung Kong Property Holdings Limited and the net gain arising from re-measurement of the Group's previously held interest in property joint ventures with HWL upon Reorganisation.

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<sup>1</sup> Statutory results for the six months ended 30 June 2015 include the one-time effects of the Reorganisation that occurred on 3 June 2015. Total revenue and results include share of associated companies and joint ventures' respective items. See page 26 for details of the unaudited statutory interim financial statements for the six months ended 30 June 2015 with comparative information and notes 9 and 11 for details of the discontinued operations.

## Summary of CKHH six months management pro forma results

- In order to allow a comparison of the operating performance of the Group for the six months ended 30 June 2015, management pro forma financial results have been prepared as if the Reorganisation was effective on 1 January 2015 (the “Pro Forma Results”).
- The Pro Forma Results for the half include contributions from comparable interests in businesses carried on by HWL in 2014 (“Comparable Contributions”) and contributions from additional interests in such businesses and interests in new businesses acquired as a result of the Reorganisation (“Additional Contributions”).
- Comparable Contributions for the period ended 30 June 2014 are as reported in the Financial Performance Summary presented in HWL’s 2014 Interim Report.

- The Pro Forma Results are analysed as follows:

	<u>Six months ended 30 June 2015 HK\$ millions</u>	<u>Six months ended 30 June 2014 HK\$ millions</u>	<u>Change</u>
Total Revenue			
Comparable revenue	186,754	196,671	-5%
Additional Contributions	10,265	-	NA
	<u>197,019</u>	<u>196,671</u>	<u>-</u>
EBITDA			
Comparable EBITDA	41,124	42,587	-3%
Additional Contributions	5,041	-	NA
	<u>46,165</u>	<u>42,587</u>	<u>+8%</u>
EBIT			
Comparable EBIT	27,577	26,815	+3%
Additional Contributions	3,100	-	NA
	<u>30,677</u>	<u>26,815</u>	<u>+14%</u>
Profit attributable to ordinary shareholders before profits on disposal of investments & others			
Comparable profits	13,560	10,220	+33%
Additional Contributions	1,378	-	NA
	<u>14,938</u>	<u>10,220</u>	<u>+46%</u>

- Declines in Comparable Contributions mainly reflect the reduced contribution of Husky Energy and adverse foreign currency translation effects, mainly European currencies, and have been more than offset by the Additional Contributions, lower depreciation and amortisation and lower effective interest rates.
- Pro forma recurring earnings per share was HK\$3.87.

## **CKHH Six Months Management Pro Forma Results**

As a result of the Reorganisation, the Group now holds assets under five core businesses: Ports, Retail, Infrastructure, Energy and Telecommunications in over 50 countries.

Recurring profit attributable to ordinary shareholders for the first half 2015 excluding property and hotels businesses carried on by HWL in the first half of 2014 and, before profits on disposal of investments and others, was HK\$14,938 million, a 46% increase compared to HK\$10,220 million for the first half 2014 results of the HWL's businesses. This increase is comprised of a 33% increase in Comparable Contributions from HK\$10,220 million in 2014 to HK\$13,560 in 2015 plus Additional Contributions of HK\$1,378 million in 2015. It also reflects lower depreciation and amortisation as a result of a lower telecommunication asset base and also lower effective interest rates. Except for Husky Energy, which has been adversely affected by weak oil prices since the last quarter in 2014, performances of all core businesses remain robust and delivered solid underlying earnings growth in local currencies. However, due to the depreciation of several major currencies against Hong Kong dollars, the Group's reported results in Hong Kong dollars were also adversely impacted by currency translation.

Pro forma recurring earnings per share was HK\$3.87 in the first half of 2015.

Profits on disposal of investments and others, after tax in the first half of 2015 was a charge of HK\$482 million representing the Group's Hutchison Telecommunications (Australia) ("HTAL")'s 50% share of Vodafone Hutchison Australia ("VHA")'s operating losses. This is compared to the HK\$14,921 million reported by HWL in the first half of 2014, which comprised of HWL's share of the gain arising from separate listing of the Hong Kong electricity business of HK\$16,066 million, partly offset by HTAL's losses for the first half of 2014 of HK\$493 million and certain provisions made for other businesses.

The reduction in total profit attributable to ordinary shareholders for the first half 2015 to HK\$14,456 million from HK\$25,141 million for the first half 2014 is principally due to the gain realised by HWL in 2014 on the separate listing of the Hong Kong electricity business.

### **Interim Dividend**

The Board declares the payment of an interim dividend of HK\$0.70 per share, payable on 6 October 2015 to those persons registered as shareholders of the Company on 23 September 2015, being the record date for determining shareholders' entitlement to the interim dividend.

## Ports and Related Services

The ports and related services division's throughput grew 5% to 41.5 million twenty-foot equivalent units ("TEU") in the first six months of 2015. Total revenue, before Additional Contributions, of HK\$17,190 million was marginally lower than the HK\$17,270 million reported for the same period last year principally due to the adverse foreign currency translation to Hong Kong dollars offsetting the throughput-driven growth in all segments. Revenue growth in local currencies was a 7% increase compared to same period last year. EBITDA and EBIT increased 8% and 16% to HK\$6,048 million and HK\$4,081 million respectively, reflecting better throughput mix with higher margin and lower power and fuel costs in the period, as well as the continued focus on better cost control through improvements in productivity and efficiency.

The division had 282 operating berths as at 30 June 2015. With global trade conditions remaining uncertain, this division will continue to focus on cost efficiency and margin growth and is expected to maintain a steady performance in the second half of the year.

### *Additional Contributions*

Post-Reorganisation, the Group's interest in HPH Trust as compared to HWL's interest increased slightly from 27.62% to 30.07%, resulting in Additional Contributions increasing total revenue to HK\$17,308 million, in line with total revenue reported by HWL in the first half of 2014, EBITDA to HK\$6,104 million and EBIT to HK\$4,111 million, respectively 9% and 16% higher than HWL's reported first half 2014 results.

## Retail

The retail division's organic growth continued unabated in the first half of 2015, with 345 net additional stores being added to the portfolio. Total store numbers across 24 markets were 11,780 stores as at 30 June 2015. Sales and profitability in local currencies remained strong, although first half 2015 results were adversely affected by foreign currency translation to Hong Kong dollars. Total reported revenue of HK\$74,926 million was 3% lower than the first half of 2014. In local currencies, revenue increased by 6%, driven by 3.2% comparable store sales growth and a 9% increase in store numbers compared to the same period last year. EBITDA of HK\$6,683 million and EBIT of HK\$5,453 million, were 1% and 2% higher than the first half of 2014 respectively in reported currency and 11% and 12% higher in local currencies respectively, reflecting continued growth momentum and improving margins in the health and beauty segment.

Health and beauty operations in Europe overall delivered strong earnings, with EBITDA and EBIT growth of 16% and 19% respectively in local currencies, reflecting a 6% increase in the portfolio of stores compared to 30 June 2014, comparable store sales growth of 4.5%, and generally improving margins.

In Asia, EBITDA and EBIT in reported currency for the health and beauty operations grew 15% and 16% respectively. The region reported 1.2% comparable store sales growth in the period. Watsons China continues to be the primary growth contributor, with total revenue in reported currency growing by 13%, reflecting a 24% increase stores numbers compared to 30 June 2014. EBITDA and EBIT growth for Watsons China both remained robust at 21% in the first half of 2015 as the business continued to focus on extending its geographical penetration across the country and promoting higher margin products.

Overall the retail division expects to continue to grow organically through net opening of over 550 stores in the second half of 2015, with key markets in the Mainland and certain Asian and Eastern European countries continuing to lead the expansion.

## **Infrastructure**

The Infrastructure division comprises a 75.67%<sup>2</sup> interest in Cheung Kong Infrastructure Holdings Limited (“CKI”), a company listed on the Stock Exchange of Hong Kong (“SEHK”). Additional interests in six co-owned infrastructure investments as well as the new aircraft leasing business are also reported under this division.

### *CKI*

CKI announced profit attributable to shareholders of HK\$5,253 million for first half of the year compared to the HK\$24,119 million for the comparable period in 2014. The first half 2015 results include a HK\$297 million loss on disposal by CKI and Power Assets of a combined 19.9% interest in HK Electric Investments and HK Electric Investments Limited to a strategic investor in June 2015, while the first half of 2014 included CKI’s share of gain arising from the spin-off of the Hong Kong electricity business by Power Assets in January 2014 amounting to HK\$19,557 million. Excluding these one-off items, CKI’s profit attributable to shareholders increased by 22% due to the overall growth of the underlying operations as well as the accretive contributions from Park’N Fly, Australian Gas Networks and UK Rails, the co-owned infrastructure assets with the Group that were acquired in the second half of 2014 and the first half of this year. The improved results were partly offset by the weakness of the British Pound and Australian dollar that resulted in lower reported results on translation to Hong Kong dollars.

In April 2015, UK Rails, a 50/50 joint venture between the Group and CKI, acquired the entire share capital of Eversholt Rail Group, a major rolling stock operating company in the UK. The enterprise value of the transaction was approximately £2,500 million (approximately HK\$29,300 million).

### *Additional Contributions*

On a six months pro forma basis, the additional interests in the six co-owned infrastructure assets with CKI contributed additional revenue, EBITDA and EBIT of HK\$4,856 million, HK\$3,131 million and HK\$2,224 million respectively to the infrastructure division in the first half of 2015.

The Group’s new aircraft leasing business contributed additional revenue, EBITDA and EBIT of HK\$602 million, HK\$548 million and HK\$293 million respectively. At the end of 30 June 2015, the aircraft leasing business, including its 50% joint venture, has a total fleet of 54 aircraft which were fully leased, and generated steady earnings and cashflow for the Group. In June 2015, the Group has entered into new agreements, through its 50% joint venture, to purchase and lease out an additional six aircraft, resulting in a total portfolio of 64 aircraft expected at the end of 2015.

Including the Additional Contributions, total revenue of this division was HK\$27,690 million, 24% higher than the first half of 2014 reported by HWL, and EBITDA of HK\$16,045 million and EBIT of HK\$11,987 million were 36% and 34% higher than HWL’s first half 2014 results for the division respectively. With its expanded infrastructure asset base post-Reorganisation, this division is expected to contribute steady recurring earnings to the Group for the remainder of the year.

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<sup>2</sup> In January 2015, CKI completed a share placement and share subscription transaction, which resulted in the Group’s interest in CKI reducing from 78.16% to 75.67%.

## Husky Energy

Husky Energy, our associated company listed in Canada, announced profit attributable to shareholders of C\$311 million for the first six months of the year, a 76% decline when compared to the same period last year due to sustained lower crude oil prices. Average production in the first six months of 2015 was 346,400 barrels of oil equivalent per day (“BOEs per day”), a 5% increase from 329,800 BOEs per day in the first six months of 2014, mainly due to increased volumes from the Liwan Gas Project of which the Liwan 3-1 and Liuhua 34-2 gas fields commenced production in March 2014 and December 2014 respectively.

At the Liwan Gas Project, the combined gross production and sales from the Liwan 3-1 and Liuhua 34-2 gas fields continued to increase during the first half of 2015. Phase 1A of the Sunrise Energy oil sands development (“Sunrise project”) in Western Canada achieved first oil in March 2015. Production from the Sunrise project is expected to ramp up to 60,000 barrels per day (30,000 barrels per day net to Husky Energy’s 50% working interest) around the end of 2016. Phase 1B of the Sunrise project expected to commence production in the second half of this year.

### *Additional Contributions*

Post-Reorganisation, the Group’s interest in Husky Energy as compared to HWL’s interest has increased from 33.96% to 40.19%. Including the Additional Contributions, the Group’s share of revenue, EBITDA and EBIT amounted to HK\$21,101 million, HK\$5,496 million and HK\$1,024 million respectively, a 26%, 33% and 76% decrease respectively from the first half 2014 results as reported by HWL.

Given the sustained low oil price environment, Husky Energy will remain committed to prudent capital, cost and balance sheet management.

## 3 Group Europe

The Group’s registered 3G customer base in Europe totalled over 30.1 million customers as at 30 June 2015, of which approximately 25.5 million were active, a 2% increase during the period. 3 Group Europe continues to grow with revenue and EBITDA respectively increased by 16% and 40% in local currencies. Overall, 3 Group Europe operations reported improved underlying EBITDA performances, particularly in 3 Ireland from the accretive earnings contribution after the acquisition of O<sub>2</sub> Ireland in July 2014 and in 3 UK from the continued improvements in net customer service margin. On a six months pro forma basis, EBIT in local currencies improved 153% reflecting both strong EBITDA growth and lower depreciation and amortisation resulting from the rebasing of telecommunication assets under the Reorganisation. The weakness of the European currencies have led to a 2% lower revenue in reported currency over the same period last year to HK\$30,573 million, while EBITDA and EBIT in reported currency grew by 20% and 116% to HK\$7,778 million and HK\$4,924 million respectively.

In March 2015, HWL entered into an agreement with Telefónica SA to acquire O<sub>2</sub> UK for £9.25 billion cash and deferred upside interest sharing payments of up to £1 billion upon achievement by the combined business of 3 UK and O<sub>2</sub> UK of agreed financial targets. The completion of this transaction is subject to regulatory approval. Upon completion of the acquisition, 3 UK will become the largest mobile operator in the UK. In May 2015, HWL announced that it has entered into agreements with five institutional investors who will acquire approximately 32.98% interest in the combined business of 3 UK and O<sub>2</sub> UK for a total of £3.1 billion. These investments are conditional on and will occur concurrently with completion of the acquisition of O<sub>2</sub> UK.



On 6 August 2015, the Group announced agreement with VimpelCom Ltd to form an equal joint venture merging 3 Italy and VimpelCom's subsidiary Wind Telecomunicazioni S.p.A. ("Wind") in Italy. Completion of the transaction is subject to regulatory approval. On a combined basis, 3 Italy and Wind will become the largest mobile operator in Italy.

## **Hutchison Telecommunications Hong Kong**

Hutchison Telecommunications Hong Kong Holdings ("HTHKH"), our Hong Kong listed telecommunications subsidiary operating in Hong Kong and Macau, announced profit attributable to shareholders of HK\$508 million and earnings per share of 10.54 HK cents, an increase of 57% compared to same period last year, reflecting improvements in the mobile operations. As of 30 June 2015, HTHKH had approximately 2.9 million active mobile customers in Hong Kong and Macau.

### *Additional Contributions*

Post-Reorganisation, the Group's interest in HTHKH as compared to HWL's interest increased slightly from 65.01% to 66.09%.

## **Hutchison Asia Telecommunications**

As of 30 June 2015, Hutchison Asia Telecommunications ("HAT") had an active customer base of approximately 62.6 million, a 15% increase from end of 2014. Despite an increase in customer base, total revenue decreased 9% to HK\$3,179 million and EBITDA decreased 18% to HK\$411 million compared to the same period last year. The results were also adversely impacted by foreign currency translation mainly due to the decline of the Indonesian Rupiah. In local currencies, EBITDA decrease was 10%. Operationally, the business has continued to show improvement this year, particularly in the second quarter. The EBITDA decline compared to last year is due to cost recognition and credit policies adopted by the former management of the Indonesian operation, which increased reported EBITDA for the first half of 2014 and were provided for in the second half of 2014. The Indonesian operation continues to strengthen operational controls and improve trade practices following comprehensive senior management changes in the second half of 2014. Although more stringent credit controls and reduced promotional activities with dealers has slowed sales growth, profitability and quality of earnings are improving. On a six months pro forma basis, EBIT of HK\$411 million in the first half of 2015 improved compared to an LBIT of HK\$76 million in the same period last year, mainly due to the division's reduced depreciable asset base under the Reorganisation.

With the majority of the improvements in financial and operational practices currently in place, together with a strong network coverage and capacity, the Indonesian business has shown positive signs of recovery in sales and profitability and expected to further improve its performance in the remainder of the year.

## **Finance & Investments and Others**

The contribution from this division mainly represents returns earned on the Group's holdings of cash and liquid investments, Hutchison Whampoa (China) Limited, listed associate Tom Group, Hutchison Water, the Marionnaud business and listed associate CK Life Sciences Group. The decrease in EBIT contribution in the first six months of 2015 was mainly due to one-off gains on disposal of certain listed equity investments and other non-strategic investments in 2014.

At 30 June 2015, the Group's consolidated cash and liquid investments totalled HK\$173,855 million and consolidated debt amounted to HK\$336,314 million, resulting in consolidated net debt of HK\$162,459 million and net debt to a net total capital ratio of 22.4%.

The Group will continue to closely monitor its liquidity and debt profile with the objective of maintaining its current assigned credit ratings for the foreseeable future.

## **Outlook**

External conditions in the first half remained challenging with weak global growth, sustained low commodity prices, uncertainty as to monetary policy directions and increased currency volatility. Although the Group was affected to a certain degree by market conditions, in particular the weakness in oil prices and European currencies, the Group was able to report higher recurring earnings compared to HWL's first half results last year and the core businesses overall performed well. The enhanced asset base of the Group and synergy effects post-Reorganisation, together with the permanent exercise of financial discipline expected from all businesses, placed the Group on a solid footing to continue to maintain sustainable recurring earnings growth and a strong financial and liquidity profile. Barring unforeseen material adverse external developments, the Group expects to continue to meet these objectives in the second half of 2015 and is confident in its future prospects.

I would like to thank the Board of Directors and all our dedicated employees around the world for their continued loyalty, diligence, professionalism and contributions to the Group.

**Li Ka-shing**

*Chairman*

Hong Kong, 25 August 2015

## Operations Highlights

### Ports and Related Services <sup>(1)</sup>

	30 June 2015 HK\$ millions	30 June 2014 HK\$ millions	Change	Change in local currency
Comparable Revenue	<b>17,190</b>	17,270	-	+7%
Comparable EBITDA	<b>6,048</b>	5,607	+8%	+14%
Comparable EBIT	<b>4,081</b>	3,531	+16%	+22%
Throughput	<b>41.5 million TEU</b>	39.6 million TEU	+5%	NA

Note 1: Revenue, EBITDA and EBIT have been adjusted to exclude non-controlling interests' share of results of HPH Trust.

### Management Pro Forma basis:

	30 June 2015 Pro forma <sup>(2)</sup> HK\$ millions	30 June 2014 Actual HK\$ millions	Change
Total Revenue	<b>17,308</b>	17,270	-
Total EBITDA	<b>6,104</b>	5,607	+9%
Total EBIT	<b>4,111</b>	3,531	+16%

Note 2: To reflect the underlying performance of the Ports and Related Services division for the six months ended 30 June 2015, the Comparable Revenue, EBITDA and EBIT exclude the contribution from the additional interest in HPH Trust that arose from the Reorganisation. Pro forma Total Revenue, EBITDA and EBIT for the six months ended 30 June 2015 include six months' pro forma contribution from the additional interest in HPH Trust. Revenue, EBITDA and EBIT for the six months ended 30 June 2014 are as presented in HWL's 2014 Interim Report.

Comparable EBITDA increased by 8% compared to the same period last year, primarily driven by throughput growth in all segments, better throughput mix with higher margins and better cost controls, partly offset by adverse foreign currency translation into Hong Kong dollars, the business interruptions suffered in Argentina and Ningbo where the operations have been interrupted by equipment damage during the first half of this year, and the gain on disposal by HPH Trust of a 60% equity interest in Asia Container Terminals in the first six months of 2014.

## Retail <sup>(3)</sup>

	30 June 2015 HK\$ millions	30 June 2014 HK\$ millions	Change	Change in local currency
Total Revenue	74,926	77,398	-3%	+6%
EBITDA	6,683	6,611	+1%	+11%
EBIT	5,453	5,336	+2%	+12%
Total Store Numbers	11,780	10,812	+9%	N/A

Note 3: The Reorganisation has no impact to the Retail division's results for the six months ended 30 June 2015. Revenue, EBITDA and EBIT for the six months ended 30 June 2014 are as presented in HWL's 2014 Interim Report. The reported results for both periods are presented on a comparable basis.

Total Revenue	30 June 2015 HK\$ millions	30 June 2014 HK\$ millions	Change	Change in local currency
Health & Beauty China	11,126	9,840	+13%	+14%
Health & Beauty Asia	10,509	10,344	+2%	+4%
<b>Health &amp; Beauty China &amp; Asia Subtotal</b>	<b>21,635</b>	20,184	+7%	+9%
Health & Beauty Western Europe	28,024	31,063	-10%	+7%
Health & Beauty Eastern Europe	6,438	7,121	-10%	+16%
<b>Health &amp; Beauty Subtotal</b>	<b>56,097</b>	58,368	-4%	+9%
Other Retail <sup>(4)</sup>	18,829	19,030	-1%	-1%
<b>Total Retail</b>	<b>74,926</b>	77,398	-3%	+6%
- Asia	40,464	39,214	+3%	+4%
- Europe	34,462	38,184	-10%	+9%

Comparable Stores Sales Growth (%) <sup>(5)</sup>	30 June 2015	30 June 2014
Health & Beauty China	+0.1%	+4.3%
Health & Beauty Asia	+2.2%	+3.9%
<b>Health &amp; Beauty China &amp; Asia Subtotal</b>	<b>+1.2%</b>	+4.1%
Health & Beauty Western Europe	+4.1%	+3.0%
Health & Beauty Eastern Europe	+6.3%	+2.8%
<b>Health &amp; Beauty Subtotal</b>	<b>+3.4%</b>	+3.3%
Other Retail <sup>(4)</sup>	+2.4%	-0.9%
<b>Total Retail</b>	<b>+3.2%</b>	+2.3%
- Asia	+1.7%	+1.6%
- Europe	+4.5%	+2.9%

Note 4: Other Retail includes PARKnSHOP, Fortress, Watsons Wine, and manufacturing operations for water and beverage businesses.

Note 5: Comparable store sales growth represents the percentage change in revenue contributed by stores which, as at the first day of the relevant financial year (a) have been operating for over 12 months and (b) have not undergone major resizing within the previous 12 months.

Store Numbers	30 June 2015	30 June 2014	Change
Health & Beauty China	2,239	1,799	+24%
Health & Beauty Asia	1,991	1,838	+8%
<b>Health &amp; Beauty China &amp; Asia Subtotal</b>	<b>4,230</b>	3,637	+16%
Health & Beauty Western Europe	4,945	4,758	+4%
Health & Beauty Eastern Europe	2,102	1,874	+12%
<b>Health &amp; Beauty Subtotal</b>	<b>11,277</b>	10,269	+10%
Other Retail <sup>(4)</sup>	503	543	-7%
<b>Total Retail</b>	<b>11,780</b>	10,812	+9%
- Asia	4,733	4,180	+13%
- Europe	7,047	6,632	+6%

EBITDA	30 June 2015 HK\$ millions	30 June 2014 HK\$ millions	Change	Change in local currency
Health & Beauty China	2,382	1,974	+21%	+21%
Health & Beauty Asia	901	870	+4%	+7%
<b>Health &amp; Beauty China &amp; Asia Subtotal</b>	<b>3,283</b>	2,844	+15%	+17%
Health & Beauty Western Europe	1,949	2,045	-5%	+14%
Health & Beauty Eastern Europe	842	908	-7%	+19%
<b>Health &amp; Beauty Subtotal</b>	<b>6,074</b>	5,797	+5%	+16%
Other Retail <sup>(4)</sup>	609	814	-25%	-25%
<b>Total Retail</b>	<b>6,683</b>	6,611	+1%	+11%
- Asia	3,892	3,659	+6%	+8%
- Europe	2,791	2,952	-5%	+16%

EBITDA Margin %	30 June 2015	30 June 2014
Health & Beauty China	21%	20%
Health & Beauty Asia	9%	8%
<b>Health &amp; Beauty China &amp; Asia Subtotal</b>	<b>15%</b>	14%
Health & Beauty Western Europe	7%	7%
Health & Beauty Eastern Europe	13%	13%
<b>Health &amp; Beauty Subtotal</b>	<b>11%</b>	10%
Other Retail <sup>(4)</sup>	3%	4%
<b>Total Retail</b>	<b>9%</b>	9%
- Asia	10%	9%
- Europe	8%	8%

EBITDA of HK\$6,683 million was 1% higher than first half of 2014 (11% higher in local currencies) mainly driven by a 3.2% comparable store sales growth and a 9% increase in number of stores to 11,780 stores as at 30 June 2015, reflecting continued growth momentum and improving margins in the Health and Beauty segment, partly offset by adverse foreign currency translation impact of the European and certain Asian operations.

The Health & Beauty segment overall opened around 500 new stores during first half of 2015, primarily in the Mainland and certain Asian and Eastern European countries. New store payback of less than 10 months in first half of 2015 is an encouraging indicator for the continued organic growth of this division.

## Infrastructure

	30 June 2015 HK\$ millions	30 June 2014 HK\$ millions	Change
Comparable Revenue	22,232	22,264	-
Comparable EBITDA	12,366	11,819	+5%
Comparable EBIT	9,470	8,945	+6%

### Management Pro Forma basis:

	30 June 2015 Pro forma <sup>(6)</sup> HK\$ millions	30 June 2014 Actual HK\$ millions	Change
Total Revenue	27,690	22,264	+24%
Total EBITDA	16,045	11,819	+36%
Total EBIT	11,987	8,945	+34%

Note 6: To reflect the underlying performance of the Infrastructure division for the six months ended 30 June 2015, the Comparable Revenue, EBITDA and EBIT exclude the contributions from additional interest in six co-owned JVs (namely Northumbrian Water Group, Park'N Fly, Australian Gas Networks, Dutch Enviro Energy (formerly AVR-Afvalverwerking B.V), Wales & West Utilities and UK Rails) with CKI and from the Aircraft Leasing operations that arose from the Reorganisation. Pro forma Total Revenue, EBITDA and EBIT for the six months ended 30 June 2015 include six months' pro forma contributions from the co-owned JVs and the Aircraft Leasing operations. Total Revenue, EBITDA and EBIT for the six months ended 30 June 2014 are as presented in HWL's 2014 Interim Report.

Comparable EBITDA for the first half of 2015 was HK\$12,366 million, a 5% increase due to the overall growth of the underlying operations of Cheung Kong Infrastructure, as well as the accretive contributions from Park'N Fly, Australian Gas Networks and UK Rails that were acquired during the last 12 months, partly offset by the weakness of the British Pound and Australian dollar that resulted in lower reported results on translation to Hong Kong dollars.

## Husky Energy, associated company listed on Toronto Stock Exchange

	30 June 2015 HK\$ millions	30 June 2014 HK\$ millions	Change	Change in local currency
Comparable Revenue	17,829	28,660	-38%	-30%
Comparable EBITDA	4,644	8,145	-43%	-36%
Comparable EBIT	865	4,329	-80%	-77%

### Management Pro Forma basis:

	30 June 2015 Pro forma <sup>(7)</sup> HK\$ millions	30 June 2014 Actual HK\$ millions	Change
Total Revenue	21,101	28,660	-26%
Total EBITDA	5,496	8,145	-33%
Total EBIT	1,024	4,329	-76%

Note 7: To reflect the underlying performance of the Energy division in first half of 2015, Comparable Revenue, EBITDA and EBIT exclude contribution from the additional interest in Husky Energy arising from the Reorganisation. First half of 2015 pro forma total Revenue, EBITDA and EBIT include the six months pro forma contribution from the additional interest in Husky Energy. First half of 2014 Revenue, EBITDA and EBIT are as presented in HWL's 2014 Interim Report.

In local currency, EBITDA decreased 36% to C\$2,171 million as the average realised crude oil and North American natural gas prices were negatively impacted by the significant decrease in market benchmarks. EBIT decreased 79% to C\$402 million mainly due to the same factors impacting EBITDA as well as higher depreciation from increased production in the first half of 2015.

The Group's share of Comparable EBITDA and EBIT, after translation into Hong Kong dollars and consolidation adjustments, decreased 43% and 80% respectively due to adverse foreign exchange movement.

### 3 Group Europe

#### Management Pro Forma basis:

	30 June 2015 Pro forma HK\$ millions	30 June 2014 Actual HK\$ millions	Change	Change in local currency
<b>Total Revenue</b>	<b>30,573</b>	31,063	-2%	+16%
- Net customer service revenue	<b>23,251</b>	23,950	-3%	+15%
- Handset revenue	<b>6,397</b>	6,490	-1%	
- Other revenue	<b>925</b>	623	+48%	
Net customer service margin <sup>(8)</sup>	<b>19,249</b>	18,844	+2%	+21%
<i>Net customer service margin %</i>	<b>83%</b>	79%		
Other margin	<b>455</b>	368	+24%	
Total CACs	<b>(9,665)</b>	(10,036)	+4%	
Less: Handset revenue	<b>6,397</b>	6,490	-1%	
Total CACs (net of handset revenue)	<b>(3,268)</b>	(3,546)	+8%	
Operating expenses	<b>(8,658)</b>	(9,162)	+6%	
<i>Opex as a % of Net customer service margin</i>	<b>45%</b>	49%		
<b>EBITDA</b>	<b>7,778</b>	6,504	+20%	+40%
<i>EBITDA margin % <sup>(9)</sup></i>	<b>32%</b>	26%		
Depreciation & Amortisation	<b>(2,854)</b>	(4,222)	+32%	
<b>EBIT <sup>(10)</sup></b>	<b>4,924</b>	2,282	+116%	+153%
Capex (excluding licence)	<b>(5,056)</b>	(4,876)	-4%	
EBITDA less Capex	<b>2,722</b>	1,628	+67%	
Licence <sup>(11)</sup>	<b>(12)</b>	(4)	-200%	

Note 8: Net customer service margin represents net customer service revenue deducting direct variable costs (including interconnection charges and roaming costs).

Note 9: EBITDA margin % represents EBITDA as a % of total revenue excluding handset revenue.

Note 10: Total EBIT for the six months ended 30 June 2015 included the pro forma six months adjustment for the depreciation and amortisation impact arising from the fair value adjustment on acquisition, assuming the Reorganisation occurred on 1 January 2015. All results for the six months ended 30 June 2014 are as presented in HWL's 2014 Interim Report.

Note 11: Licence costs in both years represent incidental costs in relation to licences acquired in prior years.

### 3 Group Europe Overall

	30 June 2015	30 June 2014
Contract customers as a percentage of the total registered customer base	<b>58%</b>	59%
Contract customers' contribution to the net customer service revenue base (%)	<b>84%</b>	89%
Average monthly churn rate of the total contract registered customer base (%)	<b>1.7%</b>	1.6%
Active contract customers as a percentage of the total contract registered customer base	<b>98%</b>	98%
Active customers as a percentage of the total registered customer base	<b>85%</b>	84%
6 months data usage per active customer (Gigabyte)	<b>17.7</b>	12.2

## Key Business Indicators

### Registered Customer Base

	Registered Customers at 30 June 2015 ('000)			Registered Customer Growth (%) from 31 December 2014 to 30 June 2015		
	Prepaid	Postpaid	Total	Prepaid	Postpaid	Total
United Kingdom	4,349	6,143	<b>10,492</b>	+3%	+1%	<b>+2%</b>
Italy	4,971	5,225	<b>10,196</b>	-	+3%	<b>+2%</b>
Sweden	245	1,705	<b>1,950</b>	+9%	+2%	<b>+3%</b>
Denmark	386	762	<b>1,148</b>	+3%	+1%	<b>+2%</b>
Austria	1,226	2,479	<b>3,705</b>	+11%	-1%	<b>+3%</b>
Ireland	1,464	1,147	<b>2,611</b>	+2%	-1%	<b>+1%</b>
<b>3 Group Europe Total</b>	<b>12,641</b>	<b>17,461</b>	<b>30,102</b>	<b>+3%</b>	<b>+1%</b>	<b>+2%</b>

### Active<sup>(12)</sup> Customer Base

	Active Customers at 30 June 2015 ('000)			Active Customer Growth (%) from 31 December 2014 to 30 June 2015		
	Prepaid	Postpaid	Total	Prepaid	Postpaid	Total
United Kingdom	2,781	6,024	<b>8,805</b>	+12%	+2%	<b>+5%</b>
Italy	3,791	5,089	<b>8,880</b>	-1%	+3%	<b>+1%</b>
Sweden	150	1,705	<b>1,855</b>	+12%	+2%	<b>+3%</b>
Denmark	353	762	<b>1,115</b>	+4%	+1%	<b>+2%</b>
Austria	432	2,462	<b>2,894</b>	-1%	-1%	<b>-1%</b>
Ireland	880	1,113	<b>1,993</b>	-4%	-2%	<b>-3%</b>
<b>3 Group Europe Total</b>	<b>8,387</b>	<b>17,155</b>	<b>25,542</b>	<b>+3%</b>	<b>+1%</b>	<b>+2%</b>

Note 12: An active customer is one that generated revenue from an outgoing call, incoming call or data / content service in the preceding three months.

### 12-month Trailing Average Revenue per Active User ("ARPU")<sup>(13)</sup> to 30 June 2015

	Prepaid	Postpaid	Blended Total	% Variance compared to 31 December 2014
United Kingdom	£5.08	£26.74	<b>£20.38</b>	-2%
Italy	€8.21	€17.88	<b>€13.65</b>	+1%
Sweden	SEK122.72	SEK299.88	<b>SEK286.35</b>	-
Denmark	DKK108.85	DKK167.05	<b>DKK149.12</b>	-3%
Austria	€9.10	€22.07	<b>€20.24</b>	+3%
Ireland	€16.58	€31.77	<b>€25.00</b>	-3%
<b>3 Group Europe Average</b>	<b>€9.07</b>	<b>€27.17</b>	<b>€21.31</b>	<b>+2%</b>

Note 13: ARPU equals total monthly revenue, including incoming mobile termination revenue and contributions for a handset / device in postpaid contract bundled plans, divided by the average number of active customers during the period.



**12-month Trailing Net Average Revenue per Active User ("Net ARPU")<sup>(14)</sup>  
to 30 June 2015**

	Prepaid	Postpaid	Blended Total	% Variance compared to 31 December 2014
United Kingdom	£5.08	£18.90	<b>£14.84</b>	-2%
Italy	€8.21	€17.88	<b>€13.65</b>	+1%
Sweden	SEK122.72	SEK214.50	<b>SEK207.50</b>	-1%
Denmark	DKK108.85	DKK152.75	<b>DKK139.23</b>	-3%
Austria	€9.10	€18.50	<b>€17.18</b>	+5%
Ireland	€16.58	€28.80	<b>€23.35</b>	-2%
<b>3 Group Europe Average</b>	<b>€9.07</b>	<b>€21.81</b>	<b>€17.69</b>	<b>+3%</b>

**12-month Trailing Net Average Margin per Active User ("Net AMPU")<sup>(15)</sup>  
to 30 June 2015**

	Prepaid	Postpaid	Blended Total	% Variance compared to 31 December 2014
United Kingdom	£4.40	£15.92	<b>£12.53</b>	+4%
Italy	€6.56	€13.59	<b>€10.52</b>	+1%
Sweden	SEK104.16	SEK183.83	<b>SEK177.75</b>	-1%
Denmark	DKK94.67	DKK134.18	<b>DKK122.01</b>	-3%
Austria	€7.73	€15.28	<b>€14.22</b>	+5%
Ireland	€12.63	€24.38	<b>€19.14</b>	-2%
<b>3 Group Europe Average</b>	<b>€7.39</b>	<b>€17.98</b>	<b>€14.55</b>	<b>+5%</b>

Note 14: Net ARPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset / device in postpaid contract bundled plans, divided by the average number of active customers during the period.

Note 15: Net AMPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset / device in postpaid contract bundled plans, less direct variable costs (including interconnection charges and roaming costs) (i.e. net customer service margin), divided by the average number of active customers during the period.

## United Kingdom

	30 June 2015 Pro forma GBP millions	30 June 2014 Actual GBP millions	Change
<b>Total Revenue</b>	<b>1,071</b>	974	+10%
- Net customer service revenue	755	723	+4%
- Handset revenue	294	241	+22%
- Other revenue	22	10	+120%
Net customer service margin	<b>646</b>	556	+16%
<i>Net customer service margin %</i>	<b>86%</b>	77%	
Other margin	<b>8</b>	4	+100%
Total CACs	<b>(402)</b>	(358)	-12%
Less: Handset revenue	<b>294</b>	241	+22%
Total CACs (net of handset revenue)	<b>(108)</b>	(117)	+8%
Operating expenses	<b>(235)</b>	(211)	-11%
<i>Opex as a % of Net customer service margin</i>	<b>36%</b>	38%	
<b>EBITDA</b>	<b>311</b>	232	+34%
<i>EBITDA margin %</i>	<b>40%</b>	32%	
Depreciation & Amortisation	<b>(111)</b>	(109)	-2%
<b>EBIT</b>	<b>200</b>	123	+63%
Capex (excluding licence)	<b>(141)</b>	(116)	-22%
EBITDA less Capex	<b>170</b>	116	+47%
Licence	<b>(1)</b>	(0.3)	-233%

	30 June 2015	30 June 2014
Total registered customer base (millions)	<b>10.5</b>	9.7
Total active customer base (millions)	<b>8.8</b>	8.0
Contract customers as a percentage of the total registered customer base	<b>59%</b>	61%
Contract customers' contribution to the net customer service revenue base (%)	<b>90%</b>	90%
Average monthly churn rate of the total contract registered customer base (%)	<b>1.5%</b>	1.6%
Active contract customers as a percentage of the total contract registered customer base	<b>98%</b>	98%
Active customers as a percentage of the total registered customer base	<b>84%</b>	82%

## Italy

	30 June 2015 Pro forma EUR millions	30 June 2014 Actual EUR millions	Change
<b>Total Revenue</b>	<b>881</b>	815	+8%
- Net customer service revenue	710	662	+7%
- Handset revenue	153	139	+10%
- Other revenue	18	14	+29%
Net customer service margin	548	502	+9%
<i>Net customer service margin %</i>	<i>77%</i>	<i>76%</i>	
Other margin	17	13	+31%
Total CACs	(288)	(259)	-11%
Less: Handset revenue	153	139	+10%
Total CACs (net of handset revenue)	(135)	(120)	-13%
Operating expenses	(332)	(323)	-3%
<i>Opex as a % of Net customer service margin</i>	<i>61%</i>	<i>64%</i>	
<b>EBITDA</b>	<b>98</b>	72	+36%
<i>EBITDA margin %</i>	<i>13%</i>	<i>11%</i>	
Depreciation & Amortisation	(59)	(143)	+59%
<b>EBIT / (LBIT)</b>	<b>39</b>	(71)	+155%
Capex (excluding licence)	(219)	(151)	-45%
EBITDA less Capex	(121)	(79)	-53%

	30 June 2015	30 June 2014
Total registered customer base (millions)	10.2	9.8
Total active customer base (millions)	8.9	8.4
Contract customers as a percentage of the total registered customer base	51%	48%
Contract customers' contribution to the net customer service revenue base (%)	74%	75%
Average monthly churn rate of the total contract registered customer base (%)	2.7%	2.2%
Active contract customers as a percentage of the total contract registered customer base	97%	97%
Active customers as a percentage of the total registered customer base	87%	86%

## Sweden

	30 June 2015 Pro forma SEK millions	30 June 2014 Actual SEK millions	Change
<b>Total Revenue</b>	<b>3,377</b>	3,054	+11%
- Net customer service revenue	<b>2,295</b>	2,123	+8%
- Handset revenue	<b>961</b>	827	+16%
- Other revenue	<b>121</b>	104	+16%
Net customer service margin	<b>1,968</b>	1,811	+9%
<i>Net customer service margin %</i>	<b>86%</b>	85%	
Other margin	<b>41</b>	26	+58%
Total CACs	<b>(1,316)</b>	(1,127)	-17%
Less: Handset revenue	<b>961</b>	827	+16%
Total CACs (net of handset revenue)	<b>(355)</b>	(300)	-18%
Operating expenses	<b>(674)</b>	(666)	-1%
<i>Opex as a % of Net customer service margin</i>	<b>34%</b>	37%	
<b>EBITDA</b>	<b>980</b>	871	+13%
<i>EBITDA margin %</i>	<b>41%</b>	39%	
Depreciation & Amortisation	<b>(261)</b>	(380)	+31%
<b>EBIT</b>	<b>719</b>	491	+46%
Capex (excluding licence)	<b>(400)</b>	(392)	-2%
EBITDA less Capex	<b>580</b>	479	+21%

	30 June 2015	30 June 2014
Total registered customer base (millions)	<b>2.0</b>	1.8
Total active customer base (millions)	<b>1.9</b>	1.7
Contract customers as a percentage of the total registered customer base	<b>87%</b>	89%
Contract customers' contribution to the net customer service revenue base (%)	<b>95%</b>	96%
Average monthly churn rate of the total contract registered customer base (%)	<b>1.5%</b>	1.4%
Active contract customers as a percentage of the total contract registered customer base	<b>100%</b>	100%
Active customers as a percentage of the total registered customer base	<b>95%</b>	95%

## Denmark

	30 June 2015 Pro forma DKK millions	30 June 2014 Actual DKK millions	Change
<b>Total Revenue</b>	<b>1,011</b>	1,008	-%
- Net customer service revenue	<b>885</b>	887	-%
- Handset revenue	<b>89</b>	92	-3%
- Other revenue	<b>37</b>	29	+28%
Net customer service margin	<b>783</b>	772	+1%
<i>Net customer service margin %</i>	<b>88%</b>	87%	
Other margin	<b>17</b>	13	+31%
Total CACs	<b>(218)</b>	(216)	-1%
Less: Handset revenue	<b>89</b>	92	-3%
Total CACs (net of handset revenue)	<b>(129)</b>	(124)	-4%
Operating expenses	<b>(333)</b>	(315)	-6%
<i>Opex as a % of Net customer service margin</i>	<b>43%</b>	41%	
<b>EBITDA</b>	<b>338</b>	346	-2%
<i>EBITDA margin %</i>	<b>37%</b>	38%	
Depreciation & Amortisation	<b>(129)</b>	(146)	+12%
<b>EBIT</b>	<b>209</b>	200	+5%
Capex (excluding licence)	<b>(50)</b>	(69)	+27%
EBITDA less Capex	<b>288</b>	277	+4%

	30 June 2015	30 June 2014
Total registered customer base (millions)	<b>1.1</b>	1.1
Total active customer base (millions)	<b>1.1</b>	1.0
Contract customers as a percentage of the total registered customer base	<b>66%</b>	69%
Contract customers' contribution to the net customer service revenue base (%)	<b>76%</b>	77%
Average monthly churn rate of the total contract registered customer base (%)	<b>3.0%</b>	2.7%
Active contract customers as a percentage of the total contract registered customer base	<b>100%</b>	100%
Active customers as a percentage of the total registered customer base	<b>97%</b>	97%

## Austria

	30 June 2015 Pro forma EUR millions	30 June 2014 Actual EUR millions	Change
<b>Total Revenue</b>	<b>355</b>	342	+4%
- Net customer service revenue	<b>303</b>	271	+12%
- Handset revenue	<b>39</b>	58	-33%
- Other revenue	<b>13</b>	13	-
Net customer service margin	<b>251</b>	222	+13%
<i>Net customer service margin %</i>	<b>83%</b>	82%	
Other margin	<b>8</b>	10	-20%
Total CACs	<b>(53)</b>	(70)	+24%
Less: Handset revenue	<b>39</b>	58	-33%
Total CACs (net of handset revenue)	<b>(14)</b>	(12)	-17%
Operating expenses	<b>(98)</b>	(104)	+6%
<i>Opex as a % of Net customer service margin</i>	<b>39%</b>	47%	
<b>EBITDA</b>	<b>147</b>	116	+27%
<i>EBITDA margin %</i>	<b>47%</b>	41%	
Depreciation & Amortisation	<b>(40)</b>	(37)	-8%
<b>EBIT</b>	<b>107</b>	79	+35%
Capex (excluding licence)	<b>(42)</b>	(53)	+21%
EBITDA less Capex	<b>105</b>	63	+67%

	30 June 2015	30 June 2014
Total registered customer base (millions)	<b>3.7</b>	3.5
Total active customer base (millions)	<b>2.9</b>	2.9
Contract customers as a percentage of the total registered customer base	<b>67%</b>	72%
Contract customers' contribution to the net customer service revenue base (%)	<b>92%</b>	93%
Average monthly churn rate of the total contract registered customer base (%)	<b>0.5%</b>	0.6%
Active contract customers as a percentage of the total contract registered customer base	<b>99%</b>	99%
Active customers as a percentage of the total registered customer base	<b>78%</b>	82%

## Ireland

	30 June 2015 Pro forma EUR millions	30 June 2014 Actual EUR millions	Change
<b>Total Revenue</b>	<b>335</b>	97	+245%
- Net customer service revenue	277	80	+246%
- Handset revenue	31	13	+138%
- Other revenue	27	4	+575%
Net customer service margin	226	63	+259%
<i>Net customer service margin %</i>	<b>82%</b>	79%	
Other margin	11	2	+450%
Total CACs	(58)	(22)	-164%
Less: Handset revenue	31	13	+138%
Total CACs (net of handset revenue)	(27)	(9)	-200%
Operating expenses	(133)	(59)	-125%
<i>Opex as a % of Net customer service margin</i>	<b>59%</b>	94%	
<b>EBITDA / (LBITDA)</b>	<b>77</b>	(3)	+2667%
<i>EBITDA margin %</i>	<b>25%</b>	-4%	
Depreciation & Amortisation	(34)	(22)	-55%
<b>EBIT / (LBIT)</b>	<b>43</b>	(25)	+272%
Capex (excluding licence)	(73)	(60)	-22%
EBITDA less Capex	4	(63)	+106%

	30 June 2015	30 June 2014
Total registered customer base	<b>2,611,000</b>	1,027,000
Total active customer base	<b>1,993,000</b>	566,000
Contract customers as a percentage of the total registered customer base	<b>44%</b>	33%
Contract customers' contribution to the net customer service revenue base (%)	<b>68%</b>	72%
Average monthly churn rate of the total contract registered customer base (%)	<b>1.4%</b>	1.3%
Active contract customers as a percentage of the total contract registered customer base	<b>97%</b>	91%
Active customers as a percentage of the total registered customer base	<b>76%</b>	55%

## Hutchison Telecommunications Hong Kong Holdings<sup>(16)</sup>, subsidiary listed on The Stock Exchange of Hong Kong Limited

	30 June 2015 HK\$ millions	30 June 2014 HK\$ millions	Change
Comparable Revenue	11,020	6,227	+77%
Comparable EBITDA	1,506	1,230	+22%
Comparable EBIT	797	538	+48%

Note 16: After the Group's consolidation and reclassification adjustments.

### Management Pro Forma basis:

	30 June 2015 Pro forma <sup>(17)</sup> HK\$ millions	30 June 2014 Actual HK\$ millions	Change
Total Revenue	11,058	6,227	+78%
Total EBITDA	1,515	1,230	+23%
Total EBIT	785	538	+46%

Note 17: To reflect the underlying performance of HTHKH in first half of 2015, Comparable Revenue, EBITDA and EBIT exclude the contribution from additional interest in HTHKH and its JV that arose from the Reorganisation. First half of 2015 pro forma total Revenue, EBITDA and EBIT include the six months pro forma contribution from the additional interest in HTHKH and its JV. First half of 2014 Revenue, EBITDA and EBIT are as presented in HWL's 2014 Interim Report.

## Hutchison Asia Telecommunications

	30 June 2015 Pro forma <sup>(18)</sup> HK\$ millions	30 June 2014 Actual HK\$ millions	Change
Total Revenue	3,179	3,506	-9%
Total EBITDA	411	502	-18%
Total EBIT / (LBIT)	411	(76)	+641%

Note 18: First half of 2015 pro forma total EBIT included the six months pro forma adjustment of depreciation and amortisation impact arising from the fair value adjustment on acquisition, assuming the Reorganisation was effective on 1 January 2015. First half of 2014 Revenue, EBITDA and LBIT are as presented in HWL's 2014 Interim Report.



## HTAL (50% share of joint venture Vodafone Hutchison Australia), subsidiary listed on Australian Securities Exchange

	30 June 2015 AUD millions	30 June 2014 AUD millions	Change
Announced Total Revenue	887	863	+3%
Announced Loss Attributable to Shareholders	(90)	(79)	-14%

HTAL owns 50% of VHA and announced a A\$90 million loss attributable to shareholders in first half of 2015, an increase of 14% as compared to the comparable period last year, mainly due to higher handset costs, higher variable content costs and higher finance costs due to the stronger US dollar, partly offset by lower operating expenses.

Despite a higher reported loss by HTAL in the period, its 50% joint venture, VHA, has seen benefits from the strategic initiatives implemented in the past year flow into improved revenue and customer numbers in first half of 2015, which placed the operation on the right path to profitability.

VHA's operating losses continue to be included as a P&L charge under "Others" of the Group's profits on disposal of investments and others line as VHA continues with its shareholder sponsored restructuring under the leadership of Vodafone under the applicable terms of our shareholders' agreement since the second half of 2012.

## Finance & Investments and Others

	30 June 2015 HK\$ millions	30 June 2014 HK\$ millions	Change
Comparable Revenue	9,805	10,283	-5%
Comparable EBITDA	1,688	2,169	-22%
Comparable EBIT	1,576	1,930	-18%

### Management Pro Forma basis:

	30 June 2015 Pro forma <sup>(19)</sup> HK\$ millions	30 June 2014 Actual HK\$ millions	Change
Total Revenue	11,184	10,283	+9%
Total EBITDA	2,133	2,169	-2%
Total EBIT	1,982	1,930	+3%

Note 19: Pro forma Total Revenue, EBITDA and EBIT for the six months ended 30 June 2015 included the pro forma six months contribution from the additional interest in Tom Group, new interest in CK Life Science and other investment contributions arising from the Reorganisation. For a like-for-like comparison, the Comparable Revenue, EBITDA and EBIT for the six month ended 30 June 2015 excluded this additional contribution to reflect the underlying performance of Finance & Investments and Others. First half of 2014 Revenue, EBITDA and EBIT are as presented in HWL's 2014 Interim Report.

## Interest Expense, Finance Costs and Tax

The Group's consolidated pro forma interest expenses and other finance costs for the six-month ended 30 June 2015, including its share of associated companies' and joint ventures' interest expenses, amortisation of finance costs and after deducting interest capitalised on assets under development, amounted to HK\$6,295 million, a decrease of 12% when compared to HWL's results in the comparable period last year mainly due to the lower effective interest rates on the Group's listed bonds as a result of the Reorganisation. The Group's pro forma weighted average cost of debt for the period ended 30 June 2015 was 2.1%.

The Group recorded pro forma current and deferred tax charges totalling HK\$4,327 million for the period ended 30 June 2015, an 18% decrease from HWL's comparable period last year mainly due to lower share of tax charges from the energy business which reported lower profits in the first half of 2015.

**CK Hutchison Holdings Limited**  
**Condensed Consolidated Income Statement**  
for the six months ended 30 June 2015

Unaudited 2015 US\$ millions		Unaudited As reclassified Note 2 2015 HK\$ millions	2014 HK\$ millions
		Note	
<b>Continuing operations</b>			
3,339	Revenue	5	26,046
(1,419)	Cost of inventories sold		(11,067)
(422)	Staff costs		(3,291)
(231)	Telecommunications customer acquisition costs		(1,804)
(197)	Depreciation and amortisation	5	(1,540)
(481)	Other operating income (expenses)		(3,755)
1,815	Profits on disposal of investments and others	6	14,158
	Share of profits less losses of:		
	Associated companies before profits on disposal of investments and others		
549			4,283
183	Joint ventures		1,431
	Associated companies' profits on disposal of investments and others	6	(196)
(25)			7,455
<b>3,111</b>			<b>24,265</b>
			14,081
(99)	Interest expenses and other finance costs	7	(771)
<b>3,012</b>	<b>Profit before tax</b>		<b>23,494</b>
(43)	Current tax	8	(340)
(72)	Deferred tax	8	(558)
<b>2,897</b>	<b>Profit after tax from continuing operations</b>		<b>22,596</b>
	<b>Discontinued operations</b>		
10,322	Profit after tax from discontinued operations	9	80,514
<b>13,219</b>	<b>Profit after tax</b>		<b>103,110</b>
			21,591
<b>Profit attributable to non-controlling interests and holders of perpetual capital securities arises from:</b>			
(143)	Continuing operations		(1,119)
(17)	Discontinued operations	9	(133)
<b>(160)</b>			<b>(1,252)</b>
			(246)
<b>Profit attributable to ordinary shareholders arises from:</b>			
2,754	Continuing operations	5	21,477
10,305	Discontinued operations	9	80,381
<b>13,059</b>			<b>101,858</b>
			21,345
<b>Earnings per share for profit attributable to ordinary shareholders arises from:</b>			
US\$ 1.08	Continuing operations	10	HK\$ 8.41
US\$ 4.03	Discontinued operations	10	HK\$ 31.46
<b>US\$ 5.11</b>			<b>HK\$ 39.87</b>
			HK\$ 9.22

Details of distribution paid to the holders of perpetual capital securities, interim dividend payable and Distribution In Specie to the ordinary shareholders during the current period, and the one-off non-cash gain arising from the Distribution In Specie are set out in note 11(a), (b) and (c), respectively.

**CK Hutchison Holdings Limited**  
**Condensed Consolidated Statement of Comprehensive Income**  
for the six months ended 30 June 2015

Unaudited 2015 US\$ millions		Unaudited 2015 HK\$ millions	2014 HK\$ millions
<b>13,219</b>	<b>Profit after tax</b>	<b>103,110</b>	21,591
	<b>Other comprehensive income (losses)</b>		
	<b>Items that will not be reclassified to profit or loss:</b>		
	Remeasurement of defined benefit obligations recognised directly		
11	in reserves	85	-
43	Share of other comprehensive income (losses) of associated companies	339	(88)
27	Share of other comprehensive income (losses) of joint ventures	211	(9)
-	Tax relating to items that will not be reclassified to profit or loss	(2)	-
<b>81</b>		<b>633</b>	<b>(97)</b>
	<b>Items that have been reclassified or may be subsequently reclassified to profit or loss:</b>		
	Available-for-sale investments		
65	Valuation gains (losses) recognised directly in reserves	504	(109)
(147)	Valuation gains previously in reserves recognised in income statement	(1,145)	(176)
70	Gains on cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts recognised directly in reserves	539	-
(11)	Losses on net investment hedges arising from forward foreign currency contracts recognised directly in reserves	(82)	(430)
(95)	Gains (losses) on translating overseas subsidiaries' net assets recognised directly in reserves	(738)	125
1,791	Losses previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the period recognised in income statement	13,973	-
(947)	Share of other comprehensive income (losses) of associated companies	(7,386)	1,651
(64)	Share of other comprehensive income (losses) of joint ventures	(502)	(985)
-	Tax relating to items that have been reclassified or may be subsequently reclassified to profit or loss	(1)	-
<b>662</b>		<b>5,162</b>	<b>76</b>
<b>743</b>	<b>Other comprehensive income (losses) after tax</b>	<b>5,795</b>	<b>(21)</b>
<b>13,962</b>	<b>Total comprehensive income</b>	<b>108,905</b>	<b>21,570</b>
	<b>Total comprehensive income attributable to non-controlling interests and holders of perpetual capital securities arises from:</b>		
(68)	Continuing operations	(531)	(229)
(17)	Discontinued operations	(130)	(14)
<b>(85)</b>		<b>(661)</b>	<b>(243)</b>
	<b>Total comprehensive income attributable to ordinary shareholders arises from:</b>		
4,431	Continuing operations	34,562	15,320
9,446	Discontinued operations	73,682	6,007
<b>13,877</b>		<b>108,244</b>	<b>21,327</b>

**CK Hutchison Holdings Limited**  
**Condensed Consolidated Statement of Financial Position**  
at 30 June 2015

Unaudited 30 June 2015 US\$ millions		Note	Unaudited 30 June 2015 HK\$ millions	As reclassified Note 2 31 December 2014 HK\$ millions
<b>ASSETS</b>				
<b>Non-current assets</b>				
22,932	Fixed assets	12	178,875	17,454
39	Investment properties	13	305	33,285
1,030	Leasehold land	14	8,036	-
4,062	Telecommunications licences	15	31,681	-
33,479	Goodwill	16	261,135	-
13,221	Brand names and other rights	17	103,121	-
18,778	Associated companies	18	146,468	216,841
10,045	Interests in joint ventures	19	78,350	68,754
2,906	Deferred tax assets	20	22,668	-
597	Other non-current assets	21	4,656	1,272
1,512	Liquid funds and other listed investments	22	11,793	10,210
<b>108,601</b>			<b>847,088</b>	<b>347,816</b>
<b>Current assets</b>				
20,777	Cash and cash equivalents	23	162,062	33,179
-	Liquid funds and other listed investments	22	-	918
6,495	Trade and other receivables	24	50,657	2,829
2,529	Inventories	25	19,729	73,199
<b>29,801</b>			<b>232,448</b>	<b>110,125</b>
<b>Current liabilities</b>				
12,321	Trade and other payables	26	96,106	11,642
5,612	Bank and other debts	28	43,774	18,352
284	Current tax liabilities		2,214	1,356
<b>18,217</b>			<b>142,094</b>	<b>31,350</b>
<b>11,584</b>	<b>Net current assets</b>		<b>90,354</b>	<b>78,775</b>
<b>120,185</b>	<b>Total assets less current liabilities</b>		<b>937,442</b>	<b>426,591</b>
<b>Non-current liabilities</b>				
37,505	Bank and other debts	28	292,540	19,522
697	Interest bearing loans from non-controlling shareholders	29	5,440	-
3,989	Deferred tax liabilities	20	31,113	1,022
542	Pension obligations	30	4,227	-
6,029	Other non-current liabilities	31	47,024	-
<b>48,762</b>			<b>380,344</b>	<b>20,544</b>
<b>71,423</b>	<b>Net assets</b>		<b>557,098</b>	<b>406,047</b>
<b>CAPITAL AND RESERVES</b>				
495	Share capital	32 (a)	3,860	10,489
31,370	Share premium	32 (a)	244,691	-
6,194	Perpetual capital securities	32 (b)	48,311	9,045
18,401	Reserves		143,527	383,656
<b>56,460</b>	<b>Total ordinary shareholders' funds and perpetual capital securities</b>		<b>440,389</b>	<b>403,190</b>
14,963	Non-controlling interests		116,709	2,857
<b>71,423</b>	<b>Total equity</b>		<b>557,098</b>	<b>406,047</b>

**CK Hutchison Holdings Limited**  
**Condensed Consolidated Statement of Changes in Equity**  
for the six months ended 30 June 2015

	Attributable to							
	Ordinary shareholders				Total ordinary shareholders'			
	Share capital and share premium <sup>(b)</sup>	Other reserves <sup>(c)</sup>	Retained profit	Sub-total	Holders of perpetual capital securities	funds and perpetual capital securities	Non-controlling interests	Unaudited Total equity
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
At 1 January 2015	10,489	11,791	371,865	394,145	9,045	403,190	2,857	406,047
Profit for the period	-	-	101,858	101,858	371	102,229	881	103,110
Other comprehensive income (losses)								
Available-for-sale investments								
Valuation gains recognised directly in reserves	-	524	-	524	-	524	(20)	504
Valuation gains previously in reserves recognised in income statement	-	(1,163)	-	(1,163)	-	(1,163)	18	(1,145)
Remeasurement of defined benefit obligations recognised directly in reserves	-	-	68	68	-	68	17	85
Gains on cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts recognised in reserves	-	526	-	526	-	526	13	539
Losses on net investment hedges arising from forward foreign currency contracts recognised directly in reserves	-	(82)	-	(82)	-	(82)	-	(82)
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	-	(186)	-	(186)	-	(186)	(552)	(738)
Losses previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the period recognised in income statement	-	13,973	-	13,973	-	13,973	-	13,973
Share of other comprehensive income (losses) of associated companies	-	(6,907)	(123)	(7,030)	-	(7,030)	(17)	(7,047)
Share of other comprehensive income (losses) of joint ventures	-	(451)	210	(241)	-	(241)	(50)	(291)
Tax relating to components of other comprehensive income (losses)	-	(1)	(2)	(3)	-	(3)	-	(3)
Other comprehensive income (losses)	-	6,233	153	6,386	-	6,386	(591)	5,795
Total comprehensive income	-	6,233	102,011	108,244	371	108,615	290	108,905
Cancellation of Cheung Kong shares <sup>(d)</sup>	(10,489)	(341,336)	-	(351,825)	-	(351,825)	-	(351,825)
Issue of new CK Hutchison shares pursuant to the								
Reorganisation Proposal <sup>(d)</sup>	351,825	-	-	351,825	-	351,825	-	351,825
Merger Proposal <sup>(e)</sup>	260,237	-	-	260,237	-	260,237	-	260,237
Dividends paid relating to 2014	-	-	(6,985)	(6,985)	-	(6,985)	-	(6,985)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(182)	(182)
Distribution paid on perpetual capital securities	-	-	-	-	(221)	(221)	-	(221)
Distribution In Specie (see notes 32(a) and 34(e))	(363,511)	-	-	(363,511)	-	(363,511)	(2,707)	(366,218)
Relating to deemed disposal of associated companies	-	(19,823)	19,823	-	-	-	-	-
Relating to acquisition of subsidiary companies	-	-	-	-	39,116	39,116	116,584	155,700
Relating to purchase of non-controlling interests	-	(69)	-	(69)	-	(69)	(135)	(204)
Relating to partial disposal of subsidiary companies	-	17	-	17	-	17	2	19
	238,062	(361,211)	12,838	(110,311)	38,895	(71,416)	113,562	42,146
At 30 June 2015	248,551	(343,187)	486,714	392,078	48,311	440,389	116,709	557,098

**CK Hutchison Holdings Limited**  
**Condensed Consolidated Statement of Changes in Equity**  
for the six months ended 30 June 2015

	Attributable to							
	Ordinary shareholders				Total ordinary shareholders <sup>7</sup>			
	Share capital and share premium <sup>(b)</sup>	Other reserves <sup>(c)</sup>	Retained profit	Sub-total	Holders of perpetual securities	funds and perpetual capital securities	Non-controlling interests	Unaudited Total equity
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
At 1 January 2014 <sup>(a)</sup>	10,489	7,476	342,716	360,681	9,048	369,729	3,092	372,821
Profit for the period	-	-	21,345	21,345	229	21,574	17	21,591
Other comprehensive income (losses)								
Available-for-sale investments								
Valuation losses recognised directly in reserves	-	(108)	-	(108)	-	(108)	(1)	(109)
Valuation gains previously in reserves recognised in income statement	-	(176)	-	(176)	-	(176)	-	(176)
Losses on net investment hedges arising from forward foreign currency contracts recognised directly in reserves	-	(430)	-	(430)	-	(430)	-	(430)
Gains on translating overseas subsidiaries' net assets recognised directly in reserves	-	127	-	127	-	127	(2)	125
Share of other comprehensive income (losses) of associated companies	-	1,654	(91)	1,563	-	1,563	-	1,563
Share of other comprehensive income (losses) of joint ventures	-	(985)	(9)	(994)	-	(994)	-	(994)
Other comprehensive income (losses)	-	82	(100)	(18)	-	(18)	(3)	(21)
Total comprehensive income	-	82	21,245	21,327	229	21,556	14	21,570
Dividends paid relating to 2013	-	-	(6,717)	(6,717)	-	(6,717)	-	(6,717)
Special dividends paid	-	-	(16,213)	(16,213)	-	(16,213)	-	(16,213)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(28)	(28)
Distribution paid on perpetual capital securities	-	-	-	-	(229)	(229)	-	(229)
Share of dilution surplus of an associated company <sup>(f)</sup>	-	19,497	-	19,497	-	19,497	-	19,497
Change in non-controlling interests	-	-	-	-	-	-	132	132
	-	19,497	(22,930)	(3,433)	(229)	(3,662)	104	(3,558)
At 30 June 2014	10,489	27,055	341,031	378,575	9,048	387,623	3,210	390,833

(a) Share capital of Cheung Kong (Holdings) Limited ("Cheung Kong") as at 1 January 2014 includes the balance on the share premium account created under the sections 48B and 49H of the predecessor Hong Kong Companies Ordinance (Cap. 32) of HK\$9,331 million, which under the Hong Kong Companies Ordinance (Cap. 622) effective on 3 March 2014 have been included in share capital.

(b) As at 30 June 2015, share capital and premium comprise share capital of HK\$3,860 million and share premium of HK\$244,691 million (1 January 2015 and 30 June 2014 - share capital of HK\$10,489 million).

(c) See note 33 for further details on other reserves.

(d) Under the Reorganisation Proposal, the share capital and the other reserves accounts were reduced by HK\$10,489 million and HK\$341,336 million, respectively, totaling HK\$351,825 million, representing the fair value of Cheung Kong shares cancelled, and at the same time the share capital and the share premium account were increased by HK\$2,316 million and HK\$349,509 million, respectively, totaling HK\$351,825 million, representing the fair value of new CK Hutchison Holdings Limited ("CK Hutchison") shares issued.

(e) Under the Merger Proposal, the share capital and the share premium account were increased by HK\$1,544 million and HK\$258,693 million, respectively, totaling HK\$260,237 million, representing the fair value of new CK Hutchison shares issued.

(f) Share of dilution surplus of an associated company represents the Group's share of increase in reserves of former associated company, Hutchison relating to the dilution of interest in its subsidiary companies in Retail division.

**CK Hutchison Holdings Limited**  
**Condensed Consolidated Statement of Cash Flows**  
for the six months ended 30 June 2015

Unaudited 2015 US\$ millions	Note	Unaudited As reclassified Note 2	
		2015 HK\$ millions	2014 HK\$ millions
<b>Operating activities</b>			
2,017			
(113)	34 (a)	15,736	26,057
(58)		(878)	(190)
1,846		(457)	(174)
417		14,401	25,693
2,263	34 (b)	3,251	(4,387)
		17,652	21,306
<b>Investing activities</b>			
(985)		(7,680)	(154)
(2)		(12)	-
(6)		(45)	-
14,077	34 (c)	109,803	-
(1)		(9)	-
119		931	366
(1,812)		(14,139)	(1,073)
6		46	-
(2)	34 (d)	(16)	-
308		2,401	-
31		240	-
11,733		91,520	(861)
299		2,335	576
(12)		(97)	-
12,020		93,758	(285)
14,283		111,410	21,021
<b>Financing activities</b>			
986		7,696	-
(2,370)		(18,488)	(2,451)
(62)		(490)	132
2		19	-
5,211	34 (e)	40,649	-
(123)		(965)	(28)
(28)		(221)	(229)
(896)		(6,985)	(22,930)
2,720		21,215	(25,506)
17,003		132,625	(4,485)
3,774		29,437	31,277
20,777		162,062	26,792

**CK Hutchison Holdings Limited**  
**Condensed Consolidated Statement of Cash Flows**  
for the six months ended 30 June 2015

Unaudited 2015 US\$ millions		Note	Unaudited	
			2015 HK\$ millions	As reclassified Note 2 2014 HK\$ millions
<b>Additional information:</b>				
<b>Analysis of net cash flows</b>				
	Operating net cash inflows arises from:			
1,741	Continuing operations		13,577	14,362
522	Discontinued operations		4,075	6,944
<u>2,263</u>			<u>17,652</u>	<u>21,306</u>
	Investing net cash inflows (outflows) arises from:			
12,672	Continuing operations		98,840	(151)
(652)	Discontinued operations		(5,082)	(134)
<u>12,020</u>			<u>93,758</u>	<u>(285)</u>
	Financing net cash inflows (outflows) arises from:			
2,745	Continuing operations		21,415	(25,613)
(25)	Discontinued operations		(200)	107
<u>2,720</u>			<u>21,215</u>	<u>(25,506)</u>
	Total net cash inflows (outflows) arises from:			
17,158	Continuing operations		133,832	(11,402)
(155)	Discontinued operations		(1,207)	6,917
<u>17,003</u>	Increase (decrease) in cash and cash equivalents		<u>132,625</u>	<u>(4,485)</u>
<b>30 June 2015 US\$ millions</b>			<b>30 June 2015 HK\$ millions</b>	<b>30 June 2014 HK\$ millions</b>
<b>Analysis of cash, liquid funds and other listed investments</b>				
20,777	Cash and cash equivalents, as above	23	162,062	26,792
1,512	Liquid funds and other listed investments	22	11,793	10,774
<u>22,289</u>	<b>Total cash, liquid funds and other listed investments</b>		<u>173,855</u>	<u>37,566</u>
43,117	Total bank and other debts	28	336,314	39,601
697	Interest bearing loans from non-controlling shareholders	29	5,440	-
<u>21,525</u>	<b>Net debt</b>		<u>167,899</u>	<u>2,035</u>
(697)	Interest bearing loans from non-controlling shareholders		(5,440)	-
<u>20,828</u>	<b>Net debt (excluding interest bearing loans from non-controlling shareholders)</b>		<u>162,459</u>	<u>2,035</u>



# Notes to the Interim Financial Statements

## 1 Reorganisation and combination of the businesses of the Cheung Kong Group and the Hutchison Group

The Reorganisation Proposal, the Merger Proposal and the Spin-off Proposal announced jointly by the respective boards of directors of Cheung Kong (Holdings) Limited (“Cheung Kong”), the former holding company of the Group, and Hutchison Whampoa Limited (“Hutchison”), a former associated company of the Group, were successfully completed during the period under review.

With the completion of the Reorganisation Proposal, Cheung Kong and all its subsidiaries became direct and indirect subsidiaries of CK Hutchison Holdings Limited (“CK Hutchison” or the “Company”) respectively, CK Hutchison became the new holding company of the Group, and the shares of CK Hutchison were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) while the listing status of Cheung Kong on the Stock Exchange had been withdrawn. The Reorganisation Proposal was not a business combination, but an internal capital reorganisation. Upon completion of the Reorganisation Proposal, CK Hutchison controls and operates the same assets and businesses as Cheung Kong. The Reorganisation Proposal did not involve any change in the beneficial ownership of the Group nor any change to the nature and scale of existing operations, save for changing the place of incorporation of the holding company of the Group from Hong Kong to the Cayman Islands. Accordingly, the consolidated financial statements of CK Hutchison is a continuation of Cheung Kong’s existing and on-going activities with assets and liabilities at existing book values, and include Cheung Kong’s full results for the period, including comparatives. Further details of the Reorganisation Proposal were set out in a circular issued by Cheung Kong dated 6 February 2015.

The Merger Proposal comprised the Hutchison Proposal and the Husky Share Exchange, under which the Group acquired the remaining 50.03% (which the Group did not previously own) of the issued and outstanding ordinary shares of Hutchison and an approximately 6.23% (in addition to the approximately 33.96% held by Hutchison) of the common shares of Husky Energy Inc. (“Husky”). With the completion of the Merger Proposal, Hutchison and all its subsidiaries became direct and indirect subsidiaries of CK Hutchison respectively, and the Group owned an approximately 40.19% of the common shares of Husky. As the completion of the Hutchison Proposal was subject to, amongst others, the completion of the Husky Share Exchange having occurred, they are accounted for together in the consolidated financial statements of CK Hutchison using the acquisition method of accounting. Further details of the Hutchison Proposal and the Husky Share Exchange were set out in a circular issued by CK Hutchison dated 31 March 2015 and a scheme document issued jointly by CK Hutchison, CK Global Investments Limited (“CK Global”) and Hutchison dated 31 March 2015.

The Group’s entire interest in the Cheung Kong Property Holdings Limited (“Cheung Kong Property”) was distributed to shareholders pursuant to the Distribution In Specie under the Spin-off Proposal. The results of the Property and hotels operations are therefore presented as discontinued operations separately from continuing operations in the consolidated income statement and consolidated statement of comprehensive income of CK Hutchison. The Distribution In Specie is accounted for as a distribution of non-cash assets (shares in Cheung Kong Property) to shareholders, where the difference between the distribution liability measured at fair value and the book value of the disposal group (after netting HK\$55,000 million received) is recognised in profit or loss in the consolidated financial statements of CK Hutchison upon settlement of the distribution liability. Further details of the Distribution In Specie were set out in a circular issued by CK Hutchison dated 31 March 2015 and a scheme document issued jointly by CK Hutchison, CK Global and Hutchison dated 31 March 2015.

## 2 Basis of preparation

These unaudited condensed consolidated financial statements of the Company (the “Interim Financial Statements”) are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The Interim Financial Statements should be read in conjunction with the audited consolidated financial statements of Cheung Kong for the year ended 31 December 2014 (the “2014 Annual Financial Statements”), which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The Interim Financial Statements have been prepared under the historical cost convention except for certain properties and financial instruments which are stated at fair values, as explained in the significant accounting policies set out in note 3.

The accounting policies applied and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in the 2014 Annual Financial Statements, except for the adoption of the new and revised standards, amendments and interpretations issued by the HKICPA that are relevant to the Group’s operations and mandatory for annual accounting periods beginning 1 January 2015. The effect of the adoption of these new and revised standards, amendments and interpretations was not material to the Group’s results of operations or financial position.

## 2 Basis of preparation (continued)

The Merger Proposal and the Spin-off Proposal have introduced significant changes to the nature of the Group's operations. As a result, the Group has updated its presentation of the financial statements to provide more relevant information. Accordingly, certain comparative amounts have been reclassified to conform to the current period presentation. The reclassifications, based on the new presentation format, where material, are explained in notes (a) to (c) below, where the line items under the previously published presentation format are shown in italic:

(a) Reclassification - consolidated income statement for the six months ended 30 June 2014

	Amounts before reclassification HK\$ millions		Reclassifications HK\$ millions		Amounts after reclassification HK\$ millions
				(iv)	
<b>Continuing operations</b>					
Revenue	11,766	(i)	698	(11,766)	698
<i>Investment and other income</i>	984	(i)	(698)	(286)	-
Cost of inventories sold	(5,732)			5,732	-
Staff costs	(755)			225	(530)
Depreciation and amortisation	(154)			147	(7)
Other operating income (expenses)	(211)			756	545
Share of profits less losses of:					
Associated companies before profits on disposal of investments and others	14,276	(ii)	(7,455)	(1,662)	5,159
Joint ventures	1,899			(1,138)	761
Associated companies' profits on disposal of investments and others	-	(ii)	7,455	-	7,455
<i>Increase in fair value of investment properties</i>	560			(560)	-
	22,633			(8,552)	14,081
Interest expenses and other finance costs	(190)			(142)	(332)
<b>Profit before tax</b>	22,443			(8,694)	13,749
Current tax	(825)	(iii)		759	(66)
Deferred tax	(27)	(iii)		23	(4)
<b>Profit after tax from continuing operations</b>	21,591			(7,912)	13,679
<b>Discontinued operations</b>					
Profit after tax from discontinued operations	-			7,912	7,912
<b>Profit after tax</b>	21,591			-	21,591
<b>Profit attributable to non-controlling interests and holders of perpetual capital securities arises from:</b>					
Continuing operations	(246)			15	(231)
Discontinued operations	-			(15)	(15)
	(246)			-	(246)
<b>Profit attributable to ordinary shareholders arises from:</b>					
Continuing operations	21,345			(7,897)	13,448
Discontinued operations	-			7,897	7,897
	21,345			-	21,345

- (i) Investment and other income of HK\$698 million previously reported as a separate item is reclassified and grouped under Revenue.
- (ii) Share of associated company's profits on disposal of investments and others of HK\$7,455 million, previously grouped under "Share of profits less losses of associated companies", is presented as a separate item in the consolidated income statement.
- (iii) Current tax of HK\$825 million and Deferred tax of HK\$27 million, previously grouped under "Taxation", are presented as separate items in the consolidated income statement.
- (iv) For separate presentation of discontinued operations.

## 2 Basis of preparation (continued)

(b) Reclassification - consolidated statement of financial position as at 31 December 2014

	Amounts before reclassification HK\$ millions	Reclassification HK\$ millions	Amounts after reclassification HK\$ millions
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	17,454		17,454
Investment properties	33,285		33,285
Associated companies	216,841		216,841
Interests in joint ventures	68,754		68,754
Other non-current assets	-	(v) 1,272	1,272
<i>Long term loan receivables</i>	301	(v) (301)	-
<i>Derivative financial instruments</i>	476	(v) (476)	-
Liquid funds and other listed investments	10,705	(v) (495)	10,210
	<u>347,816</u>		<u>347,816</u>
<b>Current assets</b>			
Cash and cash equivalents	33,179		33,179
Liquid funds and other listed investments	918		918
Trade and other receivables	2,510	(vi) 319	2,829
<i>Derivative financial instruments</i>	319	(vi) (319)	-
Inventories	73,199		73,199
	<u>110,125</u>		<u>110,125</u>
<b>Current liabilities</b>			
Trade and other payables	11,451	(vii) 191	11,642
<i>Derivative financial instruments</i>	191	(vii) (191)	-
Bank and other debts	18,352		18,352
Current tax liabilities	1,356		1,356
	<u>31,350</u>		<u>31,350</u>
<b>Net current assets</b>	<u>78,775</u>		<u>78,775</u>
<b>Total assets less current liabilities</b>	<u>426,591</u>		<u>426,591</u>
<b>Non-current liabilities</b>			
Bank and other debts	19,522		19,522
Deferred tax liabilities	1,022		1,022
	<u>20,544</u>		<u>20,544</u>
<b>Net assets</b>	<u>406,047</u>		<u>406,047</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	10,489		10,489
Perpetual capital securities	9,045		9,045
Reserves	383,656		383,656
<b>Total ordinary shareholders' funds and perpetual capital securities</b>	<u>403,190</u>		<u>403,190</u>
Non-controlling interests	2,857		2,857
<b>Total equity</b>	<u>406,047</u>		<u>406,047</u>

(v) Long term loan receivables of HK\$301 million, Derivative financial assets of HK\$476 million and Liquid funds and other listed investments of HK\$495 million are reclassified and grouped under Other non-current assets.

(vi) Derivative financial assets of HK\$319 million is reclassified and grouped under Trade and other receivables.

(vii) Derivative financial liabilities of HK\$191 million is reclassified and grouped under Trade and other payables.

## 2 Basis of preparation (continued)

(c) Reclassification - consolidated statement of cash flows for the six months ended 30 June 2014

	Amounts before reclassification HK\$ millions (viii)		Reclassification HK\$ millions	Amounts after reclassification HK\$ millions
<b>Operating activities</b>				
Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	26,057			26,057
Interest expenses and other finance costs paid	-	(ix)	(190)	(190)
Tax paid	(174)			(174)
<i>Dividends and distributions paid</i>	<u>(23,187)</u>	(x)	23,187	<u>-</u>
<b>Funds from operations</b>	<u>2,696</u>			<u>25,693</u>
Changes in working capital	<u>(4,223)</u>	(ix)	(164)	<u>(4,387)</u>
<b>Net cash from (used in) operating activities</b>	<u>(1,527)</u>			<u>21,306</u>
<b>Investing activities</b>				
Purchase of fixed assets and investment properties	(154)			(154)
Repayments from associated companies and joint ventures	366			366
Purchase of and advances to (including deposits from) associated companies and joint ventures	<u>(1,073)</u>			<u>(1,073)</u>
Cash flows used in investing activities before additions to / disposal of liquid funds and other listed investments	(861)			(861)
Disposal of liquid funds and other listed investments	<u>576</u>			<u>576</u>
<b>Cash flows used in investing activities</b>	<u>(285)</u>			<u>(285)</u>
<b>Net cash inflow (outflow) before financing activities</b>	<u>(1,812)</u>			<u>21,021</u>
<b>Financing activities</b>				
Repayment of borrowings	(2,451)			(2,451)
Issue of shares by subsidiary companies to non-controlling shareholders and net loans from (to) non-controlling shareholders	132			132
Dividends paid to non-controlling interests	-	(x)	(28)	(28)
Distributions paid on perpetual capital securities	-	(x)	(229)	(229)
Dividends paid to ordinary shareholders	-	(x)	(22,930)	(22,930)
<i>Interest and other finance costs paid</i>	<u>(354)</u>	(ix)	354	<u>-</u>
<b>Cash flows used in financing activities</b>	<u>(2,673)</u>			<u>(25,506)</u>
Decrease in cash and cash equivalents	(4,485)			(4,485)
Cash and cash equivalents at 1 January	<u>31,277</u>			<u>31,277</u>
<b>Cash and cash equivalents at 30 June</b>	<u>26,792</u>			<u>26,792</u>

(viii) Additional line items for cash flows arising from operating, investing and financing activities are presented under the new format adopted for the current period.

(ix) Interest expenses and other finance costs paid of HK\$190 million and changes in interest payable of HK\$164 million, previously reported as financing activities, are reclassified as operating activities.

(x) Dividend paid of HK\$23,187 million, previously reported as operating activities, is reclassified as financing activities.

### 3 Significant accounting policies

#### (a) Basis of consolidation

The consolidated financial statements of the Group include the financial statements of the Company and its direct and indirect subsidiary companies and also incorporate the Group's interest in associated companies and joint ventures on the basis set out in notes 3(c) and 3(d) below. Results of subsidiary and associated companies and joint ventures acquired or disposed of during the period are included as from their effective dates of acquisition to 30 June 2015 or up to the dates of disposal as the case may be. The acquisition of subsidiaries is accounted for using the acquisition method.

#### (b) Subsidiary companies

A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the consolidated financial statements, subsidiary companies are accounted for as described in note 3(a) above.

#### (c) Associated companies

An associate is an entity, other than a subsidiary or a joint venture, in which the Group has a long-term equity interest and over which the Group is in a position to exercise significant influence over its management, including participation in the financial and operating policy decisions.

The results and net assets of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under HKFRS 5, Non-current assets held for sale and discontinued operations. The total carrying amount of such investments is reduced to recognise any identified impairment loss in the value of individual investments.

#### (d) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control and over which none of the participating parties has unilateral control.

Investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement. Joint ventures are accounted for under the equity method.

The results and net assets of joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under HKFRS 5, Non-current assets held for sale and discontinued operations. The total carrying amount of such investments is reduced to recognise any identified impairment loss in the value of individual investments.

#### (e) Fixed assets

Fixed assets are stated at cost less depreciation and any impairment loss. Buildings are depreciated on the basis of an expected life of 50 years, or the remainder thereof, or over the remaining period of the lease of the underlying leasehold land, whichever is less. The period of the lease includes the period for which a right to renewal is attached. Aircraft are depreciated on a straight-line basis, after taking into account a residual value of 10% of their costs, over an expected useful life of 25 years from their respective dates of first use.

Depreciation of other fixed assets is provided on the straight-line basis to write off their costs over their estimated useful lives. The principal annual rates used for this purposes are as follows:

Motor vehicles	20 - 25%
Plant, machinery and equipment	3 1/3 - 20%
Container terminal equipment	3 - 20%
Telecommunications equipment	2.5 - 20%
Rolling stock and other railway assets	2.9 - 5%
Water and sewerage infrastructure assets	0.5 - 25%
Leasehold improvements	Over the unexpired period of the lease or 15%, whichever is greater

The gain or loss on disposal or retirement of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

### 3 Significant accounting policies (continued)

(f) Investment properties

Investment properties are interests in land and buildings that are held to earn rentals or for capital appreciation or both. Such properties are carried in the statement of financial position at their fair value. Changes in fair values of investment properties are recorded in the income statement.

(g) Leasehold land

The acquisition costs and upfront payments made for leasehold land are presented on the face of the statement of financial position as leasehold land and expensed in the income statement on a straight-line basis over the period of the lease.

(h) Telecommunications licences, other licences, brand names, trademarks and other rights

Separately acquired telecommunications licences, other licences, brand names, trademarks and other rights are carried at historical cost. Telecommunications licences, other licences, brand names, trademarks and other rights acquired in a business combination are recognised at fair value at the acquisition date. Telecommunications licences, other licences, brand names, trademarks and other rights with a finite useful life are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of these assets over their estimated useful lives:

Telecommunications licences and other licences	9 to 20 years
Brand names, trademarks and other rights	3 to 40 years

Telecommunications licences, other licences, brand names, trademarks and other rights that are considered to have an indefinite life to the Group are not amortised and are tested for impairment annually and when there is indication that they may be impaired.

(i) Telecommunications customer acquisition costs

Telecommunications customer acquisition costs (“CACs”) comprise the net costs to acquire and retain mobile telecommunications customers, which are primarily 3G and LTE customers. All telecommunications CACs are expensed and recognised in the income statement in the period in which they are incurred.

(j) Goodwill

Goodwill is initially measured at cost, being excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group’s previously held equity interests in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed. Goodwill on acquisition of a foreign operation is treated as an asset of the foreign operation.

Goodwill is subject to impairment test annually and when there are indications that the carrying value may not be recoverable.

If the cost of acquisition is less than the fair value of the Group’s share of the net identifiable assets of the acquired company, the difference is recognised directly in the income statement.

The profit or loss on disposal is calculated by reference to the net assets at the date of disposal including the attributable amount of goodwill but does not include any attributable goodwill previously eliminated against reserves.

(k) Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method from five to fifteen years over the expected life of the customer relationship.

(l) Deferred tax

Deferred tax is recognised, using the liabilities method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax losses and tax credits can be utilised.

### 3 Significant accounting policies (continued)

#### (m) Liquid funds and other listed investments and other unlisted investments

"Liquid funds and other listed investments" are investments in listed / traded debt securities, listed equity securities, long-term deposits and cash and cash equivalents. "Other unlisted investments", disclosed under other non-current assets, are investments in unlisted debt securities, unlisted equity securities and other receivables. These investments are recognised and de-recognised on the date the Group commits to purchase or sell the investments or when they expire. These investments are classified and accounted for as follows:

##### *Loans and receivables*

"Loans and receivables" are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of the reporting period subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method less impairment. Interest calculated using the effective interest method is recognised in the income statement.

##### *Held-to-maturity investments*

"Held-to-maturity investments" are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity. At the end of the reporting period subsequent to initial recognition, held-to-maturity investments are carried at amortised cost using the effective interest method less impairment. Interest calculated using the effective interest method is recognised in the income statement.

##### *Financial assets at fair value through profit or loss*

"Financial assets at fair value through profit or loss" are financial assets where changes in fair value are recognised in the income statement in the period in which they arise. At the end of the reporting period subsequent to initial recognition, these financial assets are carried at fair value. In addition, any dividends or interests earned on these financial assets are recognised in the income statement.

##### *Available-for-sale investments*

"Available-for-sale investments" are non-derivative financial assets that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. At the end of the reporting period subsequent to initial recognition, these financial assets are carried at fair value and changes in fair value are recognised in other comprehensive income and accumulated under the heading of revaluation reserve except for impairment losses which are charged to the income statement. Where these investments are interest bearing, interest calculated using the effective interest method is recognised in the income statement. Dividends from available-for-sale investments are recognised when the right to receive payment is established. When available-for-sale investments are sold, the cumulative fair value gains or losses previously recognised in revaluation reserve is removed from revaluation reserve and recognised in the income statement.

#### (n) Derivative financial instruments and hedging activities

Derivative financial instruments are utilised by the Group in the management of its foreign currency and interest rate exposures. The Group's policy is not to utilise derivative financial instruments for trading or speculative purposes. Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. Changes in fair value are recognised based on whether certain qualifying criteria under HKAS 39 are satisfied in order to apply hedge accounting, and if so, the nature of the items being hedged.

Derivatives designated as hedging instruments to hedge the fair value of recognised assets or liabilities may qualify as fair value hedges. The Group mainly enters into interest rate swap contracts to swap certain fixed interest rate borrowings into floating interest rate borrowings. Changes in the fair value of these derivative contracts, together with the changes in the fair value of the hedged assets or liabilities attributable to the hedged risk are recognised in the income statement as interest expenses and other finance costs. At the same time the carrying amount of the hedged asset or liability in the statement of financial position is adjusted for the changes in fair value.

### 3 Significant accounting policies (continued)

#### (n) Derivative financial instruments and hedging activities (continued)

Derivatives designated as hedging instruments to hedge against the cash flows attributable to recognised assets or liabilities or forecast payments may qualify as cash flow hedges. The Group mainly enters into interest rate swap contracts to swap certain floating interest rate borrowings to fixed interest rate borrowings and foreign currency contracts to hedge the currency risk associated with certain forecast foreign currency payments and obligations. Changes in the fair value relating to the effective portion of these derivative contracts are recognised in other comprehensive income and accumulated under the heading of hedging reserve. The gain or loss relating to the ineffective portion is recognised in the income statement as interest expenses and other finance costs. Amounts accumulated are removed from hedging reserve and recognised in the income statement in the periods when the hedged derivative contract matures, except, when the forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the amounts accumulated are transferred from hedging reserve and, then they are included in the initial cost of the asset or liability.

Derivatives designated as hedging instruments to hedge the net investment in a foreign operation are accounted for in a way similar to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion is recognised in other comprehensive income and accumulated under the heading of exchange reserve. The gain or loss relating to the ineffective portion is recognised in the income statement as interest expenses and other finance costs. Amounts accumulated are removed from exchange reserve and recognised in the income statement in the periods when the foreign operation is disposed of.

Derivatives that do not qualify for hedge accounting under HKAS 39 will be accounted for with the changes in fair value being recognised in the income statement.

#### (o) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Appropriate allowance for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired.

#### (p) Inventories

Inventories consist mainly of retail goods and, in relation to prior period, stock of properties. The carrying value of retail stock is mainly determined using the weighted average cost method. Inventories are stated at the lower of cost and net realisable value. Cost includes all direct expenditure and other appropriate attributable costs incurred in bringing inventories to their present location and condition.

Stock of properties are stated at the lower of cost and net realisable value. Net realisable value is determined with reference to sales proceeds received after the reporting date less selling expenses, or by management estimates based on prevailing market conditions. Costs of properties include acquisition costs, development expenditure, interest and other direct costs attributable to the properties.

#### (q) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

#### (r) Borrowings and borrowing costs

The Group's borrowings and debt instruments are initially measured at fair value, net of transaction costs, and are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption amount of borrowings and debt instruments is recognised over the period of the borrowings using effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

#### (s) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

#### (t) Customer loyalty credits

Customer loyalty credits are accounted for as a separate component of the sales transaction in which they are granted.



### 3 Significant accounting policies (continued)

#### (u) Share capital

Share capital issued by the holding company of the Group are recorded in equity at the proceeds received, net of direct issue costs.

#### (v) Provisions

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a present obligation as a result of past events and a reliable estimate can be made of the amount of the obligation.

#### (w) Leased assets

Assets acquired pursuant to finance leases and hire purchase contracts that transfer to the Group substantially all the rewards and risks of ownership are accounted for as if purchased.

Finance leases are capitalised at the inception of the leases at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Lease payments are treated as consisting of capital and interest elements. The capital element of the leasing commitment is included as a liability and the interest element is charged to the income statement. All other leases are accounted for as operating leases and the rental payments are charged to the income statement on accrual basis.

#### (x) Asset impairment

Assets that have an indefinite useful life are tested for impairment annually and when there is indication that they may be impaired. Assets that are subject to depreciation and amortisation are reviewed for impairment to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to dispose and value in use. Such impairment loss is recognised in the income statement except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that asset, in which case it is treated as a revaluation decrease.

#### (y) Pension plans

Pension plans are classified into defined benefit and defined contribution plans. The pension plans are generally funded by the relevant Group companies taking into account the recommendations of independent qualified actuaries and by payments from employees for contributory plans.

The Group's contributions to the defined contribution plans are charged to the income statement in the period / year incurred.

Pension costs for defined benefit plans are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the future service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the plans. The pension obligation is measured at the present value of the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on government agency or high quality corporate bonds with currency and term similar to the estimated term of benefit obligations.

Remeasurements arising from defined benefit plans are recognised in other comprehensive income in the period / year in which they occur and reflected immediately in retained profit. Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)).

Pension costs are charged to the income statement within staff costs.

#### (z) Share-based payments

The Company has no share option scheme but certain of the Company's subsidiary companies and associated companies have issued equity-settled and cash-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the respective group companies' estimate of their shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at the end of the reporting period.

### 3 Significant accounting policies (continued)

#### (aa) Foreign exchange

Transactions in foreign currencies are converted at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities are translated at the rates of exchange ruling at the end of the reporting period.

The financial statements of foreign operations (i.e. subsidiary companies, associated companies, joint ventures or branches whose activities are based or conducted in a country or currency other than those of the Company) are translated into Hong Kong dollars using the period / year end rates of exchange for the statement of financial position items and the average rates of exchange for the period / year for the income statement items. Exchange differences are recognised in other comprehensive income and accumulated under the heading of exchange reserve. Exchange differences arising from foreign currency borrowings and other currency instruments designated as hedges of such overseas investments, are recognised in other comprehensive income and accumulated under the heading of exchange reserve.

Exchange differences arising from translation of inter-company loan balances between Group entities are recognised in other comprehensive income and accumulated under the heading of exchange reserve when such loans form part of the Group's net investment in a foreign entity. On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange gains or losses accumulated in exchange reserve in respect of that operation attributable to the owners of the Company are transferred out of the exchange reserve and are recognised in the income statement.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the income statement. For all other partial disposals (i.e. partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is transferred out of the exchange reserve and are recognised in the income statement.

All other exchange differences are recognised in the income statement.

#### (ab) Business combinations

The Group applies the provisions of Hong Kong Financial Reporting Standard 3, Business Combinations ("HKFRS 3"), to transactions and other events that meet the definition of a business combination within the scope of HKFRS 3. Where the acquisition method of accounting is used to account for business combinations, the consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity instruments issued or liabilities incurred by the Group to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are generally recognised in profit or loss as incurred. Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

The difference between the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any pre-existing investment in the acquiree over the acquisition date fair value of assets acquired and the liabilities assumed is recognised as goodwill. If the consideration transferred and the fair value of pre-existing investment in the acquiree is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the Group, the difference is recognised as a gain directly in profit or loss by the Group on the acquisition date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the Group's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The Group retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed as of the acquisition date. The measurement period is the period from the date the Group obtains complete information about the facts and circumstances that existed as of the acquisition date, and ends on 12 months from the date of the acquisition.

### 3 Significant accounting policies (continued)

#### (ac) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale or dispose.

When an operation is classified as discontinued, a single amount is presented in the income statement, which comprises the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operations.

#### (ad) Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes. Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

##### *Ports and related services*

Revenue from the provision of ports and related services is recognised when the service is rendered.

##### *Property and hotels*

When properties under development are sold, income is recognised when the property development is completed with the relevant occupation permit issued by the authorities and the significant risks and rewards of the properties are passed to the purchasers. Payments received from purchasers prior to this stage are accounted for as customers' deposits received.

Property rental income is recognised on a straight-line basis over the period of the lease. Income from property and project management is recognised when services are rendered. Revenue from hotel and serviced suite operation is recognised upon provision of services.

##### *Retail*

Revenue from the sale of retail goods is recognised at point of sales less an estimate for sales return based on past experience where goods are sold with a right to return. Retail sales are usually in cash or by credit card. The recorded revenue is the gross amount of sales, including credit card fees payable for the transaction.

##### *Infrastructure*

Income from long-term contracts is recognised according to the stage of completion.

Aircraft leasing income are recognised on a straight-line basis over the period of the lease.

##### *Energy*

Revenue associated with the sale of crude oil, natural gas, natural gas liquids, synthetic crude oil, purchased commodities and refined petroleum products is recognised when the title passes to the customer.

Revenue associated with the sale of transportation, processing and natural gas storage services is recognised when the service is provided.

### 3 Significant accounting policies (continued)

#### (ad) Revenue recognition (continued)

##### *Mobile and fixed-line telecommunications services*

Revenue from the provision of mobile telecommunications services with respect to voice, video, internet access, messaging and media services, including data services and information provision, is recognised when the service is rendered and, depending on the nature of the services, is recognised either at gross amount billed to the customer or the amount receivable as commission for facilitating the services.

Revenue from the sale of prepaid mobile calling cards is recognised upon customer's usage of the card or upon the expiry of the service period.

For bundled transactions under contract comprising of provision of mobile telecommunications services and sale of a device (e.g. handsets), the amount of revenue recognised upon the sale of the device is accrued as determined by considering the estimated fair values of each of the services element and device element of the contract.

Other service income is recognised when the service is rendered.

Customer service revenue is mobile telecommunications service revenue, and where a customer is invoiced for a bundled transaction under contract, the invoiced amount less amounts related to accrued device revenue and also less other service income.

Total revenue arising from mobile and fixed-line telecommunications services comprises of service revenue, other service income and sale of device revenue.

##### *Finance and investments*

Dividend income from investments in securities is recognised when the Group's right to receive payment is established.

Interest income is recognised on a time proportion basis using the effective interest method.

#### 4 Critical accounting estimates and judgements

Note 3 includes a summary of the significant accounting policies used in the preparation of the financial statements. The preparation of financial statements often requires the use of judgements to select specific accounting methods and policies from several acceptable alternatives. Furthermore, significant estimates and assumptions concerning the future may be required in selecting and applying those methods and policies in the financial statements. The Group bases its estimates and judgements on historical experience and various other assumptions that it believes are reasonable under the circumstances. Actual results may differ from these estimates and judgements under different assumptions or conditions.

The following is a review of the more significant assumptions and estimates, as well as the accounting policies and methods used in the preparation of the financial statements.

##### (a) Basis of consolidation

The determination of the Group's level of control over another entity will require exercise of judgement under certain circumstances. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. As such, the classification of the entity as a subsidiary, a joint venture, an associate or a cost investment might require the application of judgement through the analysis of various indicators, such as the percentage of ownership interest held in the entity, the representation on the entity's board of directors and various other factors including, if relevant, the existence of agreement with other shareholders, applicable statutes and regulations and their requirements. The Group also considers, in particular, whether it obtains benefits, including non-financial benefits, from its power to control the entity.

##### (b) Long-lived assets

Assets that have an indefinite useful life are tested for impairment annually and when there is indication that they may be impaired. Assets that are subject to depreciation and amortisation are reviewed for impairment to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to dispose and value in use. Such impairment loss is recognised in the income statement except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that asset, in which case it is treated as a revaluation decrease and is recognised in other comprehensive income.

Judgement is required in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may indicate that the related asset values may not be recoverable; (2) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to dispose or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions used to determine the level, if any, of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the income statement.

##### (c) Depreciation and amortisation

###### (i) Fixed assets

Depreciation of operating assets constitutes a substantial operating cost for the Group. The cost of fixed assets is charged as depreciation expense over the estimated useful lives of the respective assets using the straight-line method. The Group periodically reviews changes in technology and industry conditions, asset retirement activity and residual values to determine adjustments to estimated remaining useful lives and depreciation rates.

Actual economic lives may differ from estimated useful lives. Periodic reviews could result in a change in depreciable lives and therefore depreciation expense in future periods.

###### (ii) Telecommunications licences, other licences, brand names, trademarks and other rights

Telecommunications licences, other licences, brand names, trademarks and other rights with a finite useful life are carried at cost less accumulated amortisation and are reviewed for impairment annually. Telecommunications licences, other licences, brand names, trademarks and other rights that are considered to have an indefinite life to the Group are not amortised and are tested for impairment annually and when there is indication that they may be impaired.

On the basis of confirmation from the Ministry of the Italian Government that the Group's 3G licence term in Italy can be continuously extended for a period equivalent to the previous term, effectively making it a perpetual licence, and the enactment by the UK Houses of Parliament of a statutory instrument, which inter alia changes the life of the Group's 3G licence to indefinite, the Group's 3G licences in Italy and in the UK are considered to have an indefinite useful life.

#### 4 Critical accounting estimates and judgements (continued)

##### (c) Depreciation and amortisation (continued)

###### *(ii) Telecommunications licences, other licences, brand names, trademarks and other rights (continued)*

Brand names relate to Retail and Telecommunications are considered to have an indefinite life as there is no foreseeable limit to the period over which they are expected to generate net cash inflows.

Judgement is required to determine the useful lives of the Group's telecommunications licences, other licences, brand names, trademarks and other rights. The actual economic lives of these assets may differ from the current contracted or expected usage periods, which could impact the amount of amortisation expense charged to the income statement. In addition, governments from time to time revise the terms of licences to change, amongst other terms, the contracted or expected licence period, which could also impact the amount of amortisation expense charged to the income statement.

###### *(iii) Telecommunications customer acquisition costs*

Telecommunications customer acquisition costs ("CACs") comprise the net costs to acquire and retain mobile telecommunications customers, which are primarily 3G and LTE customers. Telecommunications CACs are expensed and recognised in the income statement in the period in which they are incurred.

Judgement is required to determine the most appropriate accounting policy for telecommunications CACs. Any change in the accounting policy to capitalise these costs will impact the charge to the income statement as these costs will be capitalised and amortised over the contract periods.

##### (d) Goodwill

Goodwill is initially measured at cost, being excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed. Goodwill is recorded as a separate asset or, as applicable, included within investments in associated companies and joint ventures. Goodwill is also subject to the impairment test annually and when there are indications that the carrying value may not be recoverable.

##### (e) Tax

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were previously recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax losses and tax credits can be utilised, based on all available evidence. Recognition primarily involves judgement regarding the future financial performance of the particular legal entity or tax group. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, group relief, tax planning strategies and the periods in which estimated tax losses can be utilised.

The ultimate realisation of deferred tax assets recognised for certain of the Group's businesses depends principally on these businesses maintaining profitability and generating sufficient taxable profits to utilise the underlying unused tax losses. It may be necessary for some or all of the deferred tax assets recognised to be reduced and charged to the income statement if there is a significant adverse change in the projected performance and resulting projected taxable profits of these businesses. Judgement is required to determine key assumptions adopted in the taxable profit and loss projections and changes to key assumptions used can significantly affect these taxable profit and loss projections.

##### (f) Business combinations and goodwill

As disclosed in note 3(ab), the Group applies the provisions of HKFRS 3 to transactions and other events that meet the definition of a business combination within the scope of HKFRS 3. When the Group completes a business combination, the identifiable assets acquired and the liabilities assumed, including intangible assets, contingent liabilities and commitments, are recognised at their fair value. Judgement is required to determine the fair values of the assets acquired, the liabilities assumed, and the purchase consideration, and on the allocation of the purchase consideration to the identifiable assets and liabilities. If the purchase consideration exceeds the fair value of the net assets acquired then the incremental amount paid is recognised as goodwill. If the purchase price consideration is lower than the fair value of the net assets acquired then the difference is recorded as a gain in the income statement. Allocation of the purchase consideration between finite lived assets and indefinite lived assets such as goodwill affects the subsequent results of the Group as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised.

#### 4 Critical accounting estimates and judgements (continued)

##### (g) Provisions for commitments, onerous contracts and other guarantees

The Group has entered into a number of procurement and supply contracts related to specific assets in the ordinary course of its business and provided guarantees in respect of bank and other borrowing facilities to associated companies and joint ventures. Where the unavoidable costs of meeting the obligations under these procurement and supply contracts exceed the associated, expected future net benefits, an onerous contract provision is recognised, or where the borrowing associated companies and joint ventures are assessed to be unable to repay the indebtedness that the Group has guaranteed, a provision is recognised. The calculation of these provisions will involve the use of estimates. These onerous provisions are calculated by taking the unavoidable costs that will be incurred under the contract and deducting any estimate revenues or predicted income to be derived from the assets, or by taking the unavoidable costs that will be incurred under the guarantee and deducting any estimated recoverable value from the investment in such associated companies and joint ventures.

##### (h) Pension costs

The Group operates several defined benefit plans. Pension costs for defined benefit plans are assessed using the projected unit credit method in accordance with HKAS 19, Employee Benefits. Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the future service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the plans. The pension obligation is measured at the present value of the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on government agency or high quality corporate bonds with currency and term similar to the estimated term of benefit obligations. Remeasurements arising from defined benefit plans are recognised in other comprehensive income in the year in which they occur and reflected immediately in retained profit. Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)).

Management appointed actuaries to carry out a full valuation of these pension plans to determine the pension obligations that are required to be disclosed and accounted for in the financial statements in accordance with the HKFRS requirements.

The actuaries use assumptions and estimates in determining the fair value of the defined benefit plans and evaluate and update these assumptions on an annual basis. Judgement is required to determine the principal actuarial assumptions to determine the present value of defined benefit obligations and service costs. Changes to the principal actuarial assumptions can significantly affect the present value of plan obligations and service costs in future periods.

##### (i) Sale and leaseback transactions

The Group classifies leases into finance leases or operating leases in accordance with the accounting policies stated in note 3(w). Determining whether a lease transaction is a finance lease or an operating lease is a complex issue and requires substantial judgement as to whether the lease agreement transfers substantially all the risks and rewards of ownership to or from the Group. Careful and considered judgement is required on various complex aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether renewal options are included in the lease term and determining an appropriate discount rate to calculate the present value of the minimum lease payments.

Classification as a finance lease or operating lease determines whether the leased asset is capitalised and recognised on the statement of financial position as set out in note 3(w). In sale and leaseback transactions, the classification of the leaseback arrangements as described above determines how the gain or loss on the sale transaction is recognised. It is either deferred and amortised (finance lease) or recognised in the income statement immediately (operating lease).

##### (j) Allocation of revenue for bundled telecommunications transactions with customers

The Group has bundled transactions under contract with customers including sales of both services and hardware (for example handsets). The amount of revenue recognised upon the sale of hardware is determined by considering the estimated fair values of each of the service element and hardware element of the contract. Significant judgement is required in assessing fair values of both of these elements by considering inter alia, standalone selling price and other observable market data. Changes in the estimated fair values may cause the revenue recognised for sales of services and hardware to change individually but not the total bundled revenue from a specific customer throughout its contract term. The Group periodically re-assesses the fair value of the elements as a result of changes in market conditions.

## 5 Operating segment information

The Merger Proposal and the Spin-off Proposal have introduced significant changes to the composition of the Group's operating segments. As a result, the Group has updated its presentation of operating segment information. As the Group's former Property and hotels operating segment consisted entirely of discontinued operations, information about property sales, property rental, hotel and serviced suite operation, and property and project management are not presented in the following operating segment information. Set out below is information about the new composition of the Group's operating segment for the current and comparative periods:

Ports and related services:

This division had 282 operational berths as at 30 June 2015.

Retail:

The Retail division had 11,780 stores across 24 markets as at 30 June 2015.

Infrastructure:

The Infrastructure division comprises a 75.67% interest in Cheung Kong Infrastructure Holdings Limited ("CKI"), a company listed on the Stock Exchange; additional interests in certain co-owned infrastructure investments as well as aircraft leasing business is reported under this division.

Husky Energy:

This comprises of the Group's 40.19% interest in Husky, an integrated energy company listed on the Toronto Stock Exchange in Canada.

Telecommunications:

The Group's telecommunications division consists of 3 Group Europe with businesses in 6 countries in Europe, a 66.09% interest in Hutchison Telecommunications Hong Kong Holdings, which is listed on the Stock Exchange, Hutchison Asia Telecommunications and an 87.87% interest in the Australian Securities Exchange listed Hutchison Telecommunications (Australia) ("HTAL"), which has a 50% interest in a joint venture company, Vodafone Hutchison Australia Pty Limited ("VHA").

HTAL's share of VHA's results are presented as separate items within the income statement line item titled profits on disposal of investments and others (see notes 6(a) and 6(b)).

Finance & Investments and Others is presented to reconcile to the totals included in the Group's income statement and statement of financial position, which covers the activities of other Group areas which are not presented separately and includes Hutchison Water, Hutchison Whampoa (China), Hutchison E-Commerce and corporate head office operations, the Marionnaud business, listed subsidiary Hutchison China MediTech, listed associates TOM Group and CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences"), and returns earned on the Group's holdings of cash and liquid investments.

Save as disclosed in the notes below, the column headed as Company and Subsidiaries refers to the holding company of the Group and subsidiary companies' respective items and the column headed as Associates and JV refers to the Group's share of associated companies (including Hutchison's respective items before the completion of the Hutchison Proposal) and joint ventures' respective items, and segments are reported in a manner consistent with internal reporting currently provided to the board of directors of the Company who is responsible for allocating resources and assessing performance of the operating segments.

Revenue from external customers is after elimination of inter-segment revenue. The amounts eliminated for the month of June 2015 mainly attributable to Retail of HK\$4 million (30 June 2014 - nil), Hutchison Telecommunications Hong Kong Holdings of HK\$17 million (30 June 2014 - nil) and Hutchison Asia Telecommunications of HK\$1 million (30 June 2014 - nil).



## 5 Operating segment information (continued)

(a) The following is an analysis of the Group's revenue by operating segments:

	Revenue							
	Six months ended 30 June 2015				Six months ended 30 June 2014			
	Company and Subsidiaries	Associates and JV	Total	%	Company and Subsidiaries	Associates and JV	Total	%
	HK\$ millions	HK\$ millions	HK\$ millions	%	HK\$ millions	HK\$ millions	HK\$ millions	%
Ports and related services #	2,308	7,965	10,273	9%	-	8,847	8,847	9%
Retail	12,016	32,721	44,737	38%	-	38,672	38,672	37%
Infrastructure	2,429	15,686	18,115	15%	400	14,547	14,947	14%
Husky Energy	-	10,692	10,692	9%	-	14,320	14,320	14%
3 Group Europe	5,296	12,630	17,926	15%	-	15,521	15,521	15%
Hutchison Telecommunications Hong Kong Holdings	1,893	4,563	6,456	6%	-	3,111	3,111	3%
Hutchison Asia Telecommunications	539	1,232	1,771	2%	-	1,752	1,752	2%
Finance & Investments and Others	1,565	5,715	7,280	6%	298	6,415	6,713	6%
	<b>26,046</b>	<b>91,204</b>	<b>117,250</b>	<b>100%</b>	698	103,185	103,883	100%
Non-controlling interests' share of HPH Trust's revenue	-	89	89		-	-	-	
	<b>26,046</b>	<b>91,293</b>	<b>117,339</b>		<b>698</b>	<b>103,185</b>	<b>103,883</b>	

# includes the Group's attributable share of HPH Trust's revenue based on the effective shareholdings in HPH Trust during 2015. Revenue reduced by HK\$89 million for the month of June 2015, being adjustments to exclude non-controlling interests' share of revenue of HPH Trust.

(b) The Group uses two measures of segment results, EBITDA (see note 5(m)) and EBIT (see note 5(n)). The following is an analysis of the Group's results by operating segments by EBITDA:

	EBITDA <sup>(m)</sup>							
	Six months ended 30 June 2015				Six months ended 30 June 2014			
	Company and Subsidiaries	Associates and JV	Total	%	Company and Subsidiaries	Associates and JV	Total	%
	HK\$ millions	HK\$ millions	HK\$ millions	%	HK\$ millions	HK\$ millions	HK\$ millions	%
Ports and related services #	752	2,864	3,616	13%	-	2,875	2,875	12%
Retail	1,280	2,823	4,103	15%	-	3,303	3,303	14%
Infrastructure	2,047	8,389	10,436	37%	400	7,593	7,993	33%
Husky Energy	-	3,020	3,020	11%	-	4,070	4,070	17%
3 Group Europe	1,556	3,078	4,634	16%	-	3,250	3,250	13%
Hutchison Telecommunications Hong Kong Holdings	232	640	872	3%	-	615	615	2%
Hutchison Asia Telecommunications	104	-	104	-	-	251	251	1%
Finance & Investments and Others	158	1,160	1,318	5%	313	1,725	2,038	8%
EBITDA before profits on disposal of investments and others	<b>6,129</b>	<b>21,974</b>	<b>28,103</b>	<b>100%</b>	713	23,682	24,395	100%
Profits on disposal of investments and others (see note 6)	-	-	-		-	10,269	10,269	
Non-controlling interests' share of HPH Trust's EBITDA	-	61	61		-	-	-	
<b>EBITDA</b> (see note 34(a))	<b>6,129</b>	<b>22,035</b>	<b>28,164</b>		<b>713</b>	<b>33,951</b>	<b>34,664</b>	
Depreciation and amortisation	(1,540)	(8,624)	(10,164)		(7)	(8,586)	(8,593)	
Profits on disposal of investments and others (see note 6)	14,260	(325)	13,935		-	(605)	(605)	
Interest expenses and other finance costs	(771)	(3,721)	(4,492)		(332)	(4,115)	(4,447)	
Current tax	(340)	(1,355)	(1,695)		(66)	(2,158)	(2,224)	
Deferred tax	(558)	(667)	(1,225)		(4)	(790)	(794)	
Non-controlling interests	(1,119)	(1,927)	(3,046)		(231)	(4,322)	(4,553)	
	<b>16,061</b>	<b>5,416</b>	<b>21,477</b>		<b>73</b>	<b>13,375</b>	<b>13,448</b>	

# includes the Group's attributable share of HPH Trust's EBITDA based on the effective shareholdings in HPH Trust during 2015. EBITDA reduced by HK\$61 million for the month of June 2015, being adjustments to exclude non-controlling interests' share of EBITDA of HPH Trust.

## 5 Operating segment information (continued)

(c) The following is an analysis of the Group's results by operating segments by EBIT:

	EBIT <sup>(a)</sup>							
	Six months ended 30 June 2015				Six months ended 30 June 2014			
	Company and Subsidiaries	Associates and JV	Total		Company and Subsidiaries	Associates and JV	Total	
	HK\$ millions	HK\$ millions	HK\$ millions	%	HK\$ millions	HK\$ millions	HK\$ millions	%
Ports and related services <sup>#</sup>	522	1,874	2,396	13%	-	1,783	1,783	11%
Retail	1,098	2,273	3,371	19%	-	2,666	2,666	17%
Infrastructure	1,558	6,122	7,680	43%	400	5,554	5,954	38%
Husky Energy	-	591	591	3%	-	2,163	2,163	13%
<b>3 Group Europe</b>								
EBITDA before the following non-cash items:								
Depreciation	1,556	3,078	4,634		-	3,250	3,250	
Amortisation of licence fees and other rights	(419)	(1,436)	(1,855)		-	(1,857)	(1,857)	
	(91)	(240)	(331)		-	(253)	(253)	
EBIT - 3 Group Europe	1,046	1,402	2,448	14%	-	1,140	1,140	7%
Hutchison Telecommunications Hong Kong Holdings	115	340	455	3%	-	269	269	2%
Hutchison Asia Telecommunications	104	(248)	(144)	-1%	-	(38)	(38)	-
Finance & Investments and Others	146	1,016	1,162	6%	306	1,559	1,865	12%
EBIT before profits on disposal of investments and others	4,589	13,370	17,959	100%	706	15,096	15,802	100%
Profits on disposal of investments and others (see note 6)	14,260	(325)	13,935		-	9,664	9,664	
Non-controlling interests' share of HPH Trust's EBIT	-	41	41		-	-	-	
Interest expenses and other finance costs	(771)	(3,721)	(4,492)		(332)	(4,115)	(4,447)	
Current tax	(340)	(1,355)	(1,695)		(66)	(2,158)	(2,224)	
Deferred tax	(558)	(667)	(1,225)		(4)	(790)	(794)	
Non-controlling interests	(1,119)	(1,927)	(3,046)		(231)	(4,322)	(4,553)	
	<b>16,061</b>	<b>5,416</b>	<b>21,477</b>		<b>73</b>	<b>13,375</b>	<b>13,448</b>	

# includes the Group's attributable share of HPH Trust's EBIT based on the effective shareholdings in HPH Trust during 2015. EBIT reduced by HK\$41 million for the month of June 2015, being adjustments to exclude non-controlling interests' share of EBIT of HPH Trust.

## 5 Operating segment information (continued)

(d) The following is an analysis of the Group's depreciation and amortisation by operating segments:

	Depreciation and amortisation					
	Six months ended 30 June 2015			Six months ended 30 June 2014		
	Company and Subsidiaries	Associates and JV	Total	Company and Subsidiaries	Associates and JV	Total
HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	
Ports and related services #	230	990	1,220	-	1,092	1,092
Retail	182	550	732	-	637	637
Infrastructure	489	2,267	2,756	-	2,039	2,039
Husky Energy	-	2,429	2,429	-	1,907	1,907
3 Group Europe	510	1,676	2,186	-	2,110	2,110
Hutchison Telecommunications Hong Kong Holdings	117	300	417	-	346	346
Hutchison Asia Telecommunications	-	248	248	-	289	289
Finance & Investments and Others	12	144	156	7	166	173
	<b>1,540</b>	<b>8,604</b>	<b>10,144</b>	<b>7</b>	<b>8,586</b>	<b>8,593</b>
Non-controlling interests' share of HPH Trust's depreciation and amortisation	-	20	20	-	-	-
	<b>1,540</b>	<b>8,624</b>	<b>10,164</b>	<b>7</b>	<b>8,586</b>	<b>8,593</b>

# includes the Group's attributable share of HPH Trust's depreciation and amortisation based on the effective shareholdings in HPH Trust during 2015. Depreciation and amortisation reduced by HK\$20 million for the month of June 2015, being adjustments to exclude non-controlling interests' share of depreciation and amortisation of HPH Trust.

(e) The following is an analysis of the Group's capital expenditure by operating segments:

	Capital expenditure							
	Six months ended 30 June 2015				Six months ended 30 June 2014			
	Fixed assets, investment properties and leasehold land	Telecommunications licences	Brand names and other rights	Total	Fixed assets, investment properties and leasehold land	Telecommunications licences	Brand names and other rights	Total
HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	
Ports and related services	326	-	-	326	-	-	-	-
Retail	173	-	-	173	-	-	-	-
Infrastructure	5,618	-	2	5,620	-	-	-	-
Husky Energy	-	-	-	-	-	-	-	-
3 Group Europe	1,266	12	1	1,279	-	-	-	-
Hutchison Telecommunications Hong Kong Holdings	59	-	-	59	-	-	-	-
Hutchison Asia Telecommunications	66	-	-	66	-	-	-	-
Finance & Investments and Others	36	-	42	78	3	-	-	3
	<b>7,544</b>	<b>12</b>	<b>45</b>	<b>7,601</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>3</b>
Reconciliation item @	136	-	-	136	151	-	-	151
	<b>7,680</b>	<b>12</b>	<b>45</b>	<b>7,737</b>	<b>154</b>	<b>-</b>	<b>-</b>	<b>154</b>

@ the reconciliation item represents the capital expenditure of Property and hotels.

## 5 Operating segment information (continued)

(f) The following is an analysis of the Group's total assets by operating segments:

	Total assets							
	30 June 2015				31 December 2014			
	Company and Subsidiaries		Investments in associated companies and interests in joint ventures		Company and Subsidiaries		Investments in associated companies and interests in joint ventures	
	Segment assets <sup>(a)</sup>	Deferred tax assets	HK\$ millions	HK\$ millions	Segment assets <sup>(a)</sup>	Deferred tax assets	HK\$ millions	HK\$ millions
Ports and related services	70,900	278	28,647	99,825	-	-	-	-
Retail	205,893	963	4,594	211,450	-	-	-	-
Infrastructure	193,133	288	114,615	308,036	7,772	-	19,806	27,578
Husky Energy	-	-	60,682	60,682	-	-	-	-
3 Group Europe	123,809	20,928	3	144,740	-	-	-	-
Hutchison Telecommunications								
Hong Kong Holdings	25,699	184	527	26,410	-	-	-	-
Hutchison Asia								
Telecommunications	2,026	-	-	2,026	-	-	-	-
Finance & Investments and Others	210,586	27	8,182	218,795	28,465	-	219,892	248,357
	<b>832,046</b>	<b>22,668</b>	<b>217,250</b>	<b>1,071,964</b>	<b>36,237</b>	<b>-</b>	<b>239,698</b>	<b>275,935</b>
Reconciliation item <sup>@</sup>	4	-	7,568	7,572	136,109	-	45,897	182,006
	<b>832,050</b>	<b>22,668</b>	<b>224,818</b>	<b>1,079,536</b>	<b>172,346</b>	<b>-</b>	<b>285,595</b>	<b>457,941</b>

@ the reconciliation item comprises total assets of HTAL and Property and hotels.

(g) The following is an analysis of the Group's total liabilities by operating segments:

	Total liabilities							
	30 June 2015				31 December 2014			
	Current & non-current borrowings <sup>(a)</sup>		Current & deferred tax		Current & non-current borrowings <sup>(a)</sup>		Current & deferred tax	
	Segment liabilities <sup>(b)</sup>	non-current liabilities	HK\$ millions	HK\$ millions	Segment liabilities <sup>(b)</sup>	non-current liabilities	HK\$ millions	HK\$ millions
Ports and related services	17,099	15,835	4,694	37,628	-	-	-	-
Retail	24,257	13,077	15,743	53,077	-	-	-	-
Infrastructure	15,143	83,165	9,140	107,448	585	-	(4)	581
Husky Energy	-	-	-	-	-	-	-	-
3 Group Europe	27,611	61,767	176	89,554	-	-	-	-
Hutchison Telecommunications								
Hong Kong Holdings	3,885	4,747	481	9,113	-	-	-	-
Hutchison Asia								
Telecommunications	4,085	17,069	-	21,154	-	-	-	-
Finance & Investments and Others	8,251	193,118	3,093	204,462	564	37,274	37	37,875
	<b>100,331</b>	<b>388,778</b>	<b>33,327</b>	<b>522,436</b>	<b>1,149</b>	<b>37,274</b>	<b>33</b>	<b>38,456</b>
Reconciliation item <sup>@</sup>	2	-	-	2	10,493	600	2,345	13,438
	<b>100,333</b>	<b>388,778</b>	<b>33,327</b>	<b>522,438</b>	<b>11,642</b>	<b>37,874</b>	<b>2,378</b>	<b>51,894</b>

@ the reconciliation item comprises total liabilities of HTAL and Property and hotels.

## 5 Operating segment information (continued)

Additional information in respect of geographical locations

(h) Additional disclosures of the Group's revenue by geographical location are shown below:

	Revenue							
	Six months ended 30 June 2015				Six months ended 30 June 2014			
	Company and Subsidiaries	Associates and JV	Total	%	Company and Subsidiaries	Associates and JV	Total	%
HK\$ millions	HK\$ millions	HK\$ millions		HK\$ millions	HK\$ millions	HK\$ millions		
Hong Kong	5,231	13,652	18,883	16%	-	13,714	13,714	13%
Mainland China	2,984	9,465	12,449	11%	-	9,086	9,086	9%
Europe	12,514	40,772	53,286	45%	400	47,590	47,990	46%
Canada <sup>(i)</sup>	66	10,066	10,132	9%	-	14,273	14,273	14%
Asia, Australia and others	3,686	11,534	15,220	13%	-	12,107	12,107	12%
Finance & Investments and Others	1,565	5,715	7,280	6%	298	6,415	6,713	6%
	<b>26,046</b>	<b>91,204</b>	<b>117,250</b> <sup>(1)</sup>	<b>100%</b>	<b>698</b>	<b>103,185</b>	<b>103,883</b> <sup>(1)</sup>	<b>100%</b>

(1) see note 5(a) for reconciliation to total revenue included in the Group's income statement.

(i) Additional disclosures of the Group's EBITDA by geographical location are shown below:

	EBITDA <sup>(m)</sup>							
	Six months ended 30 June 2015				Six months ended 30 June 2014			
	Company and Subsidiaries	Associates and JV	Total	%	Company and Subsidiaries	Associates and JV	Total	%
HK\$ millions	HK\$ millions	HK\$ millions		HK\$ millions	HK\$ millions	HK\$ millions		
Hong Kong	501	1,230	1,731	6%	-	1,284	1,284	5%
Mainland China	762	2,898	3,660	13%	-	2,211	2,211	9%
Europe	3,593	10,567	14,160	50%	400	11,133	11,533	48%
Canada <sup>(i)</sup>	48	2,285	2,333	8%	-	3,937	3,937	16%
Asia, Australia and others	1,067	3,834	4,901	18%	-	3,392	3,392	14%
Finance & Investments and Others	158	1,160	1,318	5%	313	1,725	2,038	8%
EBITDA before profits on disposal of investments and others	<b>6,129</b>	<b>21,974</b>	<b>28,103</b> <sup>(2)</sup>	<b>100%</b>	<b>713</b>	<b>23,682</b>	<b>24,395</b> <sup>(2)</sup>	<b>100%</b>

(2) see note 5(b) for reconciliation to total EBITDA included in the Group's income statement.

(j) Additional disclosures of the Group's EBIT by geographical location are shown below:

	EBIT <sup>(n)</sup>							
	Six months ended 30 June 2015				Six months ended 30 June 2014			
	Company and Subsidiaries	Associates and JV	Total	%	Company and Subsidiaries	Associates and JV	Total	%
HK\$ millions	HK\$ millions	HK\$ millions		HK\$ millions	HK\$ millions	HK\$ millions		
Hong Kong	342	534	876	5%	-	550	550	3%
Mainland China	627	2,045	2,672	15%	-	1,674	1,674	11%
Europe	2,630	6,954	9,584	54%	400	6,991	7,391	47%
Canada <sup>(i)</sup>	29	231	260	1%	-	2,095	2,095	13%
Asia, Australia and others	815	2,590	3,405	19%	-	2,227	2,227	14%
Finance & Investments and Others	146	1,016	1,162	6%	306	1,559	1,865	12%
EBIT before profits on disposal of investments and others	<b>4,589</b>	<b>13,370</b>	<b>17,959</b> <sup>(3)</sup>	<b>100%</b>	<b>706</b>	<b>15,096</b>	<b>15,802</b> <sup>(3)</sup>	<b>100%</b>

(3) see note 5(c) for reconciliation to total EBIT included in the Group's income statement.

## 5 Operating segment information (continued)

(k) Additional disclosures of the Group's capital expenditure by geographical location are shown below:

	Capital expenditure							
	Six months ended 30 June 2015				Six months ended 30 June 2014			
	Fixed assets, investment properties and leasehold land	Telecom- munications licences	Brand names and other rights	Total	Fixed assets, investment properties and leasehold land	Telecom- munications licences	Brand names and other rights	Total
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
Hong Kong	119	-	2	121	118	-	-	118
Mainland China	58	-	-	58	33	-	-	33
Europe	3,129	12	1	3,142	-	-	-	-
Canada	-	-	-	-	-	-	-	-
Asia, Australia and others	4,338	-	-	4,338	-	-	-	-
Finance & Investments and Others	36	-	42	78	3	-	-	3
	<b>7,680</b> #	<b>12</b>	<b>45</b>	<b>7,737</b>	<b>154</b> #	<b>-</b>	<b>-</b>	<b>154</b>

# included in the balance are amount relating to Property and hotels HK\$136 million (30 June 2014 - HK\$151 million).

(l) Additional disclosures of the Group's total assets by geographical location are shown below:

	Total assets								
	30 June 2015				31 December 2014				
	Company and Subsidiaries	Investments in associated companies and interests in joint ventures	Total assets	Company and Subsidiaries	Investments in associated companies and interests in joint ventures	Total assets	Company and Subsidiaries	Investments in associated companies and interests in joint ventures	Total assets
	Segment assets <sup>(o)</sup>	Deferred tax assets	HK\$ millions	Segment assets <sup>(o)</sup>	Deferred tax assets	HK\$ millions	Segment assets <sup>(o)</sup>	Deferred tax assets	HK\$ millions
Hong Kong	70,970	224	37,336	108,530	126,860	-	5,430	132,290	
Mainland China	63,743	638	34,083	98,464	7,658	-	38,299	45,957	
Europe	400,766	21,527	53,545	475,838	1,930	-	16,854	18,784	
Canada <sup>(r)</sup>	4,729	1	53,306	58,036	254	-	10	264	
Asia, Australia and others	81,256	251	38,366	119,873	7,179	-	5,110	12,289	
Finance & Investments and Others	210,586	27	8,182	218,795	28,465	-	219,892	248,357	
	<b>832,050</b>	<b>22,668</b>	<b>224,818</b>	<b>1,079,536</b>	<b>172,346</b> *	<b>-</b>	<b>285,595</b> *	<b>457,941</b>	

\* as at 31 December 2014, included in the Segment assets and Investments in associated companies and interests in joint ventures are amounts relating to Property and hotels of HK\$136,109 million and HK\$45,897 million respectively.

(m) EBITDA (LBITDA) represents the EBITDA (LBITDA) of the Company and subsidiary companies as well as the Group's share of the EBITDA (LBITDA) of associated companies and joint ventures except for HPH Trust which are included based on the Group's effective share of EBITDA for this operation. EBITDA (LBITDA) is defined as earnings (losses) before interest expenses and other finance costs, tax, depreciation and amortisation, and includes profits on disposal of investments and other earnings of a cash nature but excludes change in fair value of investment properties. Information concerning EBITDA (LBITDA) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of gross cash flow generation. The Group considers EBITDA (LBITDA) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBITDA (LBITDA) is therefore presented as a measure of segment results in accordance with HKFRS 8. EBITDA (LBITDA) is not a measure of cash liquidity or financial performance under generally accepted accounting principles in Hong Kong and the EBITDA (LBITDA) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBITDA (LBITDA) should not necessarily be construed as an alternative to cash flows or results from operations as determined in accordance with generally accepted accounting principles in Hong Kong.

(n) EBIT (LBIT) represents the EBIT (LBIT) of the Company and subsidiary companies as well as the Group's share of the EBIT (LBIT) of associated companies and joint ventures except for HPH Trust which are included based on the Group's effective share of EBIT for this operation. EBIT (LBIT) is defined as earnings (losses) before interest expenses and other finance costs and tax. Information concerning EBIT (LBIT) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of results from operations. The Group considers EBIT (LBIT) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBIT (LBIT) is therefore presented as a measure of segment results in accordance with HKFRS 8. EBIT (LBIT) is not a measure of financial performance under generally accepted accounting principles in Hong Kong and the EBIT (LBIT) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBIT (LBIT) should not necessarily be construed as an alternative to results from operations as determined in accordance with generally accepted accounting principles in Hong Kong.

## 5 Operating segment information (continued)

- (o) Segment assets comprise fixed assets, investment properties, leasehold land, telecommunications licences, goodwill, brand names and other rights, other non-current assets, liquid funds and other listed investments, cash and cash equivalents and other current assets. As additional information, non-current assets (excluding financial instruments, deferred tax assets, post-employment benefits assets and assets from insurance contracts) for Hong Kong, Mainland China, Europe, Canada, and Asia, Australia and others amounted to HK\$96,843 million (31 December 2014 - HK\$267,380 million), HK\$105,841 million (31 December 2014 - HK\$42,814 million), HK\$411,730 million (31 December 2014 - HK\$18,750 million), HK\$54,833 million (31 December 2014 - HK\$10 million) and HK\$138,724 million (31 December 2014 - HK\$7,380 million) respectively.
- (p) Segment liabilities comprise trade and other payables and pension obligations.
- (q) Current and non-current borrowings comprise bank and other debts and interest bearing loans from non-controlling shareholders.
- (r) Include contribution from the United States of America for Husky Energy.

## 6 Profits on disposal of investments and others

	Attributable to			Total HK\$ millions
	Ordinary shareholders <sup>(e)</sup> HK\$ millions	Holders of perpetual capital securities HK\$ millions	Non-controlling interests HK\$ millions	
<b>Six months ended 30 June 2015</b>				
Profits on disposal of investments				
Net gain on remeasurement of the Group's previously held equity interest in Hutchison and certain interests in co-owned assets	14,260	-	-	14,260
Others				
HTAL - share of operating losses of joint venture VHA <sup>(a)</sup>	(90)	-	(12)	(102)
	<b>14,170</b>	-	<b>(12)</b>	<b>14,158</b>
Share of former associated company, Hutchison's profits on disposal of investments and others <sup>(b)</sup>	(196)	-	-	(196)
<b>Six months ended 30 June 2014</b>				
Share of former associated company, Hutchison's profit on disposal of investments and others				
Share of an associated company's gain on disposal <sup>(c)</sup>	8,026	-	-	8,026
Impairment of goodwill and store closure provision <sup>(d)</sup>	(325)	-	-	(325)
HTAL - share of operating losses of joint venture VHA <sup>(b)</sup>	(246)	-	-	(246)
	<b>7,455</b>	-	-	<b>7,455</b>

- (a) It represents the Group's indirect subsidiary, HTAL's share of operating losses of a joint venture VHA.
- (b) It represents the Group's share of former associated company, Hutchison's share of operating losses of HK\$223 million (30 June 2014 - HK\$280 million) net of non-controlling interests of HK\$27 million (30 June 2014 - HK\$34 million) of a joint venture VHA.
- (c) It represents the Group's share of former associated company, Hutchison's gain arising from its listed associated company, Power Assets Holdings Limited's separate listing of its Hong Kong electricity businesses on the Stock Exchange of HK\$10,269 million net of non-controlling interests in the associates of HK\$2,243 million.
- (d) It represents the Group's share of former associated company, Hutchison's recognition of provision on impairment of goodwill and store closures of the Marionnaud businesses to exit Poland and down-size operations in Portugal and Spain.
- (e) Ordinary shareholders refer to the ordinary shareholders of the holding company of the Group, i.e. CK Hutchison for the current period and Cheung Kong for the comparative period.

## 7 Interest expenses and other finance costs

	Six months ended 30 June	
	2015	2014
	HK\$ millions	HK\$ millions
Interest on borrowings	1,151	326
Notional non-cash interest adjustments	(231)	-
Other finance costs	(133)	6
	<b>787</b>	<b>332</b>
Less: interest capitalised	(16)	-
	<b>771</b>	<b>332</b>

Notional non-cash interest adjustments represent notional adjustments to the carrying amount of certain obligations recognised in the statement of financial position to the present value of the estimated future cash flows expected to be required for their settlement in the future.

## 8 Tax

	Six months ended 30 June	
	2015	2014
	HK\$ millions	HK\$ millions
Current tax		
Hong Kong	10	58
Outside Hong Kong	330	8
	<b>340</b>	<b>66</b>
Deferred tax		
Hong Kong	17	-
Outside Hong Kong	541	4
	<b>558</b>	<b>4</b>
	<b>898</b>	<b>70</b>

Hong Kong profits tax has been provided for at the rate of 16.5% (30 June 2014 - 16.5%) on the estimated assessable profits less estimated available tax losses. Tax outside Hong Kong has been provided for at the applicable rate on the estimated assessable profits less estimated available tax losses.



## 9 Discontinued operations

As disclosed in note 1, the results of the Property and hotels operations are presented as discontinued operations separately from continuing operations in the consolidated income statement and consolidated statement of comprehensive income. An analysis of the results of discontinued operations, and the results recognised on the remeasurement of assets of disposal group, is set out below:

	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>HK\$ millions</b>	HK\$ millions
Revenue	9,334	12,052
Increase in fair value of investment properties	526	560
Expenses	(4,468)	(6,718)
Share of profits less losses after tax of associated company	3,166	1,662
Share of profits less losses after tax of joint ventures	(158)	1,138
Pre-tax profit before remeasurement of assets	<b>8,400</b>	8,694
Tax	(745)	(782)
After tax profit before remeasurement of assets	<b>7,655</b>	7,912
Pre-tax gain recognised on remeasurement of assets of the disposal group	<b>72,859</b>	-
Tax	-	-
After tax gain recognised on remeasurement of assets of the disposal group <sup>(a)</sup>	<b>72,859</b>	-
Profit after tax from discontinued operations	<b>80,514</b>	7,912
Profit from discontinued operations attributable to:		
Non-controlling interests and holders of perpetual capital securities	<b>(133)</b>	(15)
Ordinary shareholders	<b>80,381</b>	7,897

(a) Analysis of gain on remeasurement of assets

	<b>Arising from</b>		
	<b>Remeasurement of assets <sup>(b)</sup></b>	<b>Distribution In Specie <sup>(c)</sup></b>	<b>Total</b>
	<b>HK\$ millions</b>	<b>HK\$ millions</b>	<b>HK\$ millions</b>
One-off non-cash gains before reclassification adjustments (see note 34(e))	<b>18,351</b>	<b>48,004</b>	<b>66,355</b>
Reclassification adjustments	<b>3,578</b>	<b>2,926</b>	<b>6,504</b>
One-off non-cash gains after reclassification adjustments	<b>21,929</b>	<b>50,930</b>	<b>72,859</b>

(b) Upon completion of the Hutchison Proposal, entities co-owned by CK Hutchison and Hutchison over which CK Hutchison has control became indirectly owned subsidiaries of the Group. These entities formed part of the Cheung Kong Property Group which was distributed to shareholders pursuant to the Distribution In Specie. One-off non-cash gain on remeasurement of these assets represents the difference between their fair value and the book value, including gains previously in exchange and other reserves related to these entities reclassified to profit or loss in the current period.

(c) See note 11(c).

## 10 Earnings per share for profit attributable to ordinary shareholders

	Six months ended 30 June	
	2015	2014
<b>Earnings per share for profit attributable to ordinary shareholders arises from:</b>		
Continuing operations	<b>HK\$ 8.41</b>	HK\$ 5.81
Discontinued operations	<b>HK\$ 31.46</b>	HK\$ 3.41
	<b>HK\$ 39.87</b>	HK\$ 9.22

The calculation of earnings per share is based on profit attributable to ordinary shareholders and on weighted average number of shares outstanding during the six months ended 30 June 2015 and 2014 as follows:

	Six months ended 30 June	
	2015	2014
<b>Profit attributable to ordinary shareholders arises from:</b>	<b>HK\$ millions</b>	HK\$ millions
Continuing operations	<b>21,477</b>	13,448
Discontinued operations	<b>80,381</b>	7,897
	<b>101,858</b>	21,345
Weighted average number of shares in issue during the six months ended 30 June 2015 and 2014	<b>2,554,940,009</b>	2,316,164,338

The Company has no share option scheme. Certain of the Company's subsidiary and associated companies have employee share options outstanding as at 30 June 2015. The employee share options of these subsidiary and associated companies outstanding as at 30 June 2015 did not have a dilutive effect on earnings per share.

## 11 Distributions and dividends

### (a) Distribution paid on perpetual capital securities

	Six months ended 30 June	
	2015	2014
	<b>HK\$ millions</b>	HK\$ millions
Distribution paid on perpetual capital securities	<b>221</b>	229

### (b) Dividends

	Six months ended 30 June	
	2015	2014
	<b>HK\$ millions</b>	HK\$ millions
First interim dividend, declared of HK\$0.70 per share (30 June 2014 - HK\$0.638 per share)	<b>2,702</b>	1,478
Special dividend, paid of nil (30 June 2014 - HK\$7.00 per share)	-	16,213
	<b>2,702</b>	17,691

The calculation of the first interim dividend is based on 3,859,678,500 shares in issue as at 30 June 2015 (30 June 2014 - 2,316,164,338 shares). The calculation of the special dividend in prior period is based on 2,316,164,338 shares in issue as at 30 June 2014.

In addition, second interim dividend in lieu of final dividend in respect of the year 2014 of HK\$3.016 per share totalling HK\$6,985 million (30 June 2014 - final dividend in respect of the year 2013 of HK\$2.90 per share totalling HK\$6,717 million) was approved and paid during the current period.

### (c) Other distributions

	Six months ended 30 June	
	2015	2014
	<b>HK\$ millions</b>	HK\$ millions
Distribution In Specie	<b>363,511</b>	-

The Group's entire interest in Cheung Kong Property was distributed to shareholders pursuant to the Distribution In Specie under the Spin-off Proposal and Cheung Kong Property became a separate listed company on the Main Board of the Stock Exchange. The Distribution In Specie is accounted for as a distribution of non-cash assets to shareholders, where the difference between the distribution liability measured at fair value and the book value of the disposal group (after netting off HK\$55,000 million received) is recognised in the consolidated financial statements of CK Hutchison upon settlement of the distribution liability. This resulted in an one-off non-cash gain of approximately HK\$50,930 million recognised and reported as part of the results from discontinued operations (see note 9(a)).

## 12 Fixed assets

	Hotels and serviced suites	Land and buildings	Telecom- munications network assets	Aircraft	Other assets	Total
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
<b>Cost</b>						
At 1 January 2014	12,849	-	-	-	1,367	14,216
Additions	180	-	-	7,599	105	7,884
Disposals	-	-	-	-	(99)	(99)
Exchange translation differences	(2)	-	-	-	(1)	(3)
At 31 December 2014 and 1 January 2015	<b>13,027</b>	<b>-</b>	<b>-</b>	<b>7,599</b>	<b>1,372</b>	<b>21,998</b>
Additions	49	128	99	5,313	2,091	7,680
Relating to subsidiaries acquired (see note 34(c))	-	29,288	25,909	-	109,905	165,102
Disposals	-	(1)	(1)	-	(233)	(235)
Distribution In Specie (see note 34(e))	(12,985)	-	-	-	(1,073)	(14,058)
Transfer to other assets	-	-	-	-	(66)	(66)
Transfer between categories	-	12	342	-	(354)	-
Exchange translation differences	(91)	(60)	146	71	29	95
At 30 June 2015	<b>-</b>	<b>29,367</b>	<b>26,495</b>	<b>12,983</b>	<b>111,671</b>	<b>180,516</b>
<b>Accumulated depreciation and impairment</b>						
At 1 January 2014	3,001	-	-	-	1,238	4,239
Charge for the year	242	-	-	93	58	393
Disposals	-	-	-	-	(86)	(86)
Exchange translation differences	(1)	-	-	-	(1)	(2)
At 31 December 2014 and 1 January 2015	<b>3,242</b>	<b>-</b>	<b>-</b>	<b>93</b>	<b>1,209</b>	<b>4,544</b>
Charge for the period	102	96	329	203	765	1,495
Disposals	-	-	-	-	(190)	(190)
Distribution In Specie (see note 34(e))	(3,341)	-	-	-	(864)	(4,205)
Exchange translation differences	(3)	-	-	2	(2)	(3)
At 30 June 2015	<b>-</b>	<b>96</b>	<b>329</b>	<b>298</b>	<b>918</b>	<b>1,641</b>
<b>Net book value</b>						
At 30 June 2015	<b>-</b>	<b>29,271</b>	<b>26,166</b>	<b>12,685</b>	<b>110,753</b>	<b>178,875</b>
At 31 December 2014	9,785	-	-	7,506	163	17,454
At 1 January 2014	9,848	-	-	-	129	9,977

At 30 June 2015, cost and net book value of fixed assets include HK\$30,951 million (31 December 2014 - nil) and HK\$30,532 million (31 December 2014 - nil) respectively, relating to 3 Group Europe.

The analysis of the Group's aggregate future minimum lease payments receivable under non-cancellable operating leases of fixed assets is as follows:

	30 June 2015 HK\$ millions	31 December 2014 HK\$ millions
Within 1 year	5,684	753
After 1 year, but within 5 years	15,222	2,751
After 5 years	5,960	1,241

### 13 Investment properties

	<b>30 June 2015</b>	31 December 2014
	<b>HK\$ millions</b>	HK\$ millions
<b>Valuation</b>		
At 1 January	33,285	28,777
Additions / cost adjustments	-	(34)
Relating to subsidiaries acquired (see note 34(c))	305	-
Distribution In Specie (see note 34(e))	(33,811)	-
Increase in fair value of investment properties (see note 9)	526	4,542
At 30 June 2015 / 31 December 2014	<b>305</b>	<b>33,285</b>

The analysis of the Group's aggregate future minimum lease payments receivable under non-cancellable operating leases is as follows:

	<b>30 June 2015</b>	31 December 2014
	<b>HK\$ millions</b>	HK\$ millions
Within 1 year	-	1,210
After 1 year, but within 5 years	-	1,022

### 14 Leasehold land

	<b>30 June 2015</b>	31 December 2014
	<b>HK\$ millions</b>	HK\$ millions
<b>Net book value</b>		
At 1 January	-	-
Relating to subsidiaries acquired (see note 34(c))	8,086	-
Amortisation for the period / year	(33)	-
Exchange translation differences	(17)	-
At 30 June 2015 / 31 December 2014	<b>8,036</b>	<b>-</b>

### 15 Telecommunications licences

	<b>30 June 2015</b>	31 December 2014
	<b>HK\$ millions</b>	HK\$ millions
<b>Net book value</b>		
At 1 January	-	-
Additions	12	-
Relating to subsidiaries acquired (see note 34(c))	31,571	-
Amortisation for the period / year	(52)	-
Exchange translation differences	150	-
At 30 June 2015 / 31 December 2014	<b>31,681</b>	<b>-</b>
<b>Cost</b>	<b>31,733</b>	<b>-</b>
Accumulated amortisation and impairment	(52)	-
	<b>31,681</b>	<b>-</b>

At 30 June 2015, the carrying amount of the Group's telecommunications licences with indefinite useful life in Italy and the UK is €1,058 million (31 December 2014 - nil) and £1,148 million (31 December 2014 - nil), respectively.

## 16 Goodwill

	<b>30 June 2015</b>	31 December 2014
	<b>HK\$ millions</b>	HK\$ millions
<b>Cost</b>		
At 1 January	-	-
Relating to subsidiaries acquired (see note 34(c))	<b>261,139</b>	-
Exchange translation differences	<b>(4)</b>	-
At 30 June 2015 / 31 December 2014	<b>261,135</b>	-

## 17 Brand names and other rights

	<b>Brand names HK\$ millions</b>	<b>Other rights HK\$ millions</b>	<b>Total HK\$ millions</b>
<b>Net book value</b>			
At 1 January 2014, 31 December 2014 and 1 January 2015	-	-	-
Additions	-	<b>45</b>	<b>45</b>
Relating to subsidiaries acquired (see note 34(c))	<b>87,222</b>	<b>15,978</b>	<b>103,200</b>
Amortisation for the period	<b>(1)</b>	<b>(81)</b>	<b>(82)</b>
Exchange translation differences	<b>(13)</b>	<b>(29)</b>	<b>(42)</b>
At 30 June 2015	<b>87,208</b>	<b>15,913</b>	<b>103,121</b>
<b>Cost</b>	<b>87,209</b>	<b>15,994</b>	<b>103,203</b>
Accumulated amortisation	<b>(1)</b>	<b>(81)</b>	<b>(82)</b>
	<b>87,208</b>	<b>15,913</b>	<b>103,121</b>

The carrying amount of brand names and other rights primarily arises from the acquisition of Hutchison and its subsidiaries under the Merger Proposal. Brand names mainly relate to Retail of approximately HK\$72 billion and Telecommunications of approximately HK\$14 billion.

Other rights, which include rights of use of telecommunications network infrastructure sites of HK\$1,022 million (31 December 2014 - nil), operating and service content rights of HK\$11,204 million (31 December 2014 - nil), resource consents and customer lists of HK\$3,687 million (31 December 2014 - nil) are amortised over their finite useful lives.

## 18 Associated companies

	<b>30 June 2015</b>	31 December 2014
	<b>HK\$ millions</b>	HK\$ millions
Unlisted shares	<b>5,396</b>	6
Listed shares, Hong Kong	<b>61,176</b>	28,132
Listed shares, outside Hong Kong	<b>77,405</b>	-
Share of undistributed post acquisition reserves	<b>(3,071)</b>	187,889
	<b>140,906</b>	216,027
Amounts due from associated companies	<b>5,562</b>	814
	<b>146,468</b>	216,841

The market value of the above listed investments at 30 June 2015 was HK\$143,693 million (31 December 2014 - HK\$193,562 million), inclusive of HK\$59,053 million and HK\$58,570 million for material associated companies, namely Husky and Power Assets Holdings Limited ("Power Assets") respectively (31 December 2014 - inclusive of HK\$190,121 million and HK\$3,441 million for material associated companies, namely Hutchison and CK Life Sciences respectively).

## 18 Associated companies (continued)

There are no material contingent liabilities relating to the Group's interests in the associated companies, save as for those disclosed in note 35.

Set out below are additional information in respect of the reconciliation of the published information of Husky and Power Assets to the Group's carrying amounts as at 30 June 2015:

	30 June 2015	
	Husky HK\$ millions	Power Assets HK\$ millions
Gross amount of the following items of the associated companies*:		
Current assets	22,613	68,239
Non-current assets	217,900	65,227
Current liabilities	22,613	2,864
Non-current liabilities	87,500	10,219
Net assets (net of preferred shares, perpetual capital securities and non-controlling interests)	125,337	120,383
Reconciliation to the carrying amount of the Group's interests in associated companies:		
Group's interest	40.2%	38.9%
Group's share of net assets	50,379	46,793
Amounts due from associated companies	742	-
Adjustment to cost of investment	9,561	10,021
Carrying amount	60,682	56,814

\* after translation into Hong Kong dollars and consolidation adjustments

Set out below are additional information in respect of the reconciliation of the published information of Hutchison and CK Life Sciences to the Group's carrying amounts as at 31 December 2014:

	31 December 2014	
	Hutchison HK\$ millions	CK Life Sciences HK\$ millions
Gross amount of the following items of the associated companies:		
Current assets	211,178	3,000
Non-current assets	672,257	7,297
Current liabilities	132,425	1,142
Non-current liabilities	231,948	4,280
Net assets (net of preferred shares, perpetual capital securities and non-controlling interests)	426,580	4,663
Reconciliation to the carrying amount of the Group's interests in associated companies:		
Group's interest	49.9%	45.3%
Group's share of net assets	213,119	2,113
Adjustment to cost of investment	799	(5)
Carrying amount	213,918	2,108

## 19 Interests in joint ventures

	30 June 2015	31 December 2014
	HK\$ millions	HK\$ millions
<b>Joint ventures</b>		
Unlisted shares	60,419	25,712
Share of undistributed post acquisition reserves	307	25,213
	60,726	50,925
Amounts due from joint ventures	17,624	17,829
	78,350	68,754

There are no material contingent liabilities relating to the Group's interests in the joint ventures, save as for those disclosed in note 35.

## 20 Deferred tax

	<b>30 June 2015</b>	31 December 2014
	<b>HK\$ millions</b>	HK\$ millions
Deferred tax assets	22,668	-
Deferred tax liabilities	31,113	1,022
Net deferred tax assets (liabilities)	<b>(8,445)</b>	<b>(1,022)</b>

Movements in net deferred tax assets (liabilities) are summarised as follows:

	<b>30 June 2015</b>	31 December 2014
	<b>HK\$ millions</b>	HK\$ millions
At 1 January	(1,022)	(986)
Relating to subsidiaries acquired (see note 34(c))	(7,908)	-
Distribution In Specie (see note 34(e))	1,013	-
Net charge to other comprehensive income	(3)	-
Net credit (charge) to the income statement		
Unused tax losses	(463)	-
Accelerated depreciation allowances	(119)	(90)
Fair value adjustments arising from acquisitions	4	-
Withholding tax on undistributed earnings	(20)	(7)
Other temporary differences	29	61
Exchange translation differences	44	-
At 30 June 2015 / 31 December 2014	<b>(8,445)</b>	<b>(1,022)</b>

Analysis of net deferred tax assets (liabilities):

	<b>30 June 2015</b>	31 December 2014
	<b>HK\$ millions</b>	HK\$ millions
Unused tax losses	19,858	-
Accelerated depreciation allowances	(7,748)	(900)
Fair value adjustments arising from acquisitions	(14,514)	-
Revaluation of investment properties and other investments	105	-
Withholding tax on undistributed earnings	(460)	(42)
Other temporary differences	(5,686)	(80)
	<b>(8,445)</b>	<b>(1,022)</b>

The Group is subject to income taxes in numerous jurisdictions and significant judgement is required in determining the worldwide provision for income taxes. To the extent that dividends distributed from investments in subsidiaries, branches and associates, and interests in joint ventures are expected to result in additional taxes, appropriate amounts have been provided for. No deferred tax has been provided for the temporary differences arising from undistributed profits of these companies to the extent that the undistributed profits are considered permanently employed in their businesses and it is probable that such temporary differences will not reverse in the foreseeable future.

The deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred income taxes relate to the same fiscal authority. The amounts shown in the consolidated statement of financial position are determined after appropriate offset.

At 30 June 2015, the Group has recognised accumulated deferred tax assets amounting to HK\$22,668 million (31 December 2014 - nil) of which HK\$20,928 million (31 December 2014 - nil) relates to 3 Group Europe.

Note 4(e) contains information about the estimates, assumptions and judgements relating to the recognition of deferred tax assets for unused tax losses carried forward.

The Group has not recognised deferred tax assets of HK\$23,998 million at 30 June 2015 (31 December 2014 - HK\$462 million) in respect of unutilised tax losses, tax credits and deductible temporary differences totalling HK\$100,681 million (31 December 2014 - HK\$2,727 million). These unutilised tax losses, tax credits and deductible temporary differences can be carried forward against future taxable income. Of this amount, HK\$71,097 million (31 December 2014 - HK\$2,727 million) can be carried forward indefinitely and the balances expire in the following years:

	<b>30 June 2015</b>	31 December 2014
	<b>HK\$ millions</b>	HK\$ millions
In 2015	3,929	-
In 2016	5,255	-
In 2017	2,642	-
In 2018	6,461	-
After 2018	11,297	-
	<b>29,584</b>	<b>-</b>

## 21 Other non-current assets

	30 June 2015 HK\$ millions	31 December 2014 HK\$ millions
Other unlisted investments		
Loans and receivables		
Unlisted debt securities	651	-
Loan and other receivables	-	301
	<b>651</b>	<b>301</b>
Available-for-sale investments		
Unlisted equity securities	1,908	177
Unlisted debt securities	-	318
Fair value hedges		
Interest rate swaps	1,101	-
Cash flow hedges		
Interest rate swaps	80	-
Net investment hedges	763	476
Other derivative financial instruments	153	-
	<b>4,656</b>	<b>1,272</b>

The carrying value of the unlisted debt securities approximates the fair value as these investments bear floating interest rates and are repriced within one to six-month periods at the prevailing market interest rates. The weighted average effective interest rate of unlisted debt securities as at 30 June 2015 is 3.7% (31 December 2014 - 3.3%).

Unlisted equity securities where there is a history of dividends are carried at fair value based on the discounted present value of expected future dividends. The value of the remaining unlisted equity securities are not significant to the Group.

## 22 Liquid funds and other listed investments

	30 June 2015 HK\$ millions	31 December 2014 HK\$ millions
Available-for-sale investments		
Managed funds, outside Hong Kong	4,613	-
Listed / traded debt securities, outside Hong Kong	1,627	23
Listed equity securities, Hong Kong	2,848	6,594
Listed equity securities, outside Hong Kong	2,519	3,593
	<b>11,607</b>	<b>10,210</b>
Financial assets at fair value through profit or loss	186	-
Held-for-trading investments		
Listed debt securities, outside Hong Kong	-	620
Listed equity securities, Hong Kong	-	116
Listed equity securities, outside Hong Kong	-	182
	<b>-</b>	<b>918</b>
	<b>11,793</b>	<b>11,128</b>

Liquid funds and other listed investments are analysed as:

	30 June 2015 HK\$ millions	31 December 2014 HK\$ millions
Current portion	-	918
Non-current portion	11,793	10,210
	<b>11,793</b>	<b>11,128</b>

Components of Managed funds, outside Hong Kong are as follows:

	30 June 2015 HK\$ millions	31 December 2014 HK\$ millions
Listed debt securities	4,602	-
Cash and cash equivalents	11	-
	<b>4,613</b>	<b>-</b>



## 22 Liquid funds and other listed investments (continued)

Included in listed / traded debt securities outside Hong Kong as at 30 June 2015 (31 December 2014 - nil) are notes issued by listed associated company, Husky at a principal amount of US\$25 million mature in 2019.

The fair value of the available-for-sale investments, financial assets designated as "at fair value through profit or loss" and held-for-trading investments are based on quoted market prices. The market value of the liquid funds and other listed investments at 30 June 2015 was HK\$11,793 million (31 December 2014 - HK\$11,128 million).

Liquid funds and other listed investments are denominated in the following currencies:

	30 June 2015		31 December 2014	
	Available-for-sale investments Percentage	Financial assets at fair value through profit or loss Percentage	Available-for-sale investments Percentage	Held-for-trading investments Percentage
HK dollars	24%	-	82%	13%
US dollars	47%	72%	11%	20%
Other currencies	29%	28%	7%	67%
	<b>100%</b>	<b>100%</b>	100%	100%

Listed / traded debt securities presented above are analysed as follows:

	30 June 2015 Percentage	31 December 2014 Percentage
<b>Credit ratings</b>		
Aaa / AAA	19%	-
Aa1 / AA+	59%	-
Aa3 / AA-	2%	-
A2 / A	1%	96%
Other investment grades	4%	4%
Unrated	15%	-
	<b>100%</b>	100%
<b>Sectorial</b>		
US Treasury notes	55%	-
Government and government guaranteed notes	22%	-
Husky notes	4%	-
Financial institutions notes	3%	96%
Others	16%	4%
	<b>100%</b>	100%
Weighted average maturity	<b>2.3 years</b>	0.9 years
Weighted average effective yield	<b>1.96%</b>	3.20%

## 23 Cash and cash equivalents

	30 June 2015 HK\$ millions	31 December 2014 HK\$ millions
Cash at bank and in hand	33,561	4,064
Short term bank deposits	128,501	29,115
	<b>162,062</b>	33,179

The carrying amount of cash and cash equivalents approximates their fair value.

## 24 Trade and other receivables

	<b>30 June 2015</b>	31 December 2014
	<b>HK\$ millions</b>	HK\$ millions
Trade receivables	16,531	1,781
Less: provision for estimated impairment losses for bad debts	(42)	-
Trade receivables - net	<b>16,489</b>	1,781
Loan receivables	-	13
Other receivables and prepayments	33,950	716
Fair value hedges		
Interest rate swaps	5	-
Cross currency interest rate swaps	93	-
Net investment hedges	120	-
Other derivative financial instruments	-	319
	<b>50,657</b>	<b>2,829</b>

Trade and other receivables are stated at the expected recoverable amount, net of any estimated impairment losses for bad debts where it is deemed that a receivable may not be fully recoverable. The carrying amount of these assets approximates their fair value.

Trade receivables exposures are managed locally in the operating units where they arise and credit limits are set as deemed appropriate for the customer. The Group has established credit policies for customers in each of its core businesses. The average credit period granted for trade receivables ranges from 30 to 45 days. As stated above trade receivables which are past due at the end of the reporting period are stated at the expected recoverable amount, net of provision for estimated impairment losses for bad debts. Given the profile of our customers and the Group's different types of businesses, the Group generally does not hold collateral over these balances.

(a) At end of period / year, the ageing analysis of the trade receivables presented based on the invoice date, is as follows:

	<b>30 June 2015</b>	31 December 2014
	<b>HK\$ millions</b>	HK\$ millions
Less than 31 days	10,596	1,718
Within 31 to 60 days	1,505	28
Within 61 to 90 days	601	16
Over 90 days	3,829	19
	<b>16,531</b>	<b>1,781</b>

(b) As at 30 June 2015, out of the trade receivable of HK\$16,531 million (31 December 2014 - HK\$1,781 million), HK\$9,959 million (31 December 2014 - nil) are impaired and it is assessed that portion of these receivables is expected to be recoverable. The amount of the provision for estimated impairment losses for bad debts is HK\$42 million (31 December 2014 - nil). The ageing analysis of these trade receivables is as follows:

	<b>30 June 2015</b>	31 December 2014
	<b>HK\$ millions</b>	HK\$ millions
Not past due	5,592	-
Past due less than 31 days	757	-
Past due within 31 to 60 days	495	-
Past due within 61 to 90 days	242	-
Past due over 90 days	2,873	-
	<b>9,959</b>	<b>-</b>

Movements on the provision for estimated impairment losses for bad debts are as follows:

	<b>30 June 2015</b>	31 December 2014
	<b>HK\$ millions</b>	HK\$ millions
At 1 January	-	-
Additions	174	-
Utilisations	(87)	-
Write back	(20)	-
Exchange translation differences	(25)	-
At 30 June 2015 / 31 December 2014	<b>42</b>	<b>-</b>

## 24 Trade and other receivables (continued)

The ageing analysis of trade receivables not impaired is as follows:

	<b>30 June 2015</b>	31 December 2014
	<b>HK\$ millions</b>	HK\$ millions
Not past due	4,261	1,667
Past due less than 31 days	1,070	56
Past due within 31 to 60 days	291	25
Past due within 61 to 90 days	136	15
Past due over 90 days	814	18
	<b>6,572</b>	<b>1,781</b>

## 25 Inventories

	<b>30 June 2015</b>	31 December 2014
	<b>HK\$ millions</b>	HK\$ millions
Retail stock	19,729	-
Properties for / under development	-	47,232
Joint development projects	-	21,903
Properties for sale	-	4,064
	<b>19,729</b>	<b>73,199</b>

At 31 December 2014, properties for / under development and joint development projects amounting to HK\$43,175 million were not scheduled for completion within twelve months.

## 26 Trade and other payables

	<b>30 June 2015</b>	31 December 2014
	<b>HK\$ millions</b>	HK\$ millions
Trade payables	21,059	1,663
Other payables and accruals	72,770	3,797
Customers' deposits received	-	5,991
Provisions (see note 27)	784	-
Interest free loans from non-controlling shareholders	970	-
Cash flow hedges		
Forward foreign exchange contracts	5	-
Net investment hedges	518	-
Other derivative financial instruments	-	191
	<b>96,106</b>	<b>11,642</b>

At end of period / year, the ageing analysis of the trade payables is as follows:

	<b>30 June 2015</b>	31 December 2014
	<b>HK\$ millions</b>	HK\$ millions
Less than 31 days	13,448	1,605
Within 31 to 60 days	3,268	13
Within 61 to 90 days	1,753	12
Over 90 days	2,590	33
	<b>21,059</b>	<b>1,663</b>

## 27 Provisions

	<b>Provision for commitments, onerous contracts and other guarantees HK\$ millions</b>	<b>Restructuring and closure provision HK\$ millions</b>	<b>Assets retirement obligation HK\$ millions</b>	<b>Others HK\$ millions</b>	<b>Total HK\$ millions</b>
At 1 January 2014, 31 December 2014 and 1 January 2015	-	-	-	-	-
Additions	-	-	-	21	21
Relating to subsidiaries acquired (see note 34(c))	35,007	457	882	304	36,650
Interest accretion	-	-	2	-	2
Utilisations	(125)	15	(10)	(3)	(123)
Write back	-	-	-	(8)	(8)
Exchange translation differences	73	(3)	2	-	72
At 30 June 2015	<b>34,955</b>	<b>469</b>	<b>876</b>	<b>314</b>	<b>36,614</b>

Provisions are analysed as:

	<b>30 June 2015 HK\$ millions</b>	<b>31 December 2014 HK\$ millions</b>
Current portion (see note 26)	784	-
Non-current portion (see note 31)	<b>35,830</b>	-
	<b>36,614</b>	-

The provision for restructuring and closure obligations represents costs to execute restructuring plans and store closures. The provision for assets retirement obligations represents the present value of the estimated future costs of dismantling and removing fixed assets when they are no longer used and restoring the sites on which they are located. The provision for commitments, onerous contracts and other guarantees represents the unavoidable costs of meeting these commitments and obligations after deducting the associated, expected future benefits and / or estimated recoverable value.

## 28 Bank and other debts

The carrying amount of bank and other debts comprises of items measured at amortised cost and an element of fair value which is due to movements in interest rates. The following is an analysis of the carrying amount of the bank and other debts:

	<b>30 June 2015</b>			<b>31 December 2014</b>		
	<b>Current portion HK\$ millions</b>	<b>Non-current portion HK\$ millions</b>	<b>Total HK\$ millions</b>	<b>Current portion HK\$ millions</b>	<b>Non-current portion HK\$ millions</b>	<b>Total HK\$ millions</b>
Bank loans	20,887	71,585	92,472	12,409	12,891	25,300
Other loans	263	2,872	3,135	250	350	600
Notes and bonds	22,494	203,253	225,747	5,693	6,281	11,974
Total principal amount of bank and other debts	<b>43,644</b>	<b>277,710</b>	<b>321,354</b>	18,352	19,522	37,874
Unamortised adjustments to carrying amount arising from acquisition accounting	163	14,865	15,028	-	-	-
Unamortised loan facilities fees and premiums or discounts related to debts	-	(63)	(63)	-	-	-
Unrealised loss (gain) on bank and other debts pursuant to interest rate swap contracts	(33)	28	(5)	-	-	-
	<b>43,774</b>	<b>292,540</b>	<b>336,314</b>	18,352	19,522	37,874

## 28 Bank and other debts (continued)

Analysis of principal amount of bank and other debts:

	30 June 2015			31 December 2014		
	Current	Non-current	Total	Current	Non-current	Total
	portion	portion		portion	portion	
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
Bank loans	20,887	71,585	92,472	12,409	12,891	25,300
Other loans	263	2,872	3,135	250	350	600
Notes and bonds						
HK\$500 million notes, 4.4% due 2015	-	-	-	500	-	500
HK\$150 million notes, 5.1% due 2016	150	-	150	-	150	150
HK\$330 million notes, 2.45% due 2016	-	330	330	-	330	330
HK\$377 million notes, 2.56% due 2016	-	377	377	-	377	377
HK\$500 million notes, 4.88% due 2018	-	500	500	-	500	500
HK\$500 million notes, 4.3% due 2020	-	500	500	-	500	500
HK\$500 million notes, 4.35% due 2020	-	500	500	-	500	500
HK\$300 million notes, 3.9% due 2020	-	300	300	-	300	300
HK\$400 million notes, 3.45% due 2021	-	400	400	-	400	400
HK\$300 million notes, 3.35% due 2021	-	300	300	-	300	300
HK\$260 million notes, 4% due 2027	-	260	260	-	-	-
US\$500 million notes, LIBOR* + 1.5% due 2015	-	-	-	3,877	-	3,877
US\$2,189 million notes, 4.625% due 2015	17,077	-	17,077	-	-	-
US\$300 million notes, LIBOR* + 0.7% due 2017	-	2,340	2,340	-	-	-
US\$500 million notes-Series B, 7.45% due 2017	-	3,900	3,900	-	-	-
US\$1,000 million notes, 2% due 2017	-	7,800	7,800	-	-	-
US\$1,000 million notes, 3.5% due 2017	-	7,800	7,800	-	-	-
US\$2,000 million notes, 1.625% due 2017	-	15,600	15,600	-	-	-
US\$1,000 million notes, 5.75% due 2019	-	7,800	7,800	-	-	-
US\$1,500 million notes, 7.625% due 2019	-	11,700	11,700	-	-	-
US\$1,500 million notes, 4.625% due 2022	-	11,700	11,700	-	-	-
US\$500 million notes, 3.25% due 2022	-	3,900	3,900	-	-	-
US\$1,500 million notes, 3.625% due 2024	-	11,700	11,700	-	-	-
US\$329 million notes-Series C, 7.5% due 2027	-	2,565	2,565	-	-	-
US\$25 million notes-Series D, 6.988% due 2037	-	196	196	-	-	-
US\$1,144 million notes, 7.45% due 2033	-	8,926	8,926	-	-	-
SGD225 million notes, 2.25% due 2015	1,298	-	1,298	1,316	-	1,316
SGD180 million notes, 2.585% due 2016	-	1,039	1,039	-	1,053	1,053
SGD320 million notes, 3.408% due 2018	-	1,846	1,846	-	1,871	1,871
EUR669 million notes, 4.625% due 2016	-	5,808	5,808	-	-	-
EUR1,750 million notes, 4.75% due 2016	-	15,190	15,190	-	-	-
EUR1,250 million notes, 2.5% due 2017	-	10,850	10,850	-	-	-
EUR1,500 million notes, 1.325% due 2021	-	13,020	13,020	-	-	-
EUR750 million notes, 3.625% due 2022	-	6,510	6,510	-	-	-
GBP325 million bonds, 6.75% due 2015	3,955	-	3,955	-	-	-
GBP113 million bonds, 5.625% due 2017	-	1,376	1,376	-	-	-
GBP300 million bonds, 6% due 2017	-	3,651	3,651	-	-	-
GBP300 million bonds, 5.831% due 2020	-	3,651	3,651	-	-	-
GBP100 million bonds, 5.82% due 2021	-	1,217	1,217	-	-	-
GBP350 million bonds, 6.875% due 2023	-	4,260	4,260	-	-	-
GBP400 million bonds, 6.359% due 2025	-	4,868	4,868	-	-	-
GBP303 million bonds, 5.625% due 2026	-	3,687	3,687	-	-	-
GBP350 million bonds, 5.625% due 2033	-	4,259	4,259	-	-	-
GBP248 million bonds, 5.87526% due 2034	6	3,011	3,017	-	-	-
GBP400 million bonds, 6.697% due 2035	-	4,868	4,868	-	-	-
GBP50 million bonds, 5.01% due 2036	-	608	608	-	-	-
GBP100 million bonds, LIBOR* + 2.33% due 2036	-	1,217	1,217	-	-	-
GBP204 million bonds, RPI# + 2.033% due 2036	-	2,482	2,482	-	-	-
GBP60 million bonds, 6.627% due 2037	8	722	730	-	-	-
GBP80 million bonds, RPI# + 1.6274% due 2041	-	977	977	-	-	-
GBP360 million bonds, 5.125% due 2042	-	4,381	4,381	-	-	-
GBP133 million bonds, RPI# + 1.7118% due 2049	-	1,617	1,617	-	-	-
GBP133 million bonds, RPI# + 1.7484% due 2053	-	1,617	1,617	-	-	-
JPY3,000 million notes, 1.75% due 2019	-	188	188	-	-	-
JPY15,000 million notes, 2.6% due 2027	-	939	939	-	-	-
	<b>22,494</b>	<b>203,253</b>	<b>225,747</b>	<b>5,693</b>	<b>6,281</b>	<b>11,974</b>
	<b>43,644</b>	<b>277,710</b>	<b>321,354</b>	<b>18,352</b>	<b>19,522</b>	<b>37,874</b>

\* LIBOR represents the London Interbank Offered Rates

# RPI represents UK Retail Price Index

## 28 Bank and other debts (continued)

Bank and other debts at principal amount are scheduled for repayment by calendar year as follows:

	<b>30 June 2015</b>			
	<b>Bank loans</b>	<b>Other loans</b>	<b>Notes and bonds</b>	<b>Total</b>
	<b>HK\$ millions</b>	<b>HK\$ millions</b>	<b>HK\$ millions</b>	<b>HK\$ millions</b>
2015, remainder of year	16,090	192	22,337	38,619
2016	10,026	216	22,912	33,154
2017	28,732	836	53,336	82,904
2018	10,259	238	2,368	12,865
2019	12,526	255	19,717	32,498
2020 to 2024	13,299	754	58,219	72,272
2025 to 2034	1,540	252	30,067	31,859
2035 and thereafter	-	392	16,791	17,183
	<b>92,472</b>	<b>3,135</b>	<b>225,747</b>	<b>321,354</b>
Less: current portion	<b>(20,887)</b>	<b>(263)</b>	<b>(22,494)</b>	<b>(43,644)</b>
	<b>71,585</b>	<b>2,872</b>	<b>203,253</b>	<b>277,710</b>

	<b>31 December 2014</b>			
	<b>Bank loans</b>	<b>Other loans</b>	<b>Notes and bonds</b>	<b>Total</b>
	<b>HK\$ millions</b>	<b>HK\$ millions</b>	<b>HK\$ millions</b>	<b>HK\$ millions</b>
2015	12,409	250	5,693	18,352
2016	4,300	50	1,910	6,260
2017	5,750	-	-	5,750
2018	2,841	300	2,371	5,512
2019	-	-	-	-
2020 to 2024	-	-	2,000	2,000
	<b>25,300</b>	<b>600</b>	<b>11,974</b>	<b>37,874</b>
Less: current portion	<b>(12,409)</b>	<b>(250)</b>	<b>(5,693)</b>	<b>(18,352)</b>
	<b>12,891</b>	<b>350</b>	<b>6,281</b>	<b>19,522</b>

The bank and other debts of the Group as at 30 June 2015 are secured to the extent of HK\$24,343 million (31 December 2014 - nil).

Borrowings with principal amount of HK\$100,511 million (31 December 2014 - HK\$29,777 million) bear interest at floating interest rates and borrowings with principal amount of HK\$220,843 million (31 December 2014 - HK\$8,097 million) bear interest at fixed interest rates.

Borrowings at principal amount are denominated in the following currencies (inclusive of the effect of hedging transactions):

	<b>30 June 2015</b>	31 December 2014
	<b>Percentage</b>	Percentage
US dollars	<b>32%</b>	14%
Euro	<b>23%</b>	5%
HK dollars	<b>16%</b>	62%
British Pounds	<b>23%</b>	8%
Other currencies	<b>6%</b>	11%
	<b>100%</b>	100%

## 28 Bank and other debts (continued)

Derivative financial instruments are principally utilised by the Group in the management of its foreign currency and interest rate exposures. The Group has entered into interest rate swap agreements with banks and other financial institutions mainly to swap fixed interest rate borrowings to floating interest rate borrowings to manage the fixed and floating interest rate mix of the Group's total debt portfolio. At 30 June 2015, the notional amount of the outstanding interest rate swap agreements with financial institutions amounted to HK\$65,308 million (31 December 2014 - HK\$2,450 million).

In addition, interest rate swap agreements with notional amount of HK\$6,413 million (31 December 2014 - nil) was entered to swap floating interest rate borrowings to fixed interest rate borrowings to mainly mitigate interest rate exposures to certain infrastructure project related borrowings.

As at 30 June 2015, the Group had currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK\$16,968 million (31 December 2014 - nil) to Hong Kong dollar principal amount of borrowings to match currency exposures of the underlying businesses.

- (a) The analysis of derivative financial instruments utilised by the Group in the management of its interest rate and foreign currency exposures are as follows:

	30 June 2015			31 December 2014		
	Current portion	Non-current portion	Total	Current portion	Non-current portion	Total
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
<b>Fair value hedges</b>						
Derivative financial assets						
Interest rate swaps (see notes 21 and 24)	5	1,101	1,106	-	-	-
Cross currency interest rate swaps (see note 24)	93	-	93	-	-	-
	<b>98</b>	<b>1,101</b>	<b>1,199</b>	-	-	-
<b>Cash flow hedges</b>						
Derivative financial assets						
Interest rate swaps (see note 21)	-	80	80	-	-	-
	-	80	80	-	-	-
Derivative financial liabilities						
Interest rate swaps (see note 31)	-	(170)	(170)	-	-	-
Forward foreign exchange contracts (see note 26)	(5)	-	(5)	-	-	-
Other contracts (see note 31)	-	(443)	(443)	-	-	-
	<b>(5)</b>	<b>(613)</b>	<b>(618)</b>	-	-	-
	<b>(5)</b>	<b>(533)</b>	<b>(538)</b>	-	-	-
<b>Net investment hedges</b>						
Derivative financial assets (see notes 21 and 24)	120	763	883	-	476	476
Derivative financial liabilities (see notes 26 and 31)	(518)	(377)	(895)	-	-	-
	<b>(398)</b>	<b>386</b>	<b>(12)</b>	-	476	476

## 29 Interest bearing loans from non-controlling shareholders

	30 June 2015	31 December 2014
	HK\$ millions	HK\$ millions
Interest bearing loans from non-controlling shareholders	<b>5,440</b>	-

At 30 June 2015, these loans bear interest at rates ranging from 1.73% to 11% per annum (31 December 2014 - nil). The carrying amount of the borrowings approximates their fair value.

### 30 Pension plans

	<b>30 June 2015</b>	31 December 2014
	<b>HK\$ millions</b>	HK\$ millions
Defined benefit assets	-	-
Defined benefit liabilities	<b>4,227</b>	-
Net defined benefit liabilities	<b>4,227</b>	-

The Group operates a number of defined benefit and defined contribution plans, the assets of which are held independently of the Group's assets in trustee administered funds.

#### (a) Defined benefit plans

The Group's major defined benefit plans are in Hong Kong, the United Kingdom and the Netherlands. The plans are either contributory final salary pension plans or non-contributory guaranteed return defined contribution plans. No other post-retirement benefits are provided.

The Group's major plans were valued by Towers Watson, qualified actuaries as at 31 May 2015 using the projected unit credit method to account for the Group's pension accounting costs.

The principal actuarial assumptions used for the purpose of the actuarial valuation were as follows:

	<b>30 June 2015</b>	31 December 2014
Discount rates	<b>0.51%-3.85%</b>	Not applicable
Future salary increases	<b>0.5%-4.1%</b>	Not applicable
Interest credited on two principal plans in Hong Kong	<b>5.0%-6.0%</b>	Not applicable

The amount recognised in the consolidated statement of financial position is determined as follows:

	<b>30 June 2015</b>	31 December 2014
	<b>HK\$ millions</b>	HK\$ millions
Present value of defined benefit obligations	<b>30,780</b>	-
Fair value of plan assets	<b>26,556</b>	-
	<b>4,224</b>	-
Restrictions on assets recognised	<b>3</b>	-
Net defined benefit liabilities	<b>4,227</b>	-

Movements in net defined benefit liabilities and its components are as follows:

	<b>Present value of defined benefit obligations</b>	<b>Fair value of plan assets</b>	<b>Asset ceiling</b>	<b>Net defined benefit liabilities</b>
	<b>HK\$ millions</b>	<b>HK\$ millions</b>	<b>HK\$ millions</b>	<b>HK\$ millions</b>
At 1 January 2015	-	-	-	-
Relating to subsidiaries acquired (see note 34(c))	<b>30,974</b>	<b>(26,605)</b>	<b>3</b>	<b>4,372</b>
Net charge (credit) to the income statement				
Current service cost	<b>64</b>	<b>1</b>	-	<b>65</b>
Interest cost (income)	<b>34</b>	<b>(24)</b>	-	<b>10</b>
	<b>98</b>	<b>(23)</b>	-	<b>75</b>
Net charge (credit) to other comprehensive income				
Remeasurements loss (gain):				
Actuarial gain arising from change in financial assumptions	<b>(298)</b>	-	-	<b>(298)</b>
Actuarial gain arising from experience adjustment	<b>(4)</b>	-	-	<b>(4)</b>
Return on plan assets excluding interest income	-	<b>224</b>	-	<b>224</b>
Exchange translation differences	<b>70</b>	<b>(73)</b>	-	<b>(3)</b>
	<b>(232)</b>	<b>151</b>	-	<b>(81)</b>
Contributions paid by the employer	-	<b>(140)</b>	-	<b>(140)</b>
Contributions paid by the employee	<b>8</b>	<b>(8)</b>	-	-
Benefits paid	<b>(67)</b>	<b>67</b>	-	-
Transfer from (to) other liabilities	<b>(1)</b>	<b>2</b>	-	<b>1</b>
At 30 June 2015	<b>30,780</b>	<b>(26,556)</b>	<b>3</b>	<b>4,227</b>



### 30 Pension plans (continued)

There is no immediate requirement for the Group to fund the deficit between the fair value of defined benefit plan assets and the present value of the defined benefit plan obligations disclosed as at 30 June 2015. Contributions to fund the obligations are based upon the recommendations of independent qualified actuaries for each of the Group's pension plans to fully fund the relevant schemes on an ongoing basis. The realisation of the deficit is contingent upon the realisation of the actuarial assumptions made which is dependent upon a number of factors including the market performance of plan assets. Funding requirements of the Group's major defined benefit plans are detailed below.

The Group operates two principal plans in Hong Kong. One plan, which has been closed to new entrants since 1994, provides benefits based on the greater of the aggregate of the employee and employer vested contributions plus a minimum interest thereon of 6% per annum, and a benefit derived by a formula based on the final salary and years of service. A formal independent actuarial valuation, undertaken for funding purposes under the provision of Hong Kong's Occupational Retirement Schemes Ordinance ("ORSO"), at 31 July 2013 reported a funding level of 119% of the accrued actuarial liabilities on an ongoing basis. The valuation used the attained age valuation method and the main assumptions in the valuation are an investment return of 6% per annum and salary increases of 4% per annum. The valuation was performed by Tian Keat Aun, a Fellow of The Institute of Actuaries, of Towers Watson Hong Kong Limited. The second plan provides benefits equal to the employer vested contributions plus a minimum interest thereon of 5% per annum.

The Group operates three contributory defined benefit plans in the United Kingdom for its ports division, of which the Port of Felixstowe Pension Plan is the principal plan. The plans are all final salary in nature and were closed to new entrants in June 2003. On the assumptions adopted at the last formal actuarial valuation using the projected unit method at 31 December 2012, the ratio of assets to liabilities for the Felixstowe Scheme was 78%. Contributions to fund the deficit were increased and the shortfall was expected to be eliminated by June 2023. The main assumptions in the valuation are an investment return of (i) 5.90% per annum (pre-retirement), (ii) 5.30% per annum and 3.25% per annum (post-retirement for non-pensioners and pensioners respectively), pensionable salary increases of 2.75% per annum and pension increases for pensioners of 2.65% per annum (for service before 6 April 1997), 2.3% per annum (for service between 6 April 1997 and 5 April 2005) and 1.70% per annum (for service after 5 April 2005). The valuation was performed by Lloyd Cleaver, a Fellow of the Institute of Actuaries, of Towers Watson Limited.

The Group's defined benefit pension plans for its ports and retail operations in the Netherlands are guaranteed contracts undertaken by insurance companies to provide defined benefit pensions in return for actuarially agreed contributions. The risk of providing past pension benefits is underwritten by the insurance companies. The Group does not carry funding risk relating to past service. The funding rate to provide current year benefits varies in accordance with annual actuarial calculations.

The Group operates a defined benefit pension plan for part of its retail operation in the United Kingdom. It is not open to new entrants. The latest formal valuation for funding purposes was carried out at 31 March 2012. This allowed for the cessation of accrual of future defined benefits for all active members on 28 February 2010, from which date final salary linkage was also severed. On the assumptions adopted at the valuation using the projected unit method, the ratio of actual asset value to the target asset value being funded for past service benefits was 75%. The sponsoring employer will make further additional contributions of £3.7 million per annum up to 30 September 2016 towards the shortfall being corrected by 30 September 2016, assuming the market conditions as at 31 March 2012 remain unchanged. The main assumptions in the valuation are an investment return of 4.1% to 5.7% per annum and pensionable salary increases of 2.0% to 3.2% per annum. The valuation was performed by David Lindsay, a Fellow of the Institute and Faculty of Actuaries, of Aon Hewitt Limited.

### 31 Other non-current liabilities

	<b>30 June 2015</b>	31 December 2014
	<b>HK\$ millions</b>	HK\$ millions
Cash flow hedges		
Interest rate swaps	170	-
Other contracts	443	-
Net investment hedges	377	-
Other derivative financial instruments	1,244	-
Obligations for telecommunications licences and other rights	4,343	-
Other non-current liabilities	4,617	-
Provisions (see note 27)	35,830	-
	<b>47,024</b>	-

## 32 Share capital, share premium, perpetual capital securities and capital management

### (a) Share capital and share premium

	Number of shares	Share capital HK\$ millions	Share premium HK\$ millions	Total HK\$ millions
At 1 January 2014 - Cheung Kong	2,316,164,338	1,158	9,331	10,489
Transition to no-par value regime <sup>(i)</sup>	-	9,331	(9,331)	-
At 31 December 2014 - Cheung Kong	2,316,164,338	10,489	-	10,489
At 1 January 2015 - Cheung Kong	<b>2,316,164,338</b>	<b>10,489</b>	-	<b>10,489</b>
Cancellation of the shares of Cheung Kong pursuant to the Reorganisation Proposal	<b>(2,316,164,338)</b>	<b>(10,489)</b>	-	<b>(10,489)</b>
Issue of new CK Hutchison shares: <sup>(ii)</sup>				
On incorporation	<b>1</b>	-	-	-
Pursuant to the Reorganisation Proposal	<b>2,316,164,337</b>	<b>2,316</b>	<b>349,509</b>	<b>351,825</b>
Pursuant to the Merger Proposal	<b>1,543,514,162</b>	<b>1,544</b>	<b>258,693</b>	<b>260,237</b>
Distribution In Specie	-	-	<b>(363,511)</b>	<b>(363,511)</b>
At 30 June 2015 – CK Hutchison	<b>3,859,678,500</b>	<b>3,860</b>	<b>244,691</b>	<b>248,551</b>

- (i) In accordance with the transitional provisions set out in section 37 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014, the amounts standing to the credit of the share premium account created under the sections 48B and 49H of the predecessor Hong Kong Companies Ordinance (Cap. 32) have become part of the Cheung Kong's share capital.
- (ii) CK Hutchison was incorporated in the Cayman Islands on 11 December 2014 with an authorised share capital of HK\$380,000 divided into 380,000 shares of HK\$1 par value each. The authorised share capital of CK Hutchison was subsequently increased to HK\$8,000,000,000 by the creation of 7,999,620,000 shares of HK\$1 par value each on 2 March 2015. On the date of incorporation, 1 share was issued and allotted. During the period, 2,316,164,337 and 1,543,514,162 shares were issued and allotted pursuant to the Reorganisation Proposal and the Merger Proposal, respectively.

### (b) Perpetual capital securities

	30 June 2015 HK\$ millions	31 December 2014 HK\$ millions
SGD730 million issued in 2011 <sup>(i) (iii)</sup>	<b>4,645</b>	4,647
HK\$1,000 million issued in 2012 <sup>(i) (iii)</sup>	<b>1,025</b>	1,025
US\$425.3 million issued in 2013 <sup>(i) (iii)</sup>	<b>3,373</b>	3,373
US\$1,705 million issued in 2010 <sup>(ii) (iii)</sup>	<b>13,438</b>	-
US\$1,000 million issued in 2012 <sup>(ii) (iii)</sup>	<b>7,870</b>	-
EUR1,750 million issued in 2013 <sup>(ii) (iii)</sup>	<b>17,960</b>	-
	<b>48,311</b>	9,045

- (i) In September 2011, July 2012 and January 2013, wholly owned subsidiary companies of the Group issued perpetual capital securities with nominal amount of SGD730 million (approximately HK\$4,578 million), HK\$1,000 million and US\$500 million (approximately HK\$3,875 million) respectively for cash.
- (ii) With completion of the Hutchison Proposal, the Group consolidates perpetual capital securities that were issued by wholly owned subsidiary companies of Hutchison in October 2010, May 2012 and May 2013 with nominal amount of US\$2,000 million (approximately HK\$15,600 million), US\$1,000 million (approximately HK\$7,800 million) and EUR1,750 million (approximately HK\$17,879 million) respectively for cash.
- (iii) These securities are perpetual, subordinated and the coupon payment is optional in nature. Therefore, perpetual capital securities are classified as equity instruments and recorded in equity in the consolidated statement of financial position.

## 32 Share capital, share premium, perpetual capital securities and capital management (continued)

### (c) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue to provide returns for shareholders and to support the Group's stability and growth. The Group regularly reviews and manages its capital structure to ensure optimal capital structure to maintain a balance between higher shareholders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

At 30 June 2015, total equity amounted to HK\$557,098 million (31 December 2014 - HK\$406,047 million), and consolidated net debt of the Group, excluding loans from non-controlling shareholders which are viewed as quasi equity, was HK\$162,459 million (31 December 2014 - HK\$4,695 million). The Group's net debt to net total capital ratio increased to 22.4% from 1.1% at the end of last year.

As additional information, the following table shows the net debt to net total capital ratios calculated on the basis of including loans from non-controlling shareholders and also with the Group's investments in its listed subsidiaries and associated companies marked to market value at the end of the reporting period.

Net debt / Net total capital ratios<sup>(i)</sup> at 30 June 2015:

	<b>30 June 2015</b>
A1 - excluding interest-bearing loans from non-controlling shareholders from debt	<b>22.4%</b>
A2 - as in A1 above and investments in listed subsidiaries and associated companies marked to market value	<b>22.3%</b>
B1 - including interest-bearing loans from non-controlling shareholders as debt	<b>23.1%</b>
B2 - as in B1 above and investments in listed subsidiaries and associated companies marked to market value	<b>23.0%</b>

(i) Net debt is defined on the Consolidated Statement of Cash Flows. Net total capital is defined as total bank and other debts plus total equity and loans from non-controlling shareholders net of total cash, liquid funds and other listed investments.

### 33 Other reserves

	Attributable to ordinary shareholders		
	Exchange	Others <sup>(a)</sup>	Total
	reserve HK\$ millions	HK\$ millions	HK\$ millions
At 1 January 2015	(10,334)	22,125	11,791
Other comprehensive income (losses)			
Available-for-sale investments			
Valuation gains recognised directly in reserves	-	524	524
Valuation gains previously in reserves recognised in income statement	-	(1,163)	(1,163)
Gains on cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts recognised in reserves	-	526	526
Losses on net investment hedges arising from forward foreign currency contracts recognised directly in reserves	(82)	-	(82)
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	(186)	-	(186)
Losses (gains) previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the period recognised in income statement	16,341	(2,368)	13,973
Share of other comprehensive income (losses) of associated companies	(7,401)	494	(6,907)
Share of other comprehensive income (losses) of joint ventures	(781)	330	(451)
Tax relating to components of other comprehensive income (losses)	-	(1)	(1)
Other comprehensive income (losses)	<b>7,891</b>	<b>(1,658)</b>	<b>6,233</b>
Cancellation of Cheung Kong shares <sup>(b)</sup>	-	(341,336)	(341,336)
Relating to deemed disposal of associated companies	-	(19,823)	(19,823)
Relating to purchase of non-controlling interests	-	(69)	(69)
Relating to partial disposal of subsidiary companies	-	17	17
At 30 June 2015	<b>(2,443)</b>	<b>(340,744)</b>	<b>(343,187)</b>
At 1 January 2014	3,234	4,242	7,476
Other comprehensive income (losses)			
Available-for-sale investments			
Valuation losses recognised directly in reserves	-	(108)	(108)
Valuation gains previously in reserves recognised in income statement	-	(176)	(176)
Losses on net investment hedges arising from forward foreign currency contracts recognised directly in reserves	(430)	-	(430)
Gains on translating overseas subsidiaries' net assets recognised directly in reserves	127	-	127
Share of other comprehensive income (losses) of associated companies	1,643	11	1,654
Share of other comprehensive income (losses) of joint ventures	(900)	(85)	(985)
Other comprehensive income (losses)	440	(358)	82
Share of dilution surplus of an associated company <sup>(c)</sup>	604	18,893	19,497
At 30 June 2014	<b>4,278</b>	<b>22,777</b>	<b>27,055</b>

(a) Other reserves comprise revaluation reserve, hedging reserve and other capital reserves. As at 30 June 2015, revaluation reserve surplus amounted to HK\$175 million (1 January 2015 - HK\$2,918 million and 30 June 2014 - HK\$3,112 million), hedging reserve surplus amounted to HK\$412 million (1 January 2015 - deficit of HK\$35 million and 30 June 2014 - surplus of HK\$424 million) and other capital reserves deficit amounted to HK\$341,331 million (1 January 2015 - surplus of HK\$19,242 million and 30 June 2014 - surplus of HK\$19,241 million). Revaluation surplus (deficit) arising from revaluation to market value of listed debt securities and listed equity securities which are available for sale are included in the revaluation reserve. Fair value changes arising from the effective portion of hedging instruments designated as cash flow hedges are included in the hedging reserve.

(b) See note (d) on the condensed consolidated statement of changes in equity.

(c) See note (f) on the condensed consolidated statement of changes in equity.

### 34 Notes to condensed consolidated statement of cash flows

#### (a) Reconciliation of profit after tax to cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital

	Six months ended 30 June	
	2015	2014
	HK\$ millions	HK\$ millions
<b>Profit after tax</b>	<b>103,110</b>	21,591
Less: share of profits less losses of		
Associated companies before profits on disposal of investments and others	(7,449)	(6,821)
Joint ventures	(1,273)	(1,899)
Associated companies' profits on disposal of investments and others	196	(7,455)
	<b>94,584</b>	5,416
Adjustments for:		
Current tax charge	1,074	825
Deferred tax charge	569	27
Interest expenses and other finance costs	647	190
Change in fair value of investment properties	(526)	(560)
Depreciation and amortisation	1,662	154
Profits on disposal of investments and others (see note 6 and 9)	(87,017)	-
<b>EBITDA of Company and subsidiaries</b> <sup>(i)</sup>	<b>10,993</b>	6,052
Profit on disposal of other unlisted investments	(71)	-
Profit on disposal of fixed assets	(1)	-
Dividends received from associated companies and joint ventures	6,674	19,489
Profit on disposal of joint ventures	(1,397)	-
Other non-cash items	(462)	516
	<b>15,736</b>	26,057

	Six months ended 30 June	
	2015	2014
	HK\$ millions	HK\$ millions

#### (i) Reconciliation of EBITDA from continuing operations:

EBITDA of Company and subsidiaries from continuing and discontinued operations	10,993	6,052
Less: EBITDA of Company and subsidiaries from discontinued operations	(4,864)	(5,339)
EBITDA of Company and subsidiaries from continuing operations	6,129	713
Share of EBITDA of associated companies and joint ventures		
Share of profits less losses:		
Associated companies before profits on disposal of investments and others	4,283	5,159
Joint ventures	1,431	761
Associated companies' profits on disposal of investments and others	(196)	7,455
Adjustment for:		
Depreciation and amortisation	8,624	8,586
Interest expenses and other finance costs	3,721	4,115
Current tax charge	1,355	2,158
Deferred tax charge	667	790
Non-controlling interests	1,927	4,322
Others (see note 6)	223	605
	<b>22,035</b>	33,951
EBITDA (see notes 5(b) and 5(m))	<b>28,164</b>	34,664

#### (b) Changes in working capital

	Six months ended 30 June	
	2015	2014
	HK\$ millions	HK\$ millions
Increase in inventories	2,966	1,742
Decrease (increase) in debtors and prepayments	4,167	(6,123)
Decrease in creditors	(3,685)	(6)
Other non-cash items	(197)	-
	<b>3,251</b>	(4,387)

### 34 Notes to condensed consolidated statement of cash flows (continued)

#### (c) Purchase of subsidiary companies

With the completion of the Merger Proposal, the Group completed its acquisition of the remaining 50.03% (which the Group did not previously own) of the issued and outstanding ordinary share capital of Hutchison and an additional 6.23% of the common shares of Husky.

The following table summarises the consideration paid and the amounts of the assets acquired and liabilities assumed recognised for acquisitions completed during the periods.

	Six months ended 30 June			
	Merger Proposal HK\$ millions	Others HK\$ millions	2015 Total HK\$ millions	2014 Total HK\$ millions
Fair value				
Fixed assets	93,476	71,626	165,102	-
Investment properties	305	-	305	-
Leasehold land	8,086	-	8,086	-
Telecommunications licences	31,571	-	31,571	-
Brand names and other rights	94,604	8,596	103,200	-
Associated companies	144,037	-	144,037	-
Interests in joint ventures	86,816	67	86,883	-
Deferred tax assets	22,901	-	22,901	-
Other non-current assets	3,485	-	3,485	-
Cash and cash equivalents	106,313	3,490	109,803	-
Liquid funds and other listed investments	11,970	-	11,970	-
Assets held for distribution	191,122	-	191,122	-
Trade and other receivables	48,838	3,061	51,899	-
Inventories	20,953	55	21,008	-
Creditors and current tax liabilities	(91,679)	(9,830)	(101,509)	-
Bank and other debts	(252,516)	(57,713)	(310,229)	-
Interest bearing loans from non-controlling shareholders	(3,150)	(2,538)	(5,688)	-
Deferred tax liabilities	(22,652)	(8,157)	(30,809)	-
Pension obligations	(3,229)	(1,143)	(4,372)	-
Other non-current liabilities	(45,510)	(543)	(46,053)	-
Liabilities held for distribution	(14,286)	-	(14,286)	-
Net identifiable assets acquired	431,455	6,971	438,426	-
Non-controlling interests	(112,972)	(3,612)	(116,584)	-
Perpetual capital securities	(39,116)	-	(39,116)	-
	279,367	3,359	282,726	-
Goodwill	226,529	34,610	261,139	-
Total consideration	505,896	37,969	543,865	-
Purchase consideration transferred:				
Shares issued, at fair value	260,236	-	260,236	-
Fair value of investment held by the Company prior to acquisition	245,660	18,979	264,639	-
Cost of investment held by Hutchison prior to acquisition	-	18,990	18,990	-
	505,896	37,969	543,865	-
Net cash inflow arising from acquisition:				
Cash payment	-	-	-	-
Cash and cash equivalents acquired	(106,313)	(3,490)	(109,803)	-
Total net cash inflow	(106,313)	(3,490)	(109,803)	-

Pursuant to the Merger Proposal, Hutchison and all its subsidiaries became direct and indirect subsidiaries of CK Hutchison respectively. Further details of the acquisition of the remaining 50.03% (which the Group did not previously own) of the issued and outstanding ordinary shares of Hutchison and an additional 6.23% of the common shares of Husky, and the nature and financial effects of this acquisition were set out in a circular issued by CK Hutchison dated 31 March 2015, and a scheme document jointly issued by CK Hutchison, CK Global and Hutchison dated 31 March 2015, and in respect of the completion of this acquisition were set out in an announcement jointly issued by CK Hutchison, Cheung Kong Property, CK Global and Hutchison dated 3 June 2015, and an announcement jointly issued by CK Hutchison, CK Global and Hutchison dated 19 May 2015.

The fair values are provisional due to the complexity of the process. The finalisation of the fair value of the acquired assets and liabilities will be completed in the first half of 2016. The assets acquired and liabilities assumed are recognised at the acquisition date fair value and are recorded at the consolidation level.

### 34 Notes to condensed consolidated statement of cash flows (continued)

#### (c) Purchase of subsidiary companies (continued)

Acquisition related costs of approximately HK\$640 million had been charged to income statement during the period and included in the line item titled profits on disposal of investments and others (HK\$500 million) and profit after tax from discontinued operations (HK\$140 million).

These operations contributed HK\$24,877 million of revenue and HK\$3,587 million to profit before tax. Also see note 6.

If the combinations had been effective 1 January 2015, the operations would have contributed additional revenue of HK\$110,557 million and an increase in profit before tax from continuing operations for the Group of HK\$12,715 million.

#### (d) Disposal of subsidiary companies

	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$ millions</b>	<b>HK\$ millions</b>
Aggregate net assets disposed at date of disposal (excluding cash and cash equivalents):		
Trade and other receivables	21	-
Inventories	5	-
Creditors and current tax liabilities	(33)	-
Other non-current liabilities	(3)	-
Reserves	(6)	-
	<b>(16)</b>	-
Satisfied by:		
Cash and cash equivalents received as consideration	-	-
Less: Cash and cash equivalents sold	(16)	-
Total net cash consideration	<b>(16)</b>	-

The effect on the Group's results from the subsidiaries disposed is not material for the six months ended 30 June 2015.

### 34 Notes to condensed consolidated statement of cash flows (continued)

#### (e) Distribution In Specie to shareholders

Pursuant to the Spin-off Proposal, the Group distributed the Group's entire interests in Cheung Kong Property to the shareholders. Details are set out below.

	<b>Six months ended 30 June 2015 HK\$ millions</b>
Breakdown of net assets disposed of:	
Assets acquired net of liabilities assumed arising from acquisition of Hutchison (see note 34(c))	176,836
Fixed assets	9,853
Investment properties	33,811
Associated companies	3
Interests in joint ventures	51,074
Liquid funds and other listed investments	7,823
Current assets (including bank balances and cash of HK\$14,351 million)	88,523
Current liabilities	(12,047)
Deferred tax liabilities	(1,013)
Non-controlling interests	(2,707)
Book value of net assets distributed	<u>352,156</u>
Deduct cash received	<u>(55,000)</u>
	297,156
One-off non-cash gain recognised on remeasurement of assets (see note 9(a))	18,351
One-off non-cash gain recognised on Distribution In Specie (see note 9(a) and 11(c))	48,004
Distribution In Specie	<u>363,511</u>
Analysis of net cash inflow arising on Distribution In Specie:	
Intercompany loans repaid	55,000
Bank balances and cash disposed	<u>(14,351)</u>
	<u>40,649</u>



### 35 Contingent liabilities

At 30 June 2015, CK Hutchison Holdings Limited, and its subsidiaries provide guarantees in respect of bank and other borrowing facilities to its associated companies and joint ventures of HK\$3,400 million (31 December 2014 - HK\$3,423 million).

The amount utilised by its associated companies and joint ventures are as follows:

	<b>30 June 2015 HK\$ millions</b>	31 December 2014 HK\$ millions
To associated companies		
Other businesses	<b>2,295</b>	-
To joint ventures		
Property businesses	-	1,243
Other businesses	<b>500</b>	1,335
	<b>500</b>	2,578

At 30 June 2015, the Group had provided performance and other guarantees of HK\$4,064 million (31 December 2014 - HK\$1,024 million).

### 36 Commitments

In March 2015, Hutchison entered into an agreement with Telefónica SA to acquire O<sub>2</sub> UK for £9.25 billion cash and deferred upside interest sharing payments of up to £1 billion upon achievement by the combined business of 3 UK and O<sub>2</sub> UK of agreed financial targets. The completion of this transaction is subject to regulatory approval.

Other than the aforementioned commitments, the Group's outstanding commitments, where material, not provided for in the financial statements at 30 June 2015 are as follows:

#### Capital commitments

(a) Contracted for:

- (i) Ports and related services - HK\$476 million (31 December 2014 - nil)
- (ii) 3 Group Europe - HK\$2,919 million (31 December 2014 - nil)
- (iii) Telecommunications, Hong Kong and Asia - HK\$645 million (31 December 2014 - nil)
- (iv) Investment in joint ventures - HK\$829 million (31 December 2014 - HK\$853 million)
- (v) Investment in associated companies - HK\$697 million (31 December 2014 - HK\$693 million)
- (vi) Other fixed assets - HK\$826 million (31 December 2014 - HK\$7,185 million)
- (vii) Others - nil (31 December 2014 - HK\$63 million)

(b) Authorised but not contracted for:

The Group, as part of its annual budget process, budgets for future capital expenditures and these amounts are shown below. These budgeted amounts are subject to a rigorous authorisation process before the expenditure is committed.

- (i) Ports and related services - HK\$3,174 million (31 December 2014 - nil)
- (ii) 3 Group Europe - HK\$4,880 million (31 December 2014 - nil)
- (iii) Telecommunications, Hong Kong and Asia - HK\$1,279 million (31 December 2014 - nil)
- (iv) Investment in joint ventures outside Hong Kong - HK\$374 million (31 December 2014 - HK\$380 million)
- (v) Loan advances to joint ventures - nil (31 December 2014 - HK\$3,970 million)
- (vi) Other fixed assets - HK\$4,961 million (31 December 2014 - HK\$254 million)

#### Operating lease commitments - future aggregate minimum lease payments for land and buildings leases

- (a) In the first year - HK\$11,769 million (31 December 2014 - HK\$180 million)
- (b) In the second to fifth years inclusive - HK\$20,486 million (31 December 2014 - HK\$248 million)
- (c) After the fifth year - HK\$34,747 million (31 December 2014 - HK\$6 million)

#### Operating lease commitments - future aggregate minimum lease payments for other assets

- (a) In the first year - HK\$1,639 million (31 December 2014 - HK\$7 million)
- (b) In the second to fifth years inclusive - HK\$4,367 million (31 December 2014 - nil)
- (c) After the fifth year - HK\$736 million (31 December 2014 - nil)

### **37 Related parties transactions**

Transactions between the Company and its subsidiaries have been eliminated on consolidation. Transactions between the Group and other related parties during the period are not significant to the Group. The outstanding balances with associated companies and joint ventures as disclosed in notes 18 and 19 are unsecured. Balances totalling HK\$20,234 million (31 December 2014 - HK\$9,349 million) are interest bearing. In addition, during the period, the acquisition of Hutchison resulted in the consolidation of a traded debt securities outside Hong Kong with a principal amount of US\$25 million notes issued by listed associated company, Husky which will mature in 2019.

No transactions have been entered with the directors of the Company (being the key management personnel) during the period other than the emoluments paid to them (being the key management personnel compensation).

### **38 Legal proceedings**

As at 30 June 2015, the Group is not engaged in any material litigation or arbitration proceedings, and no material litigation or claim is known by the Group to be pending or threatened against it.

### **39 Subsequent events**

On 6 August 2015, the Group announced agreement with VimpelCom Ltd. to form an equal joint venture merging 3 Italy and VimpelCom's subsidiary Wind Telecomunicazioni S.p.A. ("Wind") in Italy. Completion of the transaction is subject to regulatory approval. On a combined basis, 3 Italy and Wind will become the largest mobile operator in Italy.

### **40 US dollar equivalents**

Amounts in these financial statements are stated in Hong Kong dollars (HK\$), the functional currency of the Company. The translation into US dollars of these financial statements as of, and for the six months ended, 30 June 2015, is for convenience only and has been made at the rate of HK\$7.80 to US\$1. This translation should not be construed as a representation that the Hong Kong dollar amounts actually represented have been, or could be, converted into US dollars at this or any other rate.

## 41 Financial risk management

The Group's major financial assets and financial liabilities include cash and cash equivalents, liquid funds and other listed investments and borrowings. Details of these financial assets and financial liabilities are disclosed in the respective notes. The Group's treasury function sets financial risk management policies in accordance with policies and procedures that are approved by the Executive Directors, and which are also subject to periodic review by the Group's internal audit function. The Group's treasury policies are designed to mitigate the impact of fluctuations in interest rates and exchange rates on the Group's overall financial position and to minimise the Group's financial risks. The Group's treasury function operates as a centralised service for managing financial risks, including interest rate and foreign exchange risks, and for providing cost-efficient funding to the Group and its companies. It manages the majority of the Group's funding needs, interest rate, foreign currency and credit risk exposures. It is the Group's policy not to have credit rating triggers that would accelerate the maturity dates of the Group's borrowings. The Group uses interest rate and foreign currency swaps and forward contracts as appropriate for risk management purposes only, for hedging transactions and for managing the Group's assets and liabilities' exposure to interest rate and foreign exchange rate fluctuations. It is the Group's policy not to enter into derivative transactions for speculative purposes. It is also the Group's policy not to invest liquidity in financial products, including hedge funds or similar vehicles, with significant underlying leverage or derivative exposure.

### (a) Cash management and funding

The Group operates a central cash management system for all of its unlisted subsidiaries. Except for listed and certain overseas entities conducting businesses in non-HK or non-US dollar currencies, the Group generally obtains long-term financing at the Group level to on-lend or contribute as equity to its subsidiaries and associated companies to meet their funding requirements and provide more cost-efficient financing. These borrowings include a range of capital market issues and bank borrowings for which the proportions will change depending upon financial market conditions and projected interest rates. The Group regularly and closely monitors its overall debt position and reviews its funding costs and maturity profile to facilitate refinancing.

The Group continues to maintain a robust financial position. Cash, liquid funds and other listed investments ("liquid assets") amounted to HK\$173,855 million at 30 June 2015 (31 December 2014 - HK\$44,307 million). Liquid assets were denominated as to 36% in HK dollars, 38% in US dollars, 7% in Renminbi, 6% in Euro, 6% in British Pounds and 7% in other currencies (31 December 2014 - 54% were denominated in HK dollars, 16% in US dollars, 26% in Renminbi and 4% in other currencies).

Cash and cash equivalents represented 93% (31 December 2014 - 75%) of the liquid assets, US Treasury notes and listed / traded debt securities 4% (31 December 2014 - 1%) and listed equity securities 3% (31 December 2014 - 24%).

The US Treasury notes and listed / traded debt securities, including those held under managed funds, consisted of US Treasury notes of 55% (31 December 2014 - nil), government and government guaranteed notes of 22% (31 December 2014 - nil), notes issued by the Group's associated company, Husky Energy of 4% (31 December 2014 - nil), notes issued by financial institutions of 3% (31 December 2014 - 96%), and others of 16% (31 December 2014 - 4%). Of these US Treasury notes and listed / traded debt securities, 78% (31 December 2014 - nil) are rated at Aaa/AAA or Aa1/AA+ with an average maturity of 2.3 years (31 December 2014 - 0.9 years) on the overall portfolio. The Group has no exposure in mortgage-backed securities, collateralised debt obligations or similar asset classes.

### (b) Interest rate exposure

The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates. When considered appropriate, the Group uses derivatives such as interest rate swaps and forward rate agreements to manage its interest rate exposure. The Group's main interest rate exposure relates to US dollar, British Pound, Euro and HK dollar borrowings.

At 30 June 2015, approximately 31% (31 December 2014 - approximately 79%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 69% (31 December 2014 - approximately 21%) were at fixed rates. The Group has entered into various interest rate agreements with major financial institution counterparties to swap approximately HK\$65,308 million (31 December 2014 - approximately HK\$2,450 million) principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK\$6,413 million (31 December 2014 - nil) principal amount of floating interest rate borrowings were swapped to fixed interest rate borrowings. After taking into consideration these interest rate swaps, approximately 50% (31 December 2014 - approximately 85%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 50% (31 December 2014 - approximately 15%) were at fixed rates at 30 June 2015. All of the aforementioned interest rate derivatives are designated as hedges and these hedges are considered highly effective.

## 41 Financial risk management (continued)

### (c) Foreign currency exposure

For overseas subsidiaries, associated companies and other investments, which consist of non-HK dollar or non-US dollar assets, the Group generally endeavours to establish a natural hedge for debt financing with an appropriate level of borrowings in those same currencies. For overseas businesses that are in the development phase, or where borrowings in local currency are not or are no longer attractive, the Group may not borrow in the local currency or may repay existing borrowings and monitor the development of the businesses' cashflow and the relevant debt markets with a view to refinance these businesses with local currency borrowings in the future when conditions are more appropriate. Exposure to movements in exchange rates for individual transactions (such as major procurement contracts) directly related to the underlying businesses is minimised by using forward foreign exchange contracts and currency swaps where active markets for the relevant currencies exist. The Group generally does not enter into foreign currency hedges in respect of its long-term equity investments in overseas subsidiaries and associates, except in relation to certain infrastructure investments.

At 30 June 2015, the Group had currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK\$16,968 million (31 December 2014 - nil) to Hong Kong dollar principal amount of borrowings to match the currency exposures of the underlying businesses. The Group's total principal amount of bank and other debts, after the above swaps, are denominated as follows: 32% in US dollars, 23% in Euro, 16% in HK dollars, 23% in British Pounds and 6% in other currencies (31 December 2014 - 14% in US dollars, 5% in Euro, 62% in HK dollars, 8% in British Pounds and 11% in other currencies).

### (d) Credit exposure

The Group's holdings of cash, managed funds and other liquid investments, and interest rate and foreign currency swaps and forward currency contracts with financial institutions expose the Group to credit risk of counterparties. The Group controls its credit risk to non-performance by its counterparties through monitoring their equity share price movements and credit ratings as well as setting approved counterparty credit limits that are regularly reviewed.

The Group is also exposed to counterparties credit risk from its operating activities, as well as in its aircraft leasing businesses. Such risks are continuously monitored by the local operational management.

### (e) Market price risk

The Group's main market price risk exposures relate to listed / traded debt and equity securities described in "liquid assets" above and the interest rate swaps as described in "interest rate exposure" above. The Group's holding of listed / traded debt and equity securities represented approximately 7% (31 December 2014 - approximately 24%) of the liquid assets. The Group controls this risk through active monitoring of price movements and changes in market conditions that may have an impact on the value of these financial assets and instruments.

### (f) Market risks sensitivity analyses

For the presentation of financial assets and financial liabilities market risks (including interest rate risk, currency risk and other price risk) information, HKFRS 7 "Financial Instruments: Disclosures" requires disclosure of a sensitivity analysis for each type of financial market risk that shows the effects of a hypothetical change in the relevant market risk variable to which the Group is exposed at the end of the reporting period on profit for the period / year and on total equity.

The effect that is disclosed in the following sections assumes that (a) a hypothetical change of the relevant risk variable had occurred at the end of the reporting period and had been applied to the relevant risk variable in existence on that date; and (b) the sensitivity analysis for each type of financial market risk does not reflect inter-dependencies between risk variables, e.g. the interest rate sensitivity analysis does not take into account of the impact of changes in interest rates would have on the relative strengthening and weakening of the currency with other currencies.

**The preparation and presentation of the sensitivity analysis on financial market risk is solely for compliance with HKFRS 7 disclosure requirements in respect of financial assets and financial liabilities. The sensitivity analysis measures changes in the fair value and/or cash flows of the Group's financial assets and financial liabilities from hypothetical instantaneous changes in one risk variable (e.g. functional currency rate or interest rate), the amount so generated from the sensitivity analysis are "what-if" forward-looking estimates. The sensitivity analyses are for illustration purposes only and it should be noted that in practice market rates rarely change in isolation. Actual results in the future may differ materially from the sensitivity analyses due to developments in the global markets which may cause fluctuations in market rates (e.g. exchange or interest rate) to vary and therefore it is important to note that the hypothetical amounts so generated do not represent a projection of likely future events and profits or losses.**

## 41 Financial risk management (continued)

### (f) Market risks sensitivity analyses (continued)

#### (i) Interest rate sensitivity analysis

Interest rate risk as defined by HKFRS 7 arises on interest-bearing financial assets and financial liabilities.

The interest rate sensitivity analysis is based on the following assumptions:

In the cases of non-derivative financial assets and financial liabilities with fixed interest rates, changes in market interest rates only affect profit for the period / year or total equity if these financial assets and financial liabilities are measured at fair value. Accordingly, all non-derivative financial assets and financial liabilities with fixed interest rates that are carried at amortised cost are excluded from the interest rate sensitivity analysis as they are not subject to interest rate risk as defined in HKFRS 7.

In the cases of derivative financial assets and financial liabilities designated as hedging instruments for hedging interest rate risks, changes in market interest rates affect their fair value. All interest rate hedges are expected to be highly effective. Changes in the fair value of fair value interest rate hedges and changes in the fair value of the hedged items that are attributable to interest rate movements effectively balance out with each other in income statement in the same period. Accordingly, these hedging instruments and hedged items are excluded from the interest rate sensitivity analysis as they are not exposed to interest rate risk as defined in HKFRS 7. Changes in the fair value of cash flow interest rate hedges resulting from market interest rate movements affect total equity and are therefore taken into consideration in the sensitivity analysis.

In the cases of derivative financial assets and financial liabilities that are not part of an interest rate risk hedging relationship, changes in their fair value (arising from gain or loss from re-measurement of these interest rate derivatives to fair value) resulting from market interest rate movements affect profit for the period / year and total equity, and are therefore taken into consideration in the sensitivity analysis.

Major financial assets and financial liabilities for the purpose of the interest rate sensitivity analysis include:

- cash and cash equivalents (see note 23)
- some of the listed debt securities and managed funds (see note 22) carried at fair value that bear interest at fixed rate
- some of the listed debt securities and managed funds (see note 22) that bear interest at floating rate
- some of the bank and other debts (see note 28) that bear interest at floating rate
- interest bearing loans from non-controlling shareholders (see note 29)

Under these assumptions, the impact of a hypothetical 100 basis points (31 December 2014 - 100 basis points) increase in market interest rate at 30 June 2015, with all other variables held constant:

- profit for the six months ended 30 June 2015 would decrease by HK\$105 million (year ended 31 December 2014 - HK\$152 million) due to increase in interest expense;
- total equity as at 30 June 2015 would decrease by HK\$105 million (31 December 2014 - HK\$152 million) due to increase in interest expense; and
- total equity as at 30 June 2015 would have no material impact due to change in fair value of interest rate swaps (31 December 2014 - nil).

#### (ii) Foreign currency exchange rate sensitivity analysis

Currency risk as defined by HKFRS 7 arises on financial assets and financial liabilities being denominated in a currency that is not the functional currency and being of a monetary nature. Therefore, non-monetary financial assets and financial liabilities, monetary financial assets and financial liabilities denominated in the entity's functional currency and differences resulting from the translation of financial statements of overseas subsidiaries into the Group's presentation currency are therefore not taken into consideration for the purpose of the sensitivity analysis for currency risk.

The foreign currency exchange rate sensitivity analysis is based on the following assumptions:

Major non-derivative monetary financial assets and financial liabilities are either directly denominated in the functional currency or are transferred to the functional currency through the use of foreign currency swaps and forward currency contracts. Exchange fluctuations of these monetary financial assets and financial liabilities therefore have no material effects on profit for the period / year and total equity.

#### 41 Financial risk management (continued)

##### (f) Market risks sensitivity analyses (continued)

###### (ii) Foreign currency exchange rate sensitivity analysis (continued)

In the cases of derivative financial assets and financial liabilities designated as hedging instruments for hedging currency risks, changes in foreign exchange rates affect their fair value. All currency hedges are expected to be highly effective. Changes in the fair value of foreign currency fair value hedges and changes in the fair value of the hedged items effectively balance out with each other in income statement in the same period. As a consequence, these hedging instruments and hedged items are excluded from the foreign currency exchange rate sensitivity analysis as they are not exposed to currency risk as defined in HKFRS 7. Changes in the fair value of cash flow currency hedges resulting from market exchange rate movements affect total equity and are therefore taken into consideration in the sensitivity analysis.

Major financial assets and financial liabilities for the purpose of the foreign currency exchange rate sensitivity analysis include:

- some of the cash and cash equivalents (see note 23)
- some of the liquid funds and other listed investments (see note 22)
- some of the bank and other debts (see note 28)

Under these assumptions, the impact of a hypothetical 10% (31 December 2014 - 5%) weakening of HK dollar against all exchange rates at 30 June 2015, with all other variables held constant, on the Group's profit for the period / year and total equity is set out in the table below.

	Six months ended 30 June 2015		Year ended 31 December 2014	
	Hypothetical increase (decrease) in profit after tax HK\$ millions	Hypothetical increase (decrease) in total equity HK\$ millions	Hypothetical increase (decrease) in profit after tax HK\$ millions	Hypothetical increase (decrease) in total equity HK\$ millions
Euro	(131)	308	-	-
British Pounds	(290)	(2,940)	-	(148)
Australian dollars	83	(594)	-	-
Renminbi	61	91	447	447
US dollars	2,671	2,671	-	-
Japanese Yen	(189)	(189)	-	-

###### (iii) Other price sensitivity analysis

Other price risk as defined by HKFRS 7 arises from changes in market prices (other than those arising from interest rate risk and currency risk as detailed in "interest rate exposure" and "foreign currency exposure" paragraphs above) on financial assets and financial liabilities.

The other price sensitivity analysis is based on the assumption that changes in market prices (other than those arising from interest rate risk and currency risk) of financial assets and financial liabilities only affect profit for the period / year or total equity if these financial assets and financial liabilities are measured at the fair value. Accordingly, all non-derivative financial assets and financial liabilities carried at amortised cost are excluded from the other price sensitivity analysis as they are not subject to other price risk as defined in HKFRS 7.

Major financial assets and financial liabilities for the purpose of the other price sensitivity analysis include:

- available-for-sale investments (see note 22)
- financial assets at fair value through profit or loss (see note 22)

Under these assumptions, the impact of a hypothetical 10% (31 December 2014 - 5%) increase in the market price of the Group's available-for-sale investments and financial assets at fair value through profit or loss at 30 June 2015, with all other variables held constant:

- profit for the six months ended 30 June 2015 would increase by HK\$19 million (year ended 31 December 2014 - HK\$63 million) due to increase in gains on financial assets at fair value through profit or loss;
- total equity as at 30 June 2015 would increase by HK\$19 million (31 December 2014 - HK\$63 million) due to increase in gains on financial assets at fair value through profit or loss; and
- total equity as at 30 June 2015 would increase by HK\$1,161 million (31 December 2014 - HK\$527 million) due to increase in gains on available-for-sale investments which are recognised in other comprehensive income.

#### 41 Financial risk management (continued)

##### (g) Contractual maturities of financial liabilities

The following tables detail the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted principal cash flows and the earliest date the Group can be required to pay:

##### Non-derivative financial liabilities:

	Contractual maturities					
	2015, remainder of the year	2016- 2019	After 2020	Total undiscounted cash flows	Difference from carrying amounts	Carrying amounts
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
<b>At 30 June 2015</b>						
Trade payables	21,059	-	-	21,059	-	21,059
Other payables and accruals	72,770	-	-	72,770	-	72,770
Interest free loans from non-controlling shareholders	970	-	-	970	-	970
Bank loans	16,090	61,543	14,839	92,472	(262)	92,210
Other loans	192	1,545	1,398	3,135	15	3,150
Notes and bonds	22,337	98,333	105,077	225,747	15,207	240,954
Interest bearing loans from non-controlling shareholders	-	2,896	2,544	5,440	-	5,440
Obligations for telecommunications licences and other rights	656	2,241	2,425	5,322	(979)	4,343
	<b>134,074</b>	<b>166,558</b>	<b>126,283</b>	<b>426,915</b>	<b>13,981</b>	<b>440,896</b>

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK\$5,627 million in "2015, remainder of the year" maturity band, HK\$35,190 million in "2016-2019" maturity band, and HK\$45,795 million in "after 2020" maturity band. These estimates are calculated assuming effect of hedging transactions and interest rates with respect to variable rate financial liabilities remain constant and there is no change in aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table.

##### Derivative financial liabilities:

	Contractual maturities			
	2015, remainder of the year	2016- 2019	After 2020	Total undiscounted cash flows
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
<b>At 30 June 2015</b>				
Cash flow hedges:				
Interest rate swaps				
Net outflow	(29)	(151)	(38)	(218)
Forward foreign exchange contracts				
Inflow	185	12	-	197
Outflow	(191)	(13)	-	(204)
Other contracts				
Net outflow	-	(380)	(92)	(472)
Net investment hedges				
Inflow	17,661	-	7,323	24,984
Outflow	(18,092)	-	(7,618)	(25,710)
Other derivative financial instruments				
Net outflow	(46)	(648)	(642)	(1,336)

**41 Financial risk management (continued)**

**(g) Contractual maturities of financial liabilities (continued)**

**Non-derivative financial liabilities:**

	Contractual maturities				Difference from carrying amounts	Carrying amounts
	Within 1 year	After 1 year, but within 5 years	After 5 years	Total undiscounted cash flows		
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
<b>At 31 December 2014</b>						
Trade payables	1,663	-	-	1,663	-	1,663
Other payables and accruals	3,797	-	-	3,797	-	3,797
Bank loans	12,409	12,891	-	25,300	-	25,300
Other loans	250	350	-	600	-	600
Notes and bonds	5,693	4,281	2,000	11,974	-	11,974
	23,812	17,522	2,000	43,334	-	43,334

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK\$575 million in “within 1 year” maturity band, HK\$867 million in “after 1 year, but within 5 years” maturity band, and HK\$49 million in “after 5 years” maturity band. These estimates are calculated assuming effect of hedging transactions and interest rates with respect to variable rate financial liabilities remain constant and there is no change in aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table.



#### 41 Financial risk management (continued)

##### (h) Carrying amounts and fair values of financial assets and financial liabilities

The fair value of financial assets and financial liabilities, together with the carrying amounts in the consolidated statement of financial position, are as follows:

	30 June 2015		31 December 2014	
	Carrying amounts HK\$ millions	Fair values HK\$ millions	Carrying amounts HK\$ millions	Fair values HK\$ millions
<b>Financial assets</b>				
Loans and receivables *				
Trade receivables (see note 24)	16,489	16,489	1,781	1,781
Loan receivables (see note 24)	-	-	13	13
Other receivables and prepayments (see note 24)	33,950	33,950	716	716
Unlisted debt securities (see note 21)	651	651	-	-
Loan and other receivables (see note 21)	-	-	301	301
	<b>51,090</b>	<b>51,090</b>	<b>2,811</b>	<b>2,811</b>
Available-for-sale investments #				
Unlisted equity securities (see note 21)	1,908	1,908	177	177
Unlisted debt securities (see note 21)	-	-	318	318
Managed funds, outside Hong Kong (see note 22)	4,613	4,613	-	-
Listed / traded debt securities, outside Hong Kong (see note 22)	1,627	1,627	23	23
Listed equity securities, Hong Kong (see note 22)	2,848	2,848	6,594	6,594
Listed equity securities, outside Hong Kong (see note 22)	2,519	2,519	3,593	3,593
Financial assets at fair value through profit or loss # (see note 22)	186	186	-	-
Held-for-trading investments # (see note 22)	-	-	918	918
	<b>13,701</b>	<b>13,701</b>	<b>11,623</b>	<b>11,623</b>
Fair value hedges #				
Interest rate swaps (see notes 21 and 24)	1,106	1,106	-	-
Cross currency interest rate swaps (see note 24)	93	93	-	-
Cash flow hedges #				
Interest rate swaps (see note 21)	80	80	-	-
Net investment hedges # (see notes 21 and 24)	883	883	476	476
Other derivative financial instruments # (see notes 21 and 24)	153	153	319	319
	<b>2,315</b>	<b>2,315</b>	<b>795</b>	<b>795</b>
	<b>67,106</b>	<b>67,106</b>	<b>15,229</b>	<b>15,229</b>
<b>Financial liabilities</b>				
Financial liabilities *				
Trade payables (see note 26)	21,059	21,059	1,663	1,663
Other payables and accruals (see note 26)	72,770	72,770	3,797	3,797
Bank and other debts (see note 28)	336,314	344,182	37,874	38,066
Interest free loans from non-controlling shareholders (see note 26)	970	970	-	-
Interest bearing loans from non-controlling shareholders (see note 29)	5,440	5,440	-	-
Obligations for telecommunications licences and other rights (see note 31)	4,343	4,343	-	-
	<b>440,896</b>	<b>448,764</b>	<b>43,334</b>	<b>43,526</b>
Cash flow hedges #				
Interest rate swaps (see note 31)	170	170	-	-
Forward foreign exchange contracts (see note 26)	5	5	-	-
Other contracts (see note 31)	443	443	-	-
Net investment hedges # (see notes 26 and 31)	895	895	-	-
Other derivative financial instruments # (see notes 26 and 31)	1,244	1,244	191	191
	<b>2,757</b>	<b>2,757</b>	<b>191</b>	<b>191</b>
	<b>443,653</b>	<b>451,521</b>	<b>43,525</b>	<b>43,717</b>

\* carried at amortised costs (see note 41(i)(ii) below)

# carried at fair value (see note 41(i)(i) below)

## 41 Financial risk management (continued)

### (i) Fair value measurements

(i) Financial assets and financial liabilities measured at fair value

#### Fair value hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs).

	Level 1 HK\$ millions	Level 2 HK\$ millions	Level 3 HK\$ millions	Total HK\$ millions
<b>At 30 June 2015</b>				
Available-for-sale investments				
Unlisted equity securities (see note 21)	-	2	1,906	1,908
Managed funds, outside Hong Kong (see note 22)	4,613	-	-	4,613
Listed / traded debt securities, outside Hong Kong (see note 22)	710	917	-	1,627
Listed equity securities, Hong Kong (see note 22)	2,848	-	-	2,848
Listed equity securities, outside Hong Kong (see note 22)	2,519	-	-	2,519
Financial assets at fair value through profit or loss (see note 22)	-	186	-	186
	<b>10,690</b>	<b>1,105</b>	<b>1,906</b>	<b>13,701</b>
Fair value hedges				
Interest rate swaps (see notes 21 and 24)	-	1,106	-	1,106
Cross currency interest rate swaps (see note 24)	-	93	-	93
Cash flow hedges				
Interest rate swaps (see note 21)	-	80	-	80
Net investment hedges (see notes 21 and 24)	-	883	-	883
Other derivative financial instruments (see note 21)	-	153	-	153
	-	<b>2,315</b>	-	<b>2,315</b>
Cash flow hedges				
Interest rate swaps (see note 31)	-	(170)	-	(170)
Forward foreign exchange contracts (see note 26)	-	(5)	-	(5)
Other contracts (see note 31)	-	(443)	-	(443)
Net investment hedges (see notes 26 and 31)	-	(895)	-	(895)
Other derivative financial instruments (see note 31)	-	(1,244)	-	(1,244)
	-	<b>(2,757)</b>	-	<b>(2,757)</b>
	Level 1 HK\$ millions	Level 2 HK\$ millions	Level 3 HK\$ millions	Total HK\$ millions
<b>At 31 December 2014</b>				
Available-for-sale investments				
Unlisted equity securities (see note 21)	-	13	164	177
Unlisted debt securities (see note 21)	-	318	-	318
Listed debt securities, outside Hong Kong (see note 22)	23	-	-	23
Listed equity securities, Hong Kong (see note 22)	6,594	-	-	6,594
Listed equity securities, outside Hong Kong (see note 22)	3,593	-	-	3,593
Held-for-trading investments (see note 22)	918	-	-	918
	<b>11,128</b>	<b>331</b>	<b>164</b>	<b>11,623</b>
Net investment hedges (see note 21)	-	476	-	476
Other derivative financial instruments (see note 24)	-	319	-	319
	-	<b>795</b>	-	<b>795</b>
Other derivative financial instruments (see note 26)	-	(191)	-	(191)
	-	<b>(191)</b>	-	<b>(191)</b>

## 41 Financial risk management (continued)

### (i) Fair value measurements (continued)

(i) Financial assets and financial liabilities measured at fair value (continued)

#### *Fair value hierarchy (continued)*

The fair value of financial assets and financial liabilities that are not traded in active market is determined by using valuation techniques. Specific valuation techniques used to value financial assets and financial liabilities include discounted cash flow analysis, are used to determine fair value for the financial assets and financial liabilities.

During the six months ended 30 June 2015 and 2014, there were no transfers between the Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 from or to Level 1 or Level 2 fair value measurements.

#### *Level 3 fair values*

The movements of the balance of financial assets and financial liabilities measured at fair value based on Level 3 are as follows:

	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$ millions</b>	<b>HK\$ millions</b>
At 1 January	<b>164</b>	181
Total gains (losses) recognised in		
Income statement	(1)	-
Other comprehensive income	(27)	6
Additions	5	-
Relating to subsidiaries acquired	<b>1,771</b>	-
Disposals	(7)	-
Exchange translation differences	<b>1</b>	-
At 30 June	<b>1,906</b>	187
Total losses recognised in income statement relating to those financial assets and financial liabilities held at the end of the reporting period	<b>(1)</b>	-

The fair value of financial assets and financial liabilities that are grouped under Level 3 is determined by using valuation techniques including discounted cash flow analysis. In determining fair value, specific valuation techniques are used with reference to inputs such as dividend stream and other specific input relevant to those particular financial assets and financial liabilities.

Changing unobservable inputs used in Level 3 valuation to reasonable alternative assumptions would not have significant impact on the Group's profit or loss.

(ii) Financial assets and financial liabilities that are not measured at fair value but fair value disclosures are required

Except for bank and other debts as detailed in the table (i) above, the carrying amounts of the financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

#### *Fair value hierarchy*

The table below analyses the fair value measurements disclosures for bank and other debts. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>HK\$ millions</b>	<b>HK\$ millions</b>	<b>HK\$ millions</b>	<b>HK\$ millions</b>
<b>At 30 June 2015</b>				
Bank and other debts	<b>240,953</b>	<b>103,229</b>	-	<b>344,182</b>
	Level 1	Level 2	Level 3	Total
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
<b>At 31 December 2014</b>				
Bank and other debts	-	38,066	-	38,066

The fair value of the bank and other debts included in level 2 category above are estimated using discounted cash flow calculations based upon the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued.

#### 41 Financial risk management (continued)

##### (j) Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

The following tables set out the carrying amounts of recognised financial assets and recognised financial liabilities that:

- (1) are offset in the Group's consolidated statement of financial position; or
- (2) are subject to an enforceable master netting arrangements or similar agreements that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

	Gross amounts of recognised financial assets (liabilities)	Gross amounts offset in the consolidated statement of financial position	Net amounts presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position		Net amounts
				Financial assets (liabilities)	Cash collateral pledged (received)	
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
<b>At 30 June 2015</b>						
<b>Financial assets</b>						
Trade receivables	43	(40)	3	-	-	3
Other receivables and prepayments	156	(156)	-	-	-	-
	<b>199</b>	<b>(196)</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>3</b>
<b>Financial liabilities</b>						
Trade payables	(519)	196	(323)	-	-	(323)
	<b>(519)</b>	<b>196</b>	<b>(323)</b>	<b>-</b>	<b>-</b>	<b>(323)</b>

## Group Capital Resources and Liquidity

### Treasury Management

The Group's treasury function sets financial risk management policies in accordance with policies and procedures that are approved by the Executive Directors, and which are also subject to periodic review by the Group's internal audit function. The Group's treasury policies are designed to mitigate the impact of fluctuations in interest rates and exchange rates on the Group's overall financial position and to minimise the Group's financial risks. The Group's treasury function operates as a centralised service for managing financial risks, including interest rate and foreign exchange risks, and for providing cost-efficient funding to the Group and its companies. It manages the majority of the Group's funding needs, interest rate, foreign currency and credit risk exposures. It is the Group's policy not to have credit rating triggers that would accelerate the maturity dates of the Group's borrowings. The Group uses interest rate and foreign currency swaps and forward contracts as appropriate for risk management purposes only, for hedging transactions and for managing the Group's assets and liabilities' exposure to interest rate and foreign exchange rate fluctuations. It is the Group's policy not to enter into derivative transactions for speculative purposes. It is also the Group's policy not to invest liquidity in financial products, including hedge funds or similar vehicles, with significant underlying leverage or derivative exposure.

### Cash Management and Funding

The Group operates a central cash management system for all of its unlisted subsidiaries. Except for listed and certain overseas entities conducting businesses in non-HK or non-US dollar currencies, the Group generally obtains long-term financing at the Group level to on-lend or contribute as equity to its subsidiaries and associates to meet their funding requirements and provide more cost-efficient financing. These borrowings include a range of capital market issues and bank borrowings, for which the proportions will change depending upon financial market conditions and projected interest rates. The Group regularly and closely monitors its overall debt position and reviews its funding costs and maturity profile to facilitate refinancing.

### Interest Rate Exposure

The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates. When considered appropriate, the Group uses derivatives such as interest rate swaps and forward rate agreements to manage its interest rate exposure. The Group's main interest rate exposure relates to US dollar, British Pound, Euro and HK dollar borrowings.

At 30 June 2015, approximately 31% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 69% were at fixed rates. The Group has entered into various interest rate agreements with major financial institution counterparties to swap approximately HK\$65,308 million principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK\$6,413 million principal amount of floating interest rate borrowings were swapped to fixed interest rate borrowings. After taking into consideration these interest rate swaps, approximately 50% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 50% were at fixed rates at 30 June 2015. All of the aforementioned interest rate derivatives are designated as hedges and these hedges are considered highly effective.

### Foreign Currency Exposure

For overseas subsidiaries, associates and other investments, which consist of non-HK dollar or non-US dollar assets, the Group generally endeavours to establish a natural hedge for debt financing with an appropriate level of borrowings in those same currencies. For overseas businesses that are in the development phase, or where borrowings in local currency are not or are no longer attractive, the Group may not borrow in the local currency or may repay existing borrowings and monitor the development of the businesses' cashflow and the relevant debt markets with a view to refinance these businesses with local currency borrowings in the future when conditions are more appropriate. Exposure to movements in exchange rates for individual transactions (such as major procurement contracts) directly related to the underlying businesses is minimised by using forward foreign exchange contracts and currency swaps where active markets for the relevant currencies exist. The Group generally does not enter into foreign currency hedges in respect of its long-term equity investments in overseas subsidiaries and associates, except in relation to certain infrastructure investments.

At 30 June 2015, the Group had currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK\$16,968 million to Hong Kong dollar principal amount of borrowings to match the currency exposures of the underlying businesses. The Group's total principal amount of bank and other debts, after the above swaps, are denominated as follows: 23% in Euro, 32% in US dollars, 16% in HK dollars, 23% in British Pounds and 6% in other currencies.

### Credit Exposure

The Group's holdings of cash, managed funds and other liquid investments, and interest rate and foreign currency swaps and forward currency contracts with financial institutions expose the Group to credit risk of counterparties. The Group controls its credit risk to non-performance by its counterparties through monitoring their equity share price movements and credit ratings as well as setting approved counterparty credit limits that are regularly reviewed.

The Group is also exposed to counterparties credit risk from its operating activities, as well as in its aircraft leasing businesses. Such risks are continuously monitored by the local operational management.

## Credit Profile

The Group aims to maintain a capital structure that is appropriate for long-term investment grade ratings of A3 on the Moody's Investor Service scale, A- on the Standard & Poor's Rating Services scale and A- on the Fitch Ratings scale. Actual credit ratings may depart from these levels from time to time due to economic circumstances.

After the completion of the reorganisation on the 3 June 2015, the Group was assigned long-term credit ratings of A3 from Moody's on 3 June 2015, A- from Standard & Poor's on 6 July 2015 and A- from Fitch on 13 July 2015. All three agencies have also assigned stable outlooks on the Group's ratings. On these same dates, Hutchison Whampoa Limited ("HWL")'s long-term credit ratings were withdrawn by the three agencies.

## Market Price Risk

The Group's main market price risk exposures relate to listed/traded debt and equity securities described in "Liquid Assets" below and the interest rate swaps as described in "Interest Rate Exposure" above. The Group's holding of listed/traded debt and equity securities represented approximately 7% of the cash, liquid funds and other listed investments ("liquid assets"). The Group controls this risk through active monitoring of price movements and changes in market conditions that may have an impact on the value of these financial assets and instruments.

## Reorganisation

The reorganisation of Cheung Kong (Holdings) Limited and HWL, which merged their assets and businesses into CK Hutchison Holdings Limited and simultaneously reallocated them between the Group and Cheung Kong Property Holdings Limited (the "Reorganisation") was completed on 3 June 2015.

As part of the Reorganisation, HWL became a wholly owned subsidiary of the Group upon the completion. In accordance with HKFRS 3 "Business Combinations", the identifiable assets and liabilities of HWL have been re-measured and accounted for at fair value and consolidated into the financial results of the Group.

Furthermore, upon completion of the Reorganisation, certain entities, including Northumbrian Water, Park'N Fly and UK Rails (the "New Consolidated Businesses"), previously co-owned by Cheung Kong (Holdings) Limited and HWL and which the Group now controls, have been accounted for at fair value and consolidated into the financial results of the Group.

Interests in Dutch Enviro Energy (formerly known as AVR), Australian Gas Networks and Wales & West Utilities, acquired as part of the Reorganisation continue to be accounted for using the equity method of accounting as interests in joint venture under HKFRS 11 "Joint Arrangements" and are not consolidated into the financial results of the Group.

## Significant Acquisitions and Disposals for Continuing Operations

As part of the Reorganisation, the Group has issued approximately 1,544 million of new shares to acquire, through an all share exchange, the remaining 50.03% of the issued and outstanding equity of HWL, as well as, an additional 6.23% of Husky Energy's shares. The total HWL's cash acquired amounted to HK\$106,313 million.

As part of the Reorganisation, the Group's enlarged property businesses held by Cheung Kong Property Holdings Limited was separately listed following a distribution in specie of Cheung Kong Property Holdings Limited shares. This increased the Group's liquidity by an aggregate amount of HK\$40,649 million comprising cash of HK\$55,000 million from Cheung Kong Property Holdings Limited for settlement of certain intercompany loans, net of bank balances and cash retained by Cheung Kong Property Holdings Limited of HK\$14,351 million of which the interest has been distributed.

In April, prior to the Reorganisation, Cheung Kong (Holdings) Limited advanced £559 million (approximately HK\$6,407 million) to UK Rails, a 50/50 joint venture with Cheung Kong Infrastructure Holdings Limited. UK Rails subsequently acquired a 100% interest in Eversholt Rail Group.

## Capital and Net Debt

The Group's total ordinary shareholders' funds and perpetual capital securities amounted to HK\$440,389 million at 30 June 2015.

The cash and cash equivalents of the Group, including the cash and cash equivalents consolidated from HWL and the New Consolidated Businesses and the increased liquidity resulting from the separate listing of Cheung Kong Property Holdings Limited, amounted to HK\$173,855 million as at 30 June 2015. Correspondingly, the Group's consolidated carrying amount of bank and other debts, including the carrying amount of bank and other debts consolidated from HWL and the New Consolidated Businesses amounted to HK\$336,314 million at 30 June 2015.

At 30 June 2015, the consolidated net debt of the Group, excluding interest bearing loans from non-controlling shareholders which are viewed as quasi-equity, was HK\$162,459 million. The Group's net debt to net total capital ratio at 30 June 2015 was 22.4%. The Group's consolidated cash and liquid investments as at 30 June 2015 were sufficient to repay all outstanding consolidated Group debt maturing before 2019.

## Changes in Debt Financing

The significant financing activities for the Group including those for HWL in the first half of 2015 were as follows:

- In March, obtained a five-year floating rate term loan facility of HK\$500 million;
- In March, obtained a five-year floating rate revolving loan facility of HK\$500 million;
- In March, obtained a five-year floating rate loan facility of £245 million (approximately HK\$2,801 million) and repaid on maturity a floating rate loan facility of the same amount;
- In March, obtained a one-year floating rate loan facility of £6,000 million (approximately HK\$73,020 million);
- In March, repaid a floating rate loan facility of HK\$400 million on maturity;
- In March, prepaid a floating rate loan facility of HK\$1,000 million maturing in August 2015;
- In March, prepaid a floating rate loan facility of HK\$1,800 million maturing in October 2015;
- In March, prepaid a floating rate loan facility of HK\$400 million maturing in August 2017;
- In April, prepaid a floating rate term loan facility of HK\$500 million maturing in August 2015;
- In April, prepaid a floating rate revolving loan facility of HK\$500 million maturing in August 2015;
- In April, obtained a five-year floating rate loan facility of £250 million (approximately HK\$2,907 million);
- In April, repaid HK\$500 million principal amount of fixed rate notes on maturity;
- In June, repaid US\$500 million (approximately HK\$3,900 million) principal amount of floating rate notes on maturity;
- In June, repaid €603 million (approximately HK\$5,233 million) principal amount of fixed notes on maturity;
- In June, repaid a floating rate loan facility of THB4,455 million (approximately HK\$1,022 million) on maturity;
- In June, obtained a five-year floating rate loan facility of THB4,500 million (approximately HK\$1,032 million); and
- In June, obtained a three-year floating rate loan facility of US\$165 million (approximately HK\$1,287 million).

Furthermore, the significant financing activities undertaken by the Group following the period ended 30 June 2015 were as follows:

- In July, repaid a floating rate loan facility of HK\$500 million on maturity;
- In July, repaid a floating rate loan facility of HK\$640 million on maturity;
- In July, repaid a floating rate loan facility of US\$82 million (approximately HK\$640 million) on maturity;
- In July, repaid a floating rate loan facility of HK\$1,250 million on maturity;
- In July, prepaid a floating rate loan facility of US\$200 million (approximately HK\$1,560 million) maturing in August 2015;
- In July, prepaid a floating rate loan facility of HK\$1,000 million maturing in September 2015;
- In July, prepaid a floating rate loan facility of HK\$250 million maturing in December 2015;
- In July, prepaid a floating rate loan facility of HK\$650 million maturing in February 2017;
- In July, prepaid a floating rate loan facility of HK\$4,000 million maturing in July 2017;
- In July, prepaid a floating rate loan facility of HK\$700 million maturing in October 2017; and
- In August, repaid a floating rate loan facility of HK\$700 million on maturity.

## Liquid Assets

The Group continues to maintain a robust financial position. Liquid assets amounted to HK\$173,855 million at 30 June 2015. Liquid assets were denominated as to 36% in HK dollars, 38% in US dollars, 7% in Renminbi, 6% in Euro, 6% in British Pounds and 7% in other currencies.

Cash and cash equivalents represented 93% of the liquid assets, US Treasury notes and listed/traded debt securities 4% and listed equity securities 3%.

The US Treasury notes and listed/traded debt securities, including those held under managed funds, consisted of US Treasury notes of 55%, government and government guaranteed notes of 22%, notes issued by the Group's associated company, Husky Energy of 4%, notes issued by financial institutions of 3%, and others of 16%. Of these US Treasury notes and listed/traded debt securities, 78% are rated at Aaa/AAA or Aa1/AA+ with an average maturity of 2.3 years on the overall portfolio. The Group has no exposure in mortgage-backed securities, collateralised debt obligations or similar asset classes.

## Debt Maturity and Currency Profile

The Group's total bank and other debts at 30 June 2015 amounted to HK\$336,314 million which comprises principal amount of bank and other debts of HK\$321,354 million, and unamortised fair value adjustments to loans and swaps of HK\$14,960 million. The Group's total principal amount of bank and other debts at 30 June 2015 consist of 70% notes and bonds and 30% bank and other loans. Interest bearing loans from non-controlling shareholders, which are viewed as quasi-equity, totalled HK\$5,440 million at 30 June 2015.

The maturity profile of the Group's total principal amount of bank and other debts at 30 June 2015 is set out below:

	HK\$	US\$	Euro	GBP	Others	Total
In remainder of 2015	8%	1%	2%	1%	-	12%
In 2016	2%	1%	7%	-	-	10%
In 2017	3%	11%	7%	3%	2%	26%
In 2018	1%	-	1%	1%	1%	4%
In 2019	1%	6%	-	1%	2%	10%
In 2020 - 2024	1%	9%	6%	6%	1%	23%
In 2025 - 2034	-	4%	-	6%	-	10%
Beyond 2034	-	-	-	5%	-	5%
<b>Total</b>	<b>16%</b>	<b>32%</b>	<b>23%</b>	<b>23%</b>	<b>6%</b>	<b>100%</b>

The non-HK dollar and non-US dollar denominated loans are either directly related to the Group's businesses in the countries of the currencies concerned, or the loans are balanced by assets in the same currencies. None of the Group's consolidated borrowings have credit rating triggers that would accelerate the maturity dates of any outstanding consolidated Group debt.

## Secured Financing

At 30 June 2015, assets of the Group totalling HK\$25,863 million were pledged as security for bank and other debts.

## Borrowing Facilities Available

Committed borrowing facilities available to Group companies but not drawn at 30 June 2015 amounted to the equivalent of HK\$85,804 million, including £6,000 million facility available on completion of the acquisition of O<sub>2</sub> UK for a term of one year from drawdown.

## Contingent Liabilities

At 30 June 2015, the Group provided guarantees in respect of bank and other borrowing facilities to its associated companies and joint ventures totalling HK\$3,400 million, of which HK\$2,795 million has been drawn down as at 30 June 2015, and also provided performance and other guarantees of HK\$4,064 million.



## Purchase, Sale or Redemption of Listed Shares of the Company

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed shares. In addition, the Company has not redeemed any of its listed shares during the period.

## Compliance with the Corporate Governance Code

The Company strives to attain and maintain high standards of corporate governance best suited to the needs and interests of the Group as it believes that effective corporate governance practices are fundamental to safeguarding interests of shareholders and other stakeholders and enhancing shareholder value.

The Company has complied throughout the period from 18 March 2015 (date of listing) to 30 June 2015 with all code provisions of the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), other than those in respect of the nomination committee. The Company has considered the merits of establishing a nomination committee but is of the view that it is in the best interests of the Company that the Board collectively reviews, deliberates on and approves the structure, size and composition of the Board as well as the appointment of any new Director, as and when appropriate. The Board is tasked with ensuring that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Group and that appropriate individuals with the relevant expertise and leadership qualities are appointed to the Board to complement the capabilities of the existing Directors. In addition, the Board as a whole is also responsible for reviewing the succession plan for Directors, including the Chairman of the Board and the Group Co-Managing Directors.

## Compliance with the Model Code for Securities Transactions by Directors of the Company

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "CKHH Securities Code") set out in Appendix 10 of the Listing Rules as the code of conduct regulating Directors' dealings in securities of the Company. In response to specific enquiries made, all Directors have confirmed that they have complied with the CKHH Securities Code in their securities transactions throughout the accounting period covered by the Interim Report.

## Review of Interim Financial Statements

The unaudited condensed consolidated financial statements of the Company and its subsidiary companies for the six months ended 30 June 2015 have been reviewed by the Company's auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The auditor's independent review report will be included in the Interim Report to the shareholders. The unaudited condensed consolidated financial statements of the Company and its subsidiary companies for the six months ended 30 June 2015 have also been reviewed by the Audit Committee of the Company.

## Assurance Report on Pro Forma Results

The unaudited management pro forma financial results of the Company and its subsidiary companies for the six months ended 30 June 2015 set out in the section headed Financial Performance Summary, prepared for illustrative purposes as if the reorganisation was effective on 1 January 2015, have been reported on by PricewaterhouseCoopers in accordance with Hong Kong Standard on Assurance Engagement 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. PricewaterhouseCoopers' independent assurance report will be included in the Interim Report to the shareholders. The unaudited management pro forma financial results of the Company and its subsidiary companies for the six months ended 30 June 2015 have been reviewed by the Audit Committee of the Company.

A waiver from compliance with the requirements under rule 4.29 of the Listing Rules in relation to the unaudited pro forma financial results included in this announcement has been granted by the Stock Exchange, as it would be unduly onerous upon the Company if that rule is required to be fully complied with in the present situation.

## Record Date for Interim Dividend

The record date for the purpose of determining shareholders' entitlement to the interim dividend is Wednesday, 23 September 2015.

In order to qualify for the interim dividend payable on Tuesday, 6 October 2015, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Share Registrar (Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) for registration no later than 4:30 pm on Wednesday, 23 September 2015.

## Corporate Strategy

The primary objective of the Company is to enhance long-term total return for our shareholders. To achieve this objective, the Group's strategy is to place equal emphasis on achieving sustainable recurring earnings growth and maintaining the Group's strong financial profile. The Chairman's Statement and the Operations Highlights contain discussions and analyses of the Group's performance and the basis on which the Group generates or preserves value over the longer term and the basis on which the Group will execute its strategy for delivering the Group's objective.

## Management Pro Forma Results

The unaudited management pro forma financial results of the Company and its subsidiary companies for the six months ended 30 June 2015 included in the 2015 interim results announcement assume the Reorganisation was effective on 1 January 2015 and also include a number of assumptions and estimates and have been prepared for additional information and illustrative purposes only. Due to their hypothetical nature, they may not reflect the actual financial results of the Group had the Reorganisation become effective on 1 January 2015. The pro forma financial results are no guarantee of the future results of the Group.

The unaudited management pro forma financial results should be read in conjunction with other financial information included elsewhere in the 2015 interim results announcement.

## Past Performance and Forward Looking Statements

The performance and the results of the operations of the Group contained in the 2015 interim results announcement are historical in nature, and past performance is no guarantee of the future results of the Group. Any forward-looking statements and opinions contained within the Interim Report are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in the 2015 interim results announcement; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

As at the date of this announcement, the Directors of the Company are:

### Executive Directors:

Mr LI Ka-shing (*Chairman*)

Mr LI Tzar Kuoi, Victor (*Group Co-Managing Director and Deputy Chairman*)

Mr FOK Kin Ning, Canning  
(*Group Co-Managing Director*)

Mrs CHOW WOO Mo Fong, Susan  
(*Group Deputy Managing Director*)

Mr Frank John SIXT (*Group Finance Director and Deputy Managing Director*)

Mr IP Tak Chuen, Edmond  
(*Deputy Managing Director*)

Mr KAM Hing Lam  
(*Deputy Managing Director*)

Mr LAI Kai Ming, Dominic  
(*Deputy Managing Director*)

### Non-executive Directors:

Mr CHOW Kun Chee, Roland

Mr LEE Yeh Kwong, Charles

Mr LEUNG Siu Hon

Mr George Colin MAGNUS

### Independent Non-executive Directors:

Mr KWOK Tun-li, Stanley

Mr CHENG Hoi Chuen, Vincent

The Hon Sir Michael David KADOORIE

Ms LEE Wai Mun, Rose

Mr William Elkin MOCATTA

(*Alternate to The Hon Sir Michael David Kadoorie*)

Mr William SHURNIAK

Mr WONG Chung Hin

Dr WONG Yick-ming, Rosanna



長江和記實業有限公司

CK HUTCHISON HOLDINGS LIMITED

Stock code: 0001

# 2015 Interim Results

## Operations Analysis



# Disclaimer



Potential investors and shareholders of the Company (the "Potential Investors and Shareholders") are reminded that information contained in this Presentation comprises extracts of operational data and financial information of the Group, and of certain pro forma financial information of the Group to illustrate how certain financial information of the Group for the six months period ended 30 June 2015 might have been affected as if the Reorganisation was effective on 1 January 2015. The information included is solely for the use in this Presentation and certain information has not been independently verified. No representations or warranties, expressed or implied, are made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions presented or contained in this Presentation. Potential Investors and Shareholders should refer to the 2015 Interim Report for the unaudited results of the Company which are published in accordance with the listing rules of the Stock Exchange of Hong Kong Limited.

The unaudited pro forma financial information of the Group contained within this Presentation have been prepared for additional information and illustrative purpose only, and there is no assurance that the actual outcome of the Reorganisation at 1 January 2015 would have been as presented. The performance and the results of operations of the Group contained within this Presentation are historical in nature, and past performance is no guarantee of the future results of the Group. Any forward-looking statements and opinions contained within this Presentation are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this Presentation; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

Potential Investors and Shareholders should exercise caution when investing in or dealing in the securities of the Company.

# CKHH Management Pro Forma Results in 1H 2015



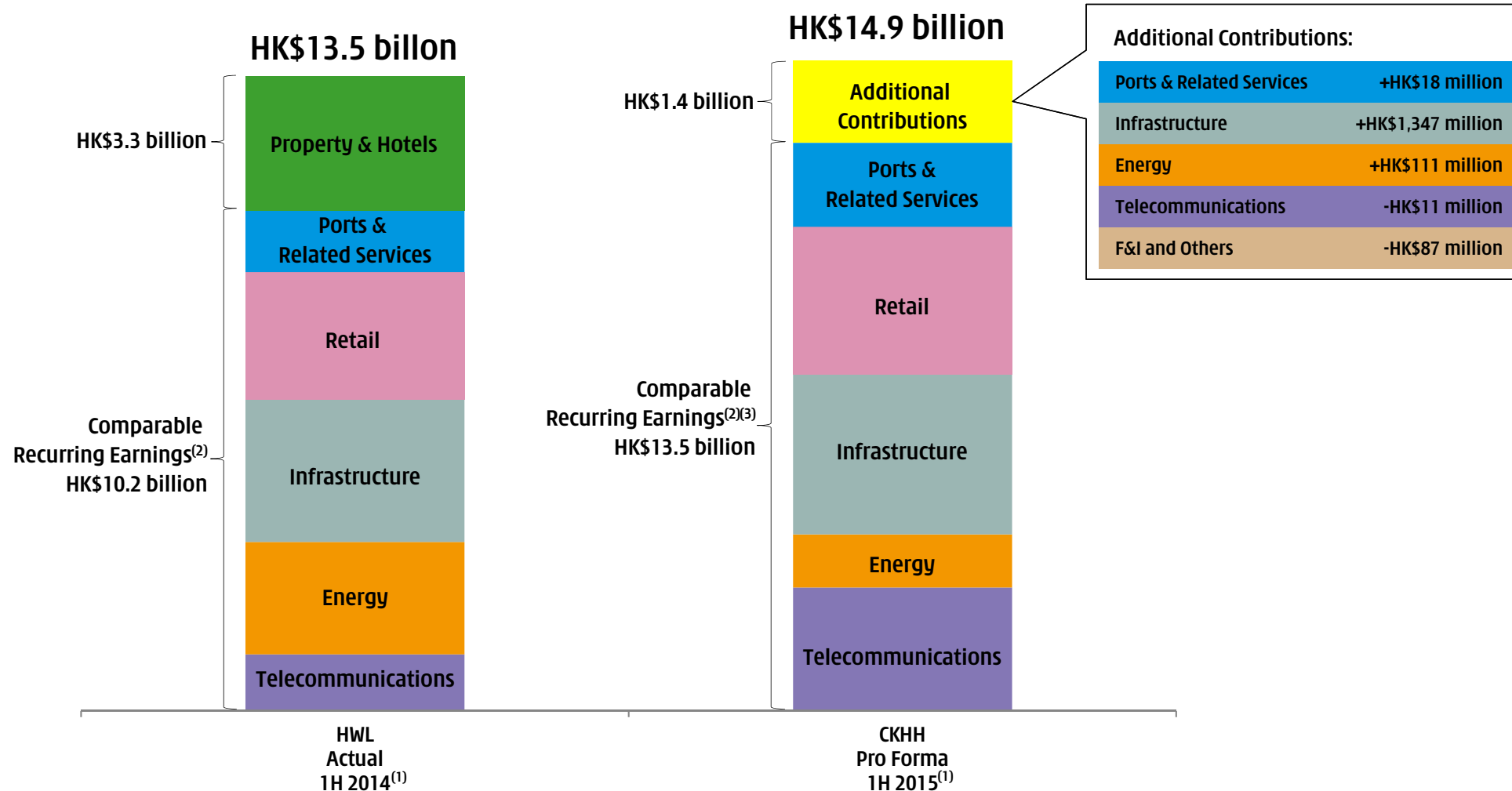
<i>(Compared to HWL's results for businesses continued by CKHH)</i>	<b>CKHH 1H 2015 Pro forma<sup>(1)</sup></b>	<b>Change vs HWL 1H 2014<sup>(1)</sup></b>	
<b>Total Revenue</b>	<b>HK\$197.0 billion</b>	<b>-</b>	
- Comparable Revenue	HK\$186.7 billion	-5%	Change in local currency: +5%
- Additional Contributions	HK\$10.3 billion	N/A	
<b>Total EBITDA</b>	<b>HK\$46.2 billion</b>	<b>+8%</b>	
- Comparable EBITDA	HK\$41.1 billion	-3%	Change in local currency: +6%
- Additional Contributions	HK\$5.1 billion	N/A	
<b>Total EBIT</b>	<b>HK\$30.7 billion</b>	<b>+14%</b>	
- Comparable EBIT	HK\$27.6 billion	+3%	Change in local currency: +12%
- Additional Contributions	HK\$3.1 billion	N/A	
<b>Total Recurring Earnings<sup>(2)</sup></b>	<b>HK\$14.9 billion</b>	<b>+46%</b>	
- Comparable Recurring Earnings	HK\$13.5 billion	+33%	
- Additional Contributions	HK\$1.4 billion	N/A	
<b>Recurring Earnings per share - pro forma</b>	<b>HK\$3.87</b>		
	<b>CKHH 1H 2015</b>		
<b>Interim Dividend per share</b>	<b>HK\$0.70</b>		

Note (1): On 3 June 2015, Cheung Kong (Holdings) Limited and Hutchison Whampoa Limited ("HWL") merged their assets and businesses into CKHH (the "Group") and simultaneously reallocated them between the Group and Cheung Kong Property Holdings Limited (the "Reorganisation"). CKHH 1H 2015 management pro forma results have been prepared as if the Reorganisation was effective on 1 January 2015 (the "Pro Forma Results") and include contributions from comparable interests in businesses carried on by HWL in 2014 ("Comparable Contributions") and contributions from additional interests in such businesses and interests in new businesses acquired as a result of the Reorganisation ("Additional Contributions"). This presentation is consistent with the way that the Group manages its businesses and enables the Group's underlying performance to be evaluated on a comparable basis, and have been prepared in accordance with the accounting policies of the Group as set out in note 3 of the statutory interim financial statements. See Reconciliation from CKHH Statutory Results to CKHH Management Pro forma Results for the six months ended 30 June 2015 for details. 1H 2014 comparatives represent HWL's 1H 2014 results as reported in HWL's 2014 Interim Report, excluding discontinued Property and Hotels businesses. Contribution in 1H 2014 from property and hotels businesses carried on by HWL and that have been discontinued following the Reorganisation was HK\$3,302 million. Contribution in 1H 2015 from new or additional interests in businesses acquired as a result of the Reorganisation was HK\$1,378 million.

Note (2): On a six months pro forma basis, recurring earnings and recurring EPS are calculated based on profits attributable to ordinary shareholders before profits on disposal of investments and others, after tax, excluding discontinued property and hotels businesses. 1H2015 CKHH pro forma recurring EPS was calculated based on CKHH's issued shares outstanding as at 30 June 2015 of 3,859,678,500. Profits on disposal of investments & others, after tax in 1H 2015 comprises the Group's share of Vodafone Hutchison Australia ("VHA")'s operating losses of HK\$482 million. HWL's profit on disposal of investments & others, after tax in 1H 2014 of HK\$14,921 million comprises of HWL's share of the gain arising from separate listing of the Hong Kong electricity business of HK\$16,066 million, partly offset by share of VHA's operating losses in 1H 2014 of HK\$493 million and certain provisions made for other businesses.

# Overview of CKHH

## Contribution of Total Recurring Earnings



Note (1): CKHH 1H 2015 pro forma results assume that the Reorganisation was effective on 1 January 2015. 1H 2014 comparatives represent HWL 1H 2014 results as reported in HWL's 1H 2014 Interim report.

Note (2): Includes contribution from Finance & Investments and Others.

Note (3): Includes the lower depreciation and amortisation and interest expenses as a result of the fair value adjustments on the carrying value of the identifiable assets and liabilities of HWL.

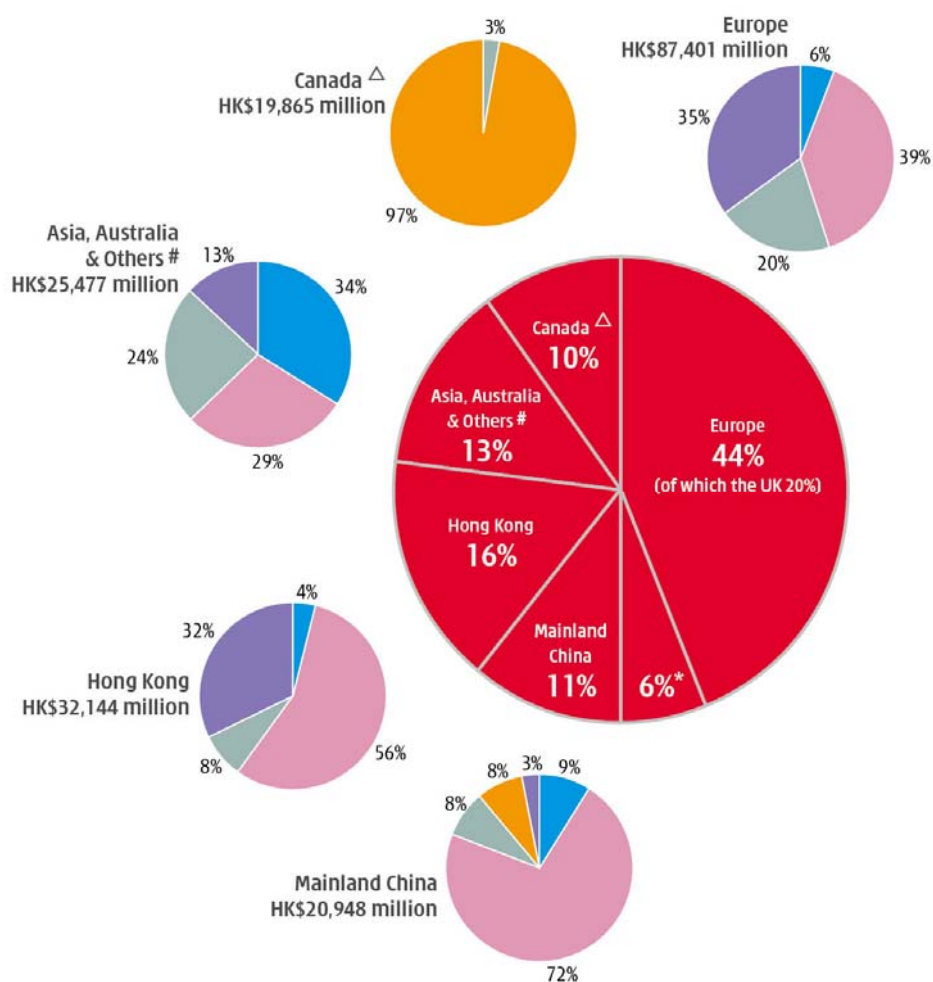
# Business & Geographical Diversification

## Total Revenue

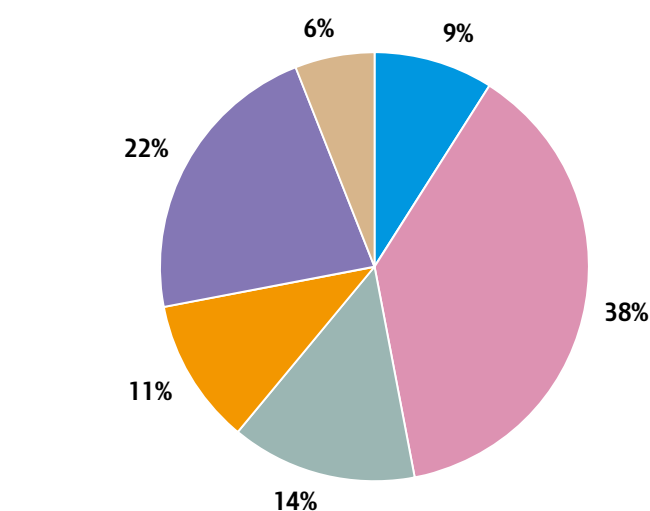


1H 2015 Pro forma Total Revenue Contribution: HK\$197,019 million

By Geographical Location



By Division



- Ports & Related Services
- Retail
- Infrastructure
- Energy
- Telecommunications
- Finance & Investments and others

\* Represents contributions from Finance & Investments and Others  
 # Includes Panama, Mexico and the Middle East  
 △ Includes contribution from the USA for Husky Energy

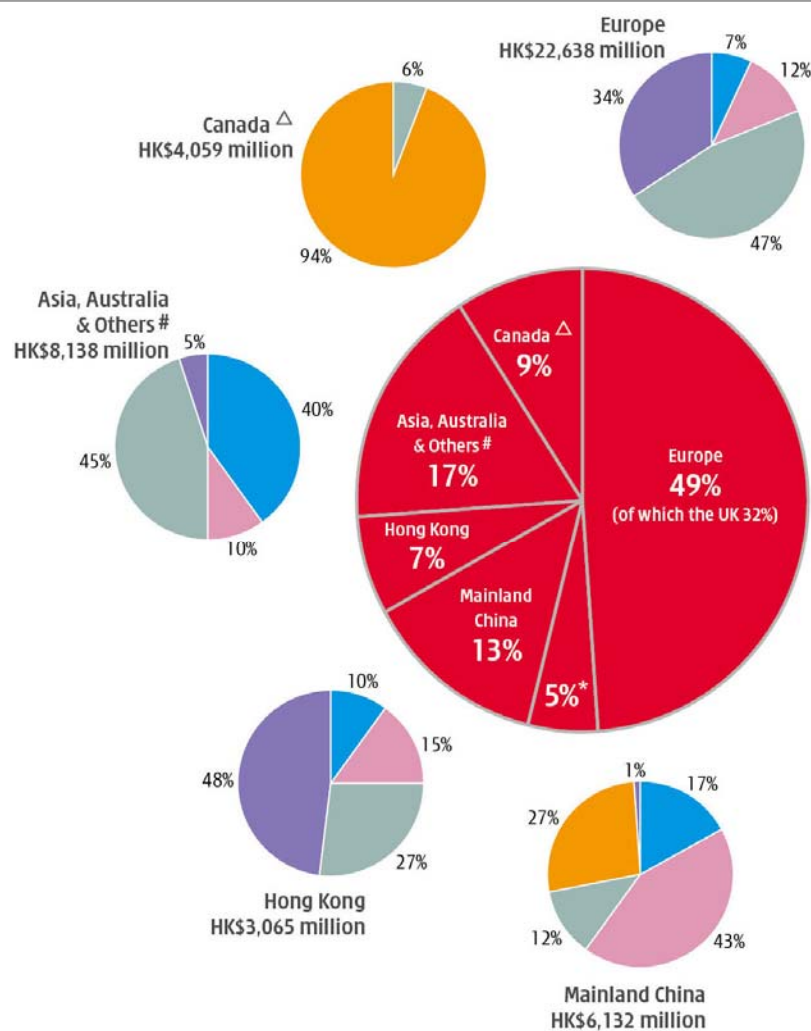
# Business & Geographical Diversification

## Total EBITDA

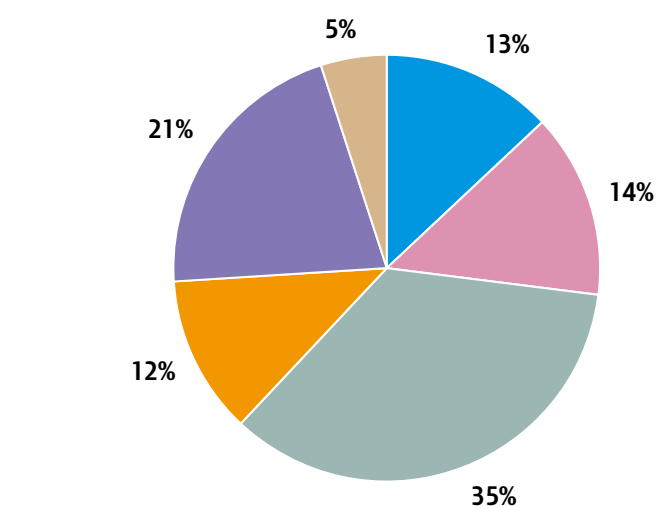


1H 2015 Pro forma Total EBITDA: HK\$46,165 million

By Geographical Location



By Division



- Ports & Related Services
- Retail
- Infrastructure
- Energy
- Telecommunications
- Finance & Investments and others

\* Represents contributions from Finance & Investments and Others  
 # Includes Panama, Mexico and the Middle East  
 △ Includes contribution from the USA for Husky Energy



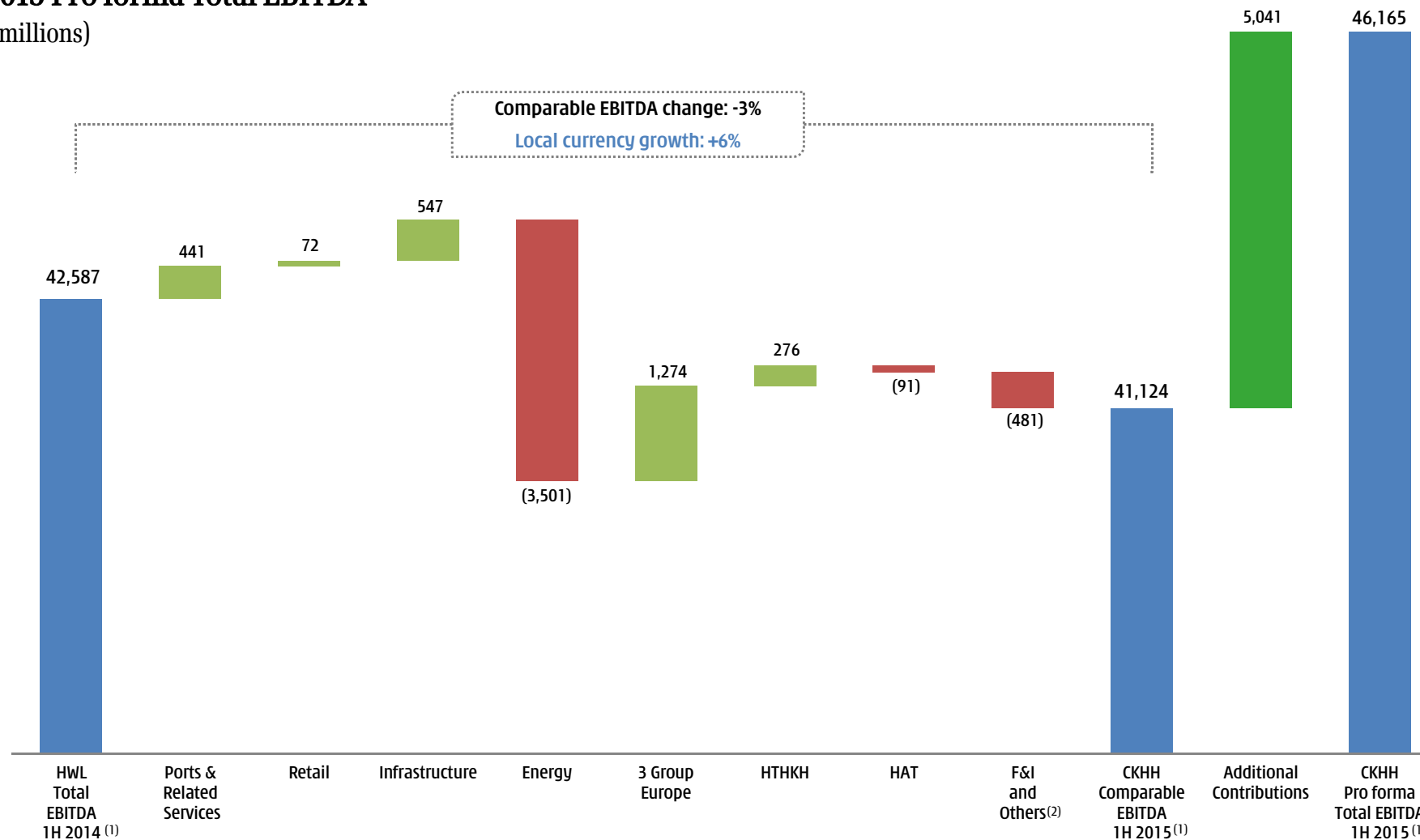
# Business & Geographical Diversification

## Total EBITDA



### 1H 2015 Pro forma Total EBITDA

(HK\$ millions)



Note (1): CKHH 1H 2015 pro forma results assume that the Reorganisation was effective on 1 January 2015. For a like-for-like comparison, 1H 2015 Comparable EBITDA excludes the six months pro forma contributions arising from the Reorganisation. HWL 1H 2014 total EBITDA is as reported in HWL's 2014 Interim Report, excluding discontinued Property & Hotels businesses.

Note (2): F&I and Others includes Hutchison Whampoa (China), Hutchison E-Commerce, Hutchison China MediTech, TOM Group, Hutchison Water, the Marionnaud business, CK Life Science and corporate overheads and expenses.

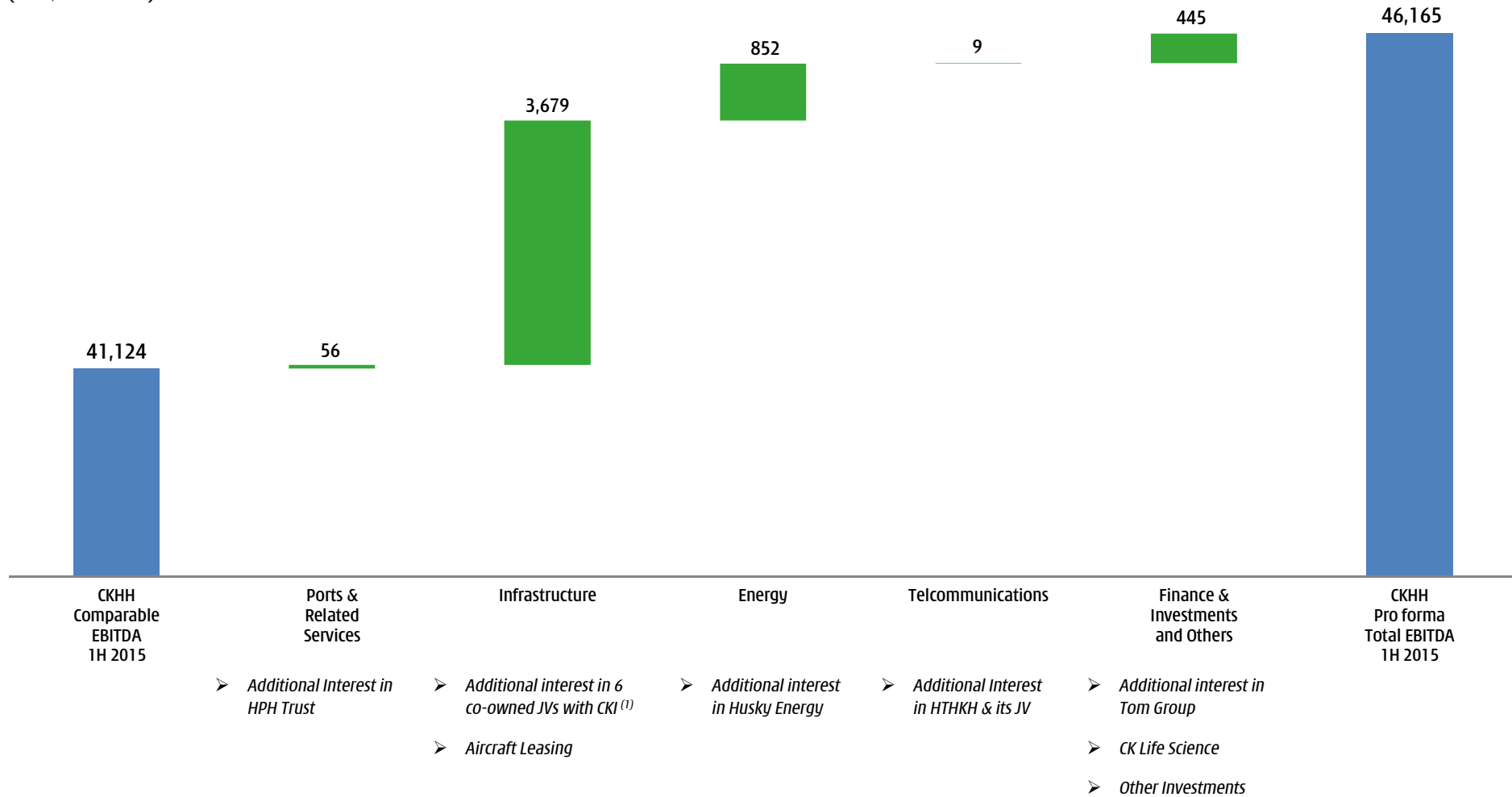
# Business & Geographical Diversification

## EBITDA – Additional Contributions



### 1H 2015 Additional EBITDA Contributions

(HK\$ millions)



Note (1): Additional interest in 6 co-owned JVs with CKI includes Northumbrian Water, Park'N Fly, Australian Gas Networks, Dutch Enviro Energy (formerly AVR), Wales & West Gas Utilities and UK Rails (formerly Eversholt).

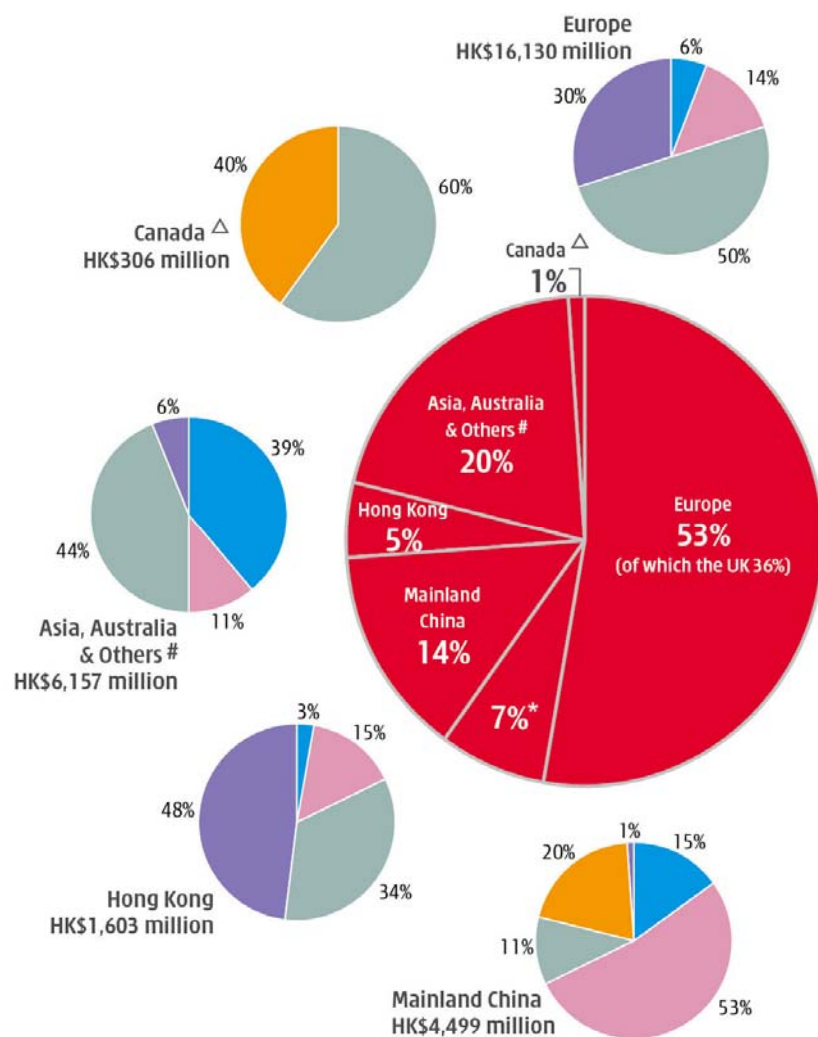
# Business & Geographical Diversification

## Total EBIT

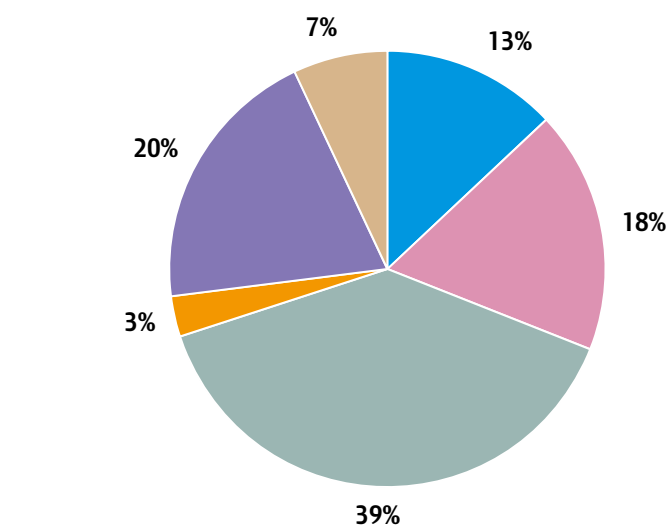


1H 2015 Pro forma Total EBIT: HK\$30,677 million

By Geographical Location



By Division



- Ports & Related Services
- Retail
- Infrastructure
- Energy
- Telecommunications
- Finance & Investments and others

\* Represents contributions from Finance & Investments and Others  
 # Includes Panama, Mexico and the Middle East  
 △ Includes contribution from the USA for Husky Energy

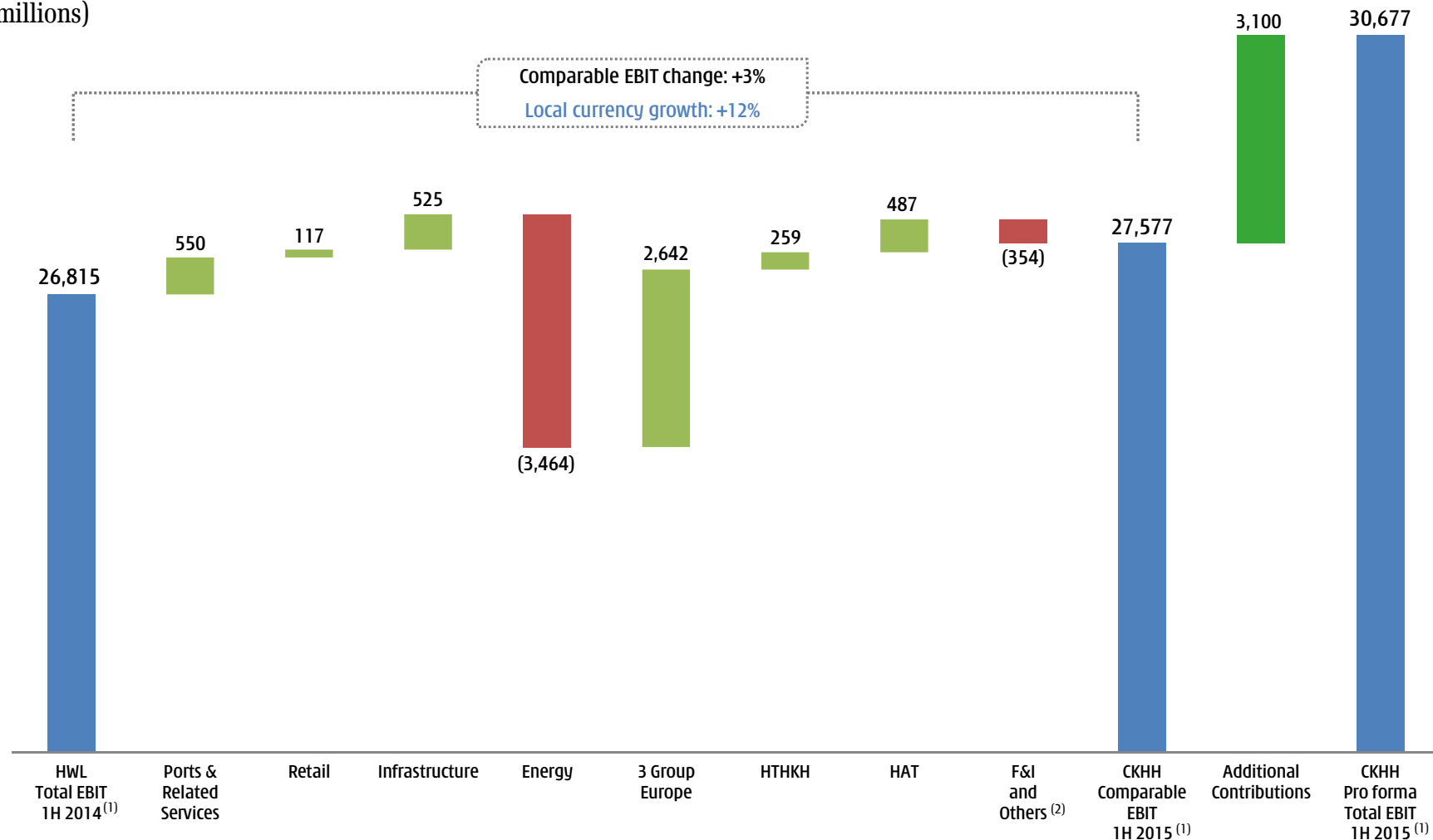
# Business & Geographical Diversification



## Total EBIT

### 1H 2015 Pro forma Total EBIT

(HK\$ millions)



Note (1): CKHH 1H 2015 pro forma results assume that the Reorganisation was effective on 1 January 2015. For a like-for-like comparison, 1H 2015 Comparable EBIT excludes the six months pro forma contributions arising from the Reorganisation. HWL 1H 2014 total EBIT is as reported in HWL's 1H 2014 Interim Report, excluding discontinued Property & Hotel businesses.

Note (2): F&I and Others includes Hutchison Whampoa (China), Hutchison E-Commerce, Hutchison China MediTech, TOM Group, Hutchison Water, the Marionnaud business, CK Life Science and corporate overheads and expenses.

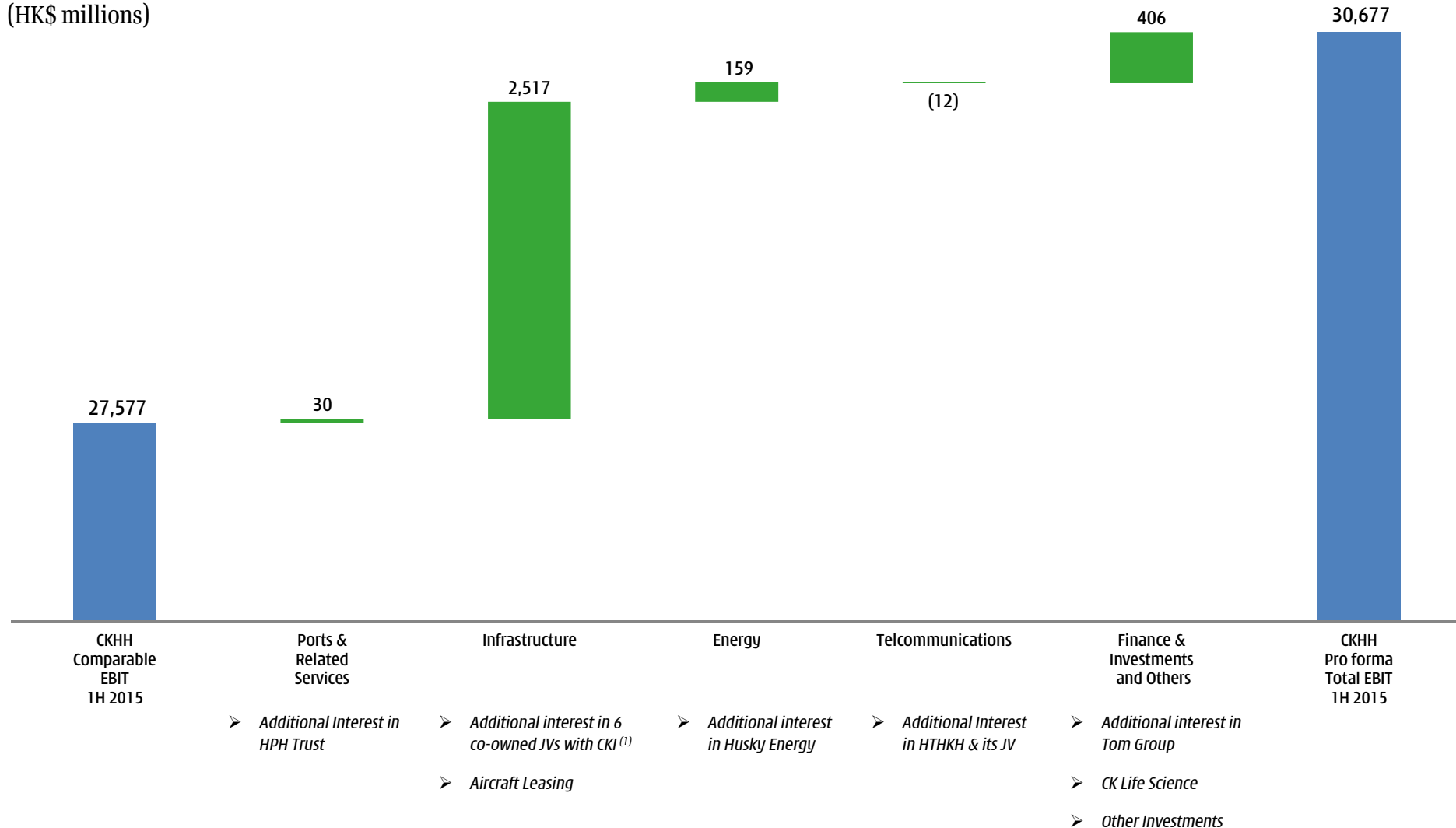
# Business & Geographical Diversification

## Total EBIT – Additional Contributions



### 1H 2015 Additional EBIT Contributions

(HK\$ millions)



Note (1): Additional interest in 6 co-owned JVs with CKI includes Northumbrian Water, Park'N Fly, Australian Gas Networks, Dutch Enviro Energy (formerly AVR), Wales & West Gas Utilities and UK Rails (formerly Eversholt).

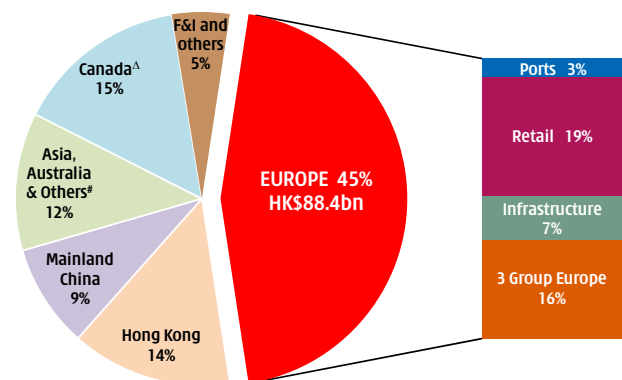
# European Contribution

## Total Revenue, EBITDA & EBIT

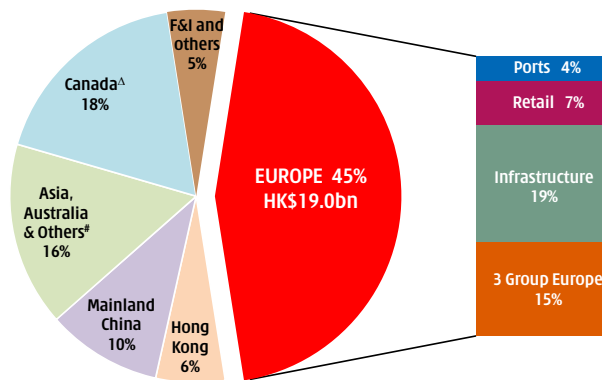


### HWL 1H 2014 <sup>(1)</sup>

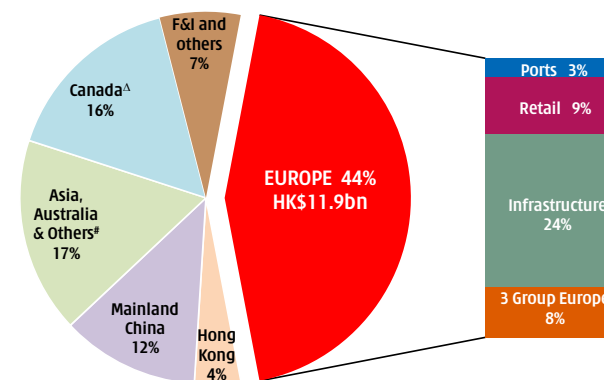
Total Revenue: HK\$196.7 billion



Total EBITDA: HK\$42.6 billion

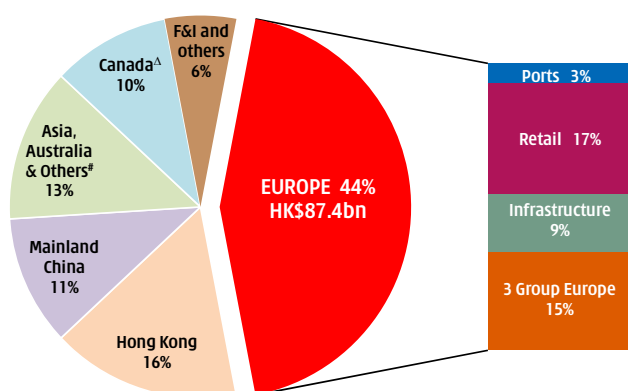


Total EBIT: HK\$26.8 billion

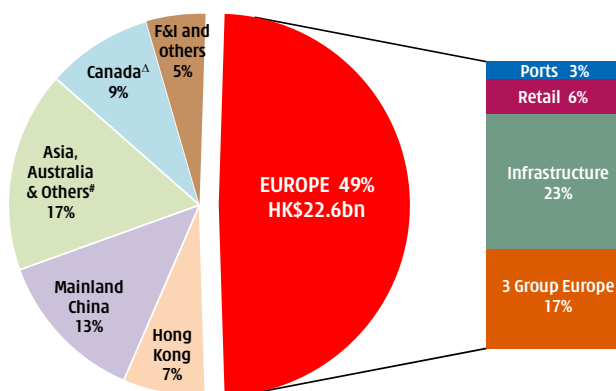


### CKHH 1H 2015 Pro forma <sup>(1)</sup>

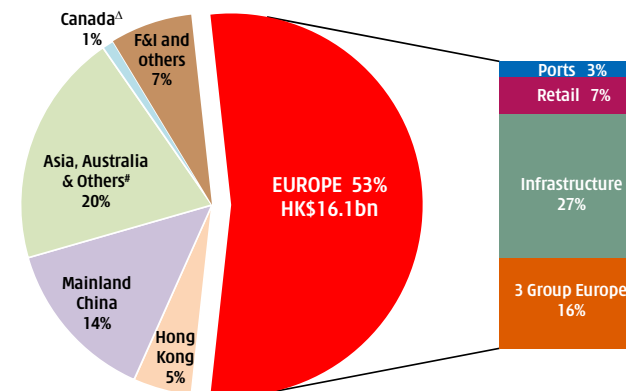
Total Revenue: HK\$197.0 billion



Total EBITDA: HK\$46.2 billion



Total EBIT: HK\$30.7 billion



Note (1): CKHH 1H 2015 pro forma results assume that the Reorganisation was effective on 1 January 2015. 1H 2015 total Revenue, EBITDA and EBIT include the six months contributions from comparable interests in businesses carried on by HWL in 2014 and contributions from additional interest in such businesses and interest in new business acquired as a result of the Reorganisation. HWL 1H 2014 results are as reported in HWL's 2014 Interim Report, excluding discontinued Property and Hotels businesses.

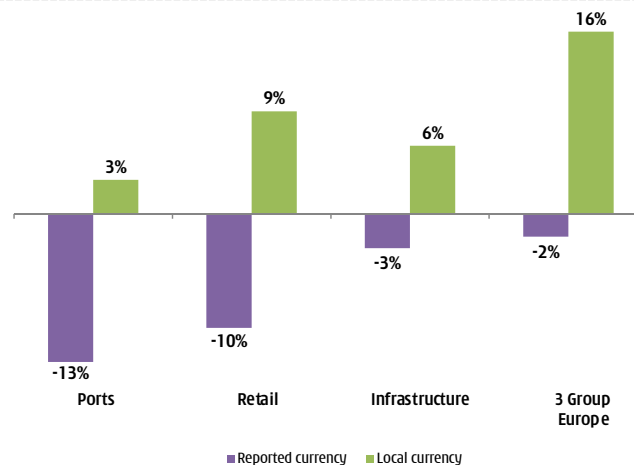
# Includes Panama, Mexico and the Middle East  
 Δ Includes contribution from the USA for Husky Energy

# European Contribution

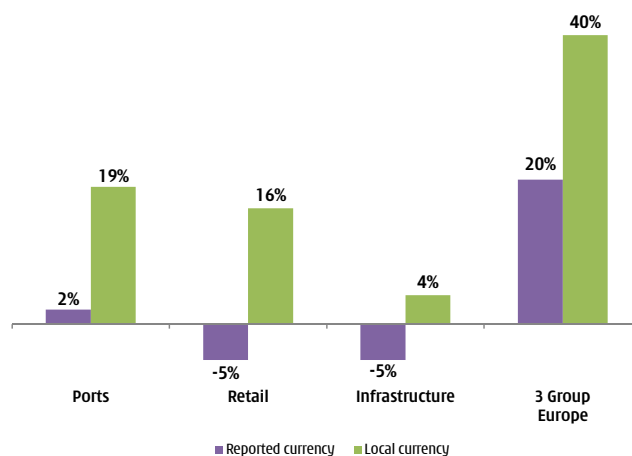
## Comparable Revenue, EBITDA & EBIT



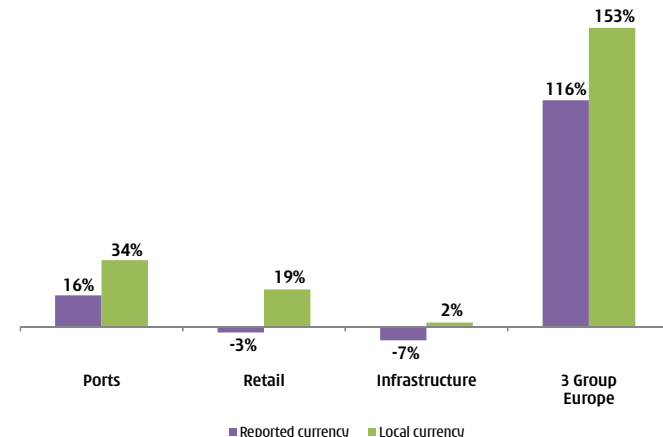
Comparable Revenue<sup>(1)</sup> - European growth by division (%)



Comparable EBITDA<sup>(1)</sup> - European growth by division (%)



Comparable EBIT<sup>(1)</sup> - European growth by division (%)



Note (1): CKHH 1H 2015 pro forma results assume that the Reorganisation was effective on 1 January 2015. For a like-for-like comparison, 1H 2015 Comparable Revenue, EBITDA and EBIT exclude the six months pro forma contributions arising from the Reorganisation.

# Ports and Related Services



	1H 2015 <sup>(2)</sup> HK\$ millions	1H 2014 <sup>(2)</sup> HK\$ millions	Change %	Change % in local currency
Comparable Revenue <sup>(1)</sup>	17,190	17,270	-	+7%
Comparable EBITDA <sup>(1)</sup>	6,048	5,607	+8%	+14%
Comparable EBIT <sup>(1)</sup>	4,081	3,531	+16%	+22%
Throughput	41.5 million TEU	39.6 million TEU	+5%	NA

## Management Pro Forma basis:

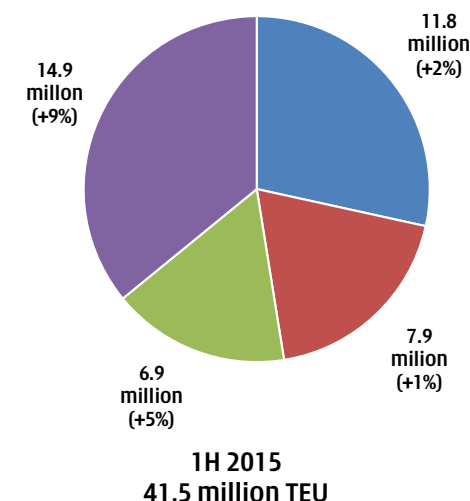
	1H 2015 Pro forma <sup>(2)</sup> HK\$ millions	1H 2014 Actual <sup>(2)</sup> HK\$ millions	Change %
Total Revenue <sup>(1)</sup>	17,308	17,270	-
Total EBITDA <sup>(1)</sup>	6,104	5,607	+9%
Total EBIT <sup>(1)</sup>	4,111	3,531	+16%

- Throughput increased 5% to 41.5 million TEU in 1H 2015, reflecting generally stable recovery in all key markets, except for Argentina and Ningbo where the operations have been interrupted by equipment damage, and in Hong Kong where exports to the US and Europe remain weak.
- Comparable EBITDA and EBIT increased by 8% and 16% respectively, primarily driven by throughput growth in all segments, better throughput mix with higher margins, lower power and fuel costs and better cost controls, partly offset by adverse foreign currency translation into HK dollars, the business interruptions suffered in Argentina and Ningbo during 1H 2015 mentioned above, and the gain on disposal by HPH Trust of a 60% equity interest in Asia Container Terminals in 1H 2014.
- The division had 282 operating berths as at 30 June 2015.
- Post-Reorganisation, the shareholding in HPH Trust increased slightly from 27.62% to 30.07%

Note (1): Revenue, EBITDA and EBIT were adjusted to exclude non-controlling interests' share of results of HPH Trust.

Note(2): To reflect the underlying performance of the Ports and Related Services division in 1H 2015, Comparable Revenue, EBITDA and EBIT exclude the contribution from additional interest in HPH Trust that arose from the Reorganisation. 1H 2015 pro forma total Revenue, EBITDA and EBIT include the six months pro forma contributions from additional interest in HPH Trust. 1H 2014 Revenue, EBITDA and EBIT are as presented in HWL's 2014 Interim Report.

## Total Container Throughput (+5%) by Subdivision



- HPH Trust
- Europe
- Mainland China and other Hong Kong
- Asia, Australia and others\*

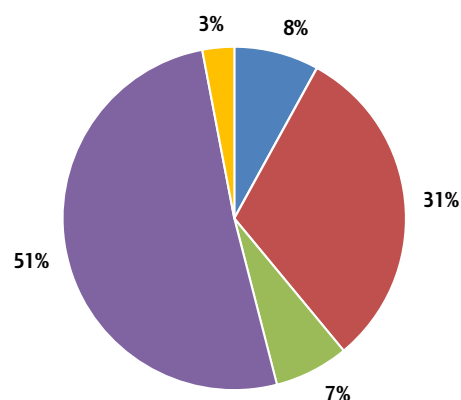
\* Asia, Australia and Others includes Panama, Mexico and the Middle East.



# Ports and Related Services



## Comparable Revenue (0%) By Subdivision

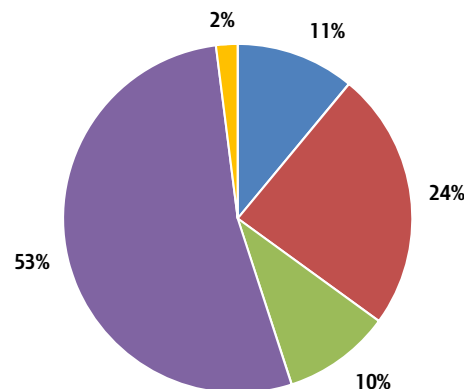


1H 2015  
HK\$17,190 million

- HPH Trust
- Europe
- Mainland China and other Hong Kong
- Asia, Australia and others\*
- Other port related services

\* Asia, Australia and Others includes Panama, Mexico and the Middle East.

## Comparable EBITDA (+8%) By Subdivision



1H 2015  
HK\$6,048 million

- HPH Trust
- Europe
- Mainland China and other Hong Kong
- Asia, Australia and others\*
- Corporate costs & other port related services

## Outlook

- An increase of 3 berths is expected in 2H 2015 from new berths commencing operations in Barcelona, Spain (2) and Felixstowe, the UK (1).
- With global trade conditions remaining uncertain, this division will continue to focus on cost efficiency and margin growth and is expected to maintain a steady performance in the second half of the year.

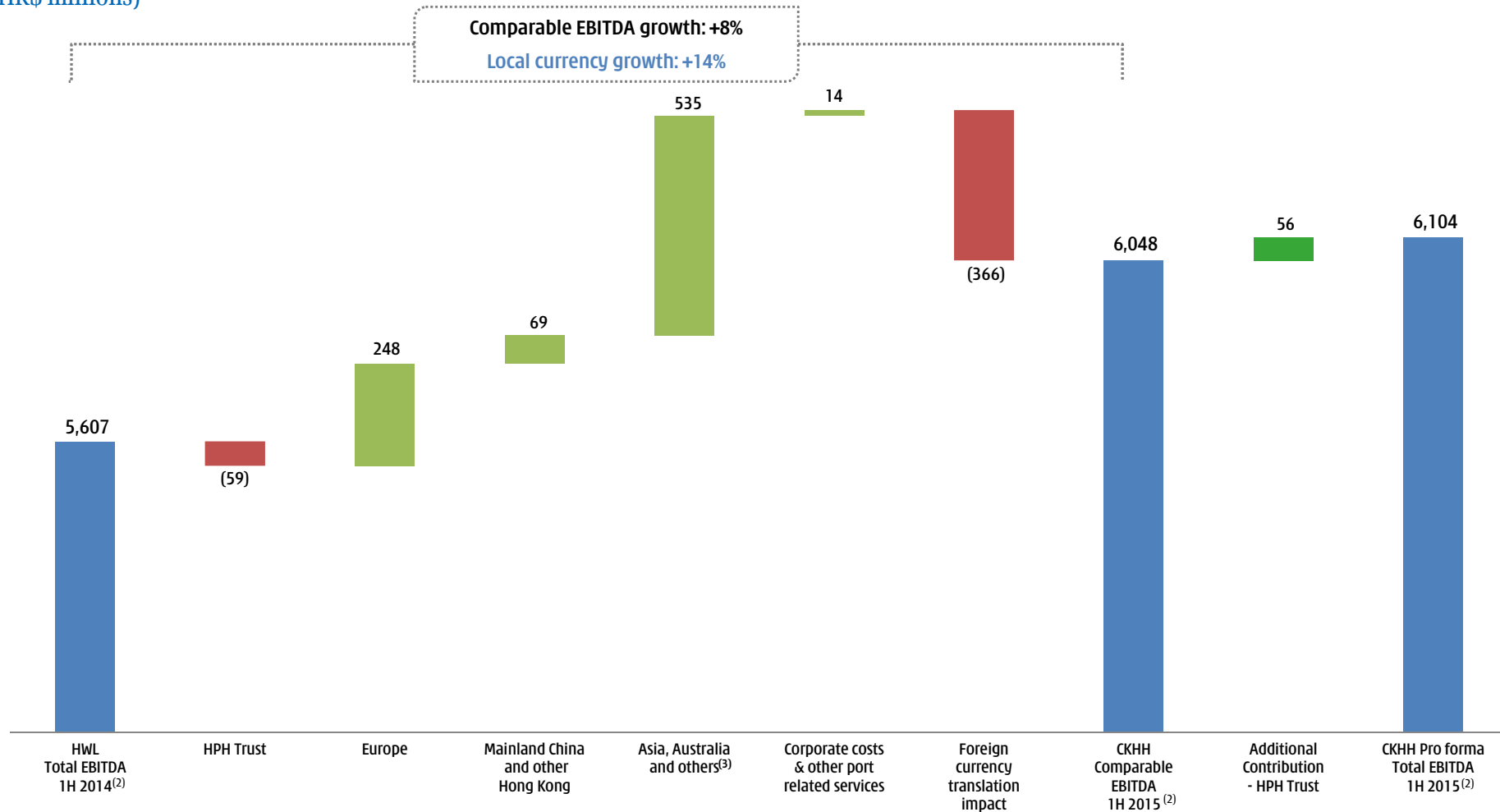
# Ports and Related Services

## EBITDA Growth



### 1H 2015 Pro Forma Total EBITDA<sup>(1)</sup>

(HK\$ millions)



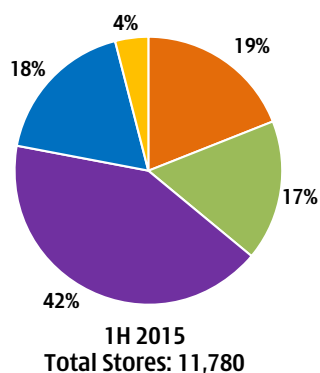
Note (1): EBITDA was adjusted to exclude non-controlling interests' share of results of HPH Trust.

Note (2): CKHH pro forma results assume that the Reorganisation was effective on 1 January 2015. For a like-for-like comparison, 1H 2015 Comparable EBITDA excludes the six months pro forma contribution from additional interest in HPH Trust that arose from the Reorganisation. HWL 1H 2014 total EBITDA is as presented in HWL's 2014 Interim Report.

Note (3): Asia, Australia and others includes Panama, Mexico and the Middle East.

	1H 2015 <sup>(1)</sup> HK\$ millions	1H 2014 <sup>(1)</sup> HK\$ millions	Change %	Change % in local currency
Total Revenue	74,926	77,398	-3%	+6%
Total EBITDA	6,683	6,611	+1%	+11%
Total EBIT	5,453	5,336	+2%	+12%
Total Store Numbers	11,780	10,812	+9%	NA

## Total Retail Store Numbers (+9%) By Subdivision



Note (1): The Reorganisation has no impact to the Retail division's 1H 2015 results. 1H 2014 Revenue, EBITDA and EBIT are as presented in HWL's 2014 Interim Report. The reported results for both periods are presented on a comparable basis.

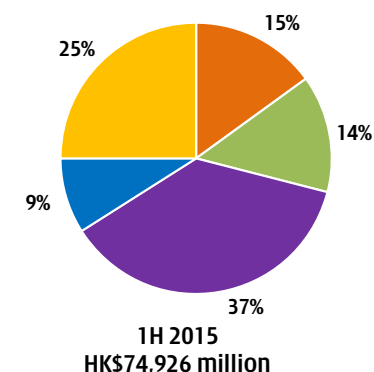
Note (2): Other Retail includes PARKNSHOP, Fortress, Watsons Wine and manufacturing operations for water and beverage businesses.

Note (3): Comparable store sales growth represents the percentage change in revenue contributed by stores which, as at the first day of the relevant financial year (a) have been operating for over 12 months and (b) have not undergone major resizing within the previous 12 months.

Total Revenue	1H 2015 HK\$ millions	1H2014 HK\$ millions	Change %	Change % in local currency
Health & Beauty China	11,126	9,840	+13%	+14%
Health & Beauty Asia	10,509	10,344	+2%	+4%
<b>Health &amp; Beauty China &amp; Asia Subtotal</b>	<b>21,635</b>	<b>20,184</b>	<b>+7%</b>	<b>+9%</b>
Health & Beauty Western Europe	28,024	31,063	-10%	+7%
Health & Beauty Eastern Europe	6,438	7,121	-10%	+16%
<b>Health &amp; Beauty Subtotal</b>	<b>56,097</b>	<b>58,368</b>	<b>-4%</b>	<b>+9%</b>
Other Retail <sup>(2)</sup>	18,829	19,030	-1%	-1%
<b>Total Retail</b>	<b>74,926</b>	<b>77,398</b>	<b>-3%</b>	<b>+6%</b>
- Asia	40,464	39,214	+3%	+4%
- Europe	34,462	38,184	-10%	+9%

	Store Numbers			Comparable Store Sales Growth <sup>(3)</sup> (%)	
	1H 2015 Stores	1H 2014 Stores	Change %	1H 2015	1H 2014
Health & Beauty China	2,239	1,799	+24%	+0.1%	+4.3%
Health & Beauty Asia	1,991	1,838	+8%	+2.2%	+3.9%
<b>Health &amp; Beauty China &amp; Asia Subtotal</b>	<b>4,230</b>	<b>3,637</b>	<b>+16%</b>	<b>+1.2%</b>	<b>+4.1%</b>
Health & Beauty Western Europe	4,945	4,758	+4%	+4.1%	+3.0%
Health & Beauty Eastern Europe	2,102	1,874	+12%	+6.3%	+2.8%
<b>Health &amp; Beauty Subtotal</b>	<b>11,277</b>	<b>10,269</b>	<b>+10%</b>	<b>+3.4%</b>	<b>+3.3%</b>
Other Retail <sup>(2)</sup>	503	543	-7%	+2.4%	-0.9%
<b>Total Retail</b>	<b>11,780</b>	<b>10,812</b>	<b>+9%</b>	<b>+3.2%</b>	<b>+2.3%</b>
- Asia	4,733	4,180	+13%	+1.7%	+1.6%
- Europe	7,047	6,632	+6%	+4.5%	+2.9%

## Total Revenue (-3%) By Subdivision

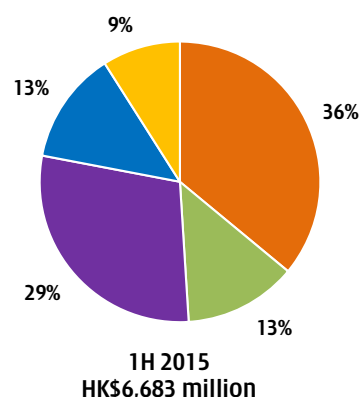


# Retail

## EBITDA by segment



### Total EBITDA (+1%) By Subdivision



- H&B China
- H&B Western Europe
- H&B Eastern Europe
- H&B Asia
- Other Retail

EBITDA	1H 2015 HK\$ millions	EBITDA Margin %	1H 2014 HK\$ millions	EBITDA Margin %	Change %	Change % in local currency
Health & Beauty China	2,382	21%	1,974	20%	+21%	+21%
Health & Beauty Asia	901	9%	870	8%	+4%	+7%
<b>Health &amp; Beauty China &amp; Asia Subtotal</b>	<b>3,283</b>	<b>15%</b>	<b>2,844</b>	<b>14%</b>	<b>+15%</b>	<b>+17%</b>
Health & Beauty Western Europe	1,949	7%	2,045	7%	-5%	+14%
Health & Beauty Eastern Europe	842	13%	908	13%	-7%	+19%
<b>Health &amp; Beauty Subtotal</b>	<b>6,074</b>	<b>11%</b>	<b>5,797</b>	<b>10%</b>	<b>+5%</b>	<b>+16%</b>
Other Retail <sup>(1)</sup>	609	3%	814	4%	-25%	-25%
<b>Total Retail</b>	<b>6,683</b>	<b>9%</b>	<b>6,611</b>	<b>9%</b>	<b>+1%</b>	<b>+11%</b>
- Asia	3,892	10%	3,659	9%	+6%	+8%
- Europe	2,791	8%	2,952	8%	-5%	+16%

Note (1): Other Retail includes PARKnSHOP, Fortress, Watsons Wine and manufacturing operations for water and beverage businesses.

- EBITDA of HK\$6,683 million was 1% higher than 1H 2014 (11% higher in local currencies) mainly driven by a 3.2% comparable store sales growth and a 9% increase in number of stores to 11,780 stores as at 30 June 2015, reflecting continued growth momentum and improving margins in the H&B segment, partly offset by adverse foreign currency translation impacts of the European and certain Asian operations.
- The H&B segment overall has a net opening of around 350 new stores during 1H 2015, primarily in the Mainland and certain Asian and Eastern European countries. New store payback of less than 10 months in 1H 2015 is an encouraging indicator for the continued organic growth of this division.
- H&B China continues to be the primary growth contributor, with total revenue in reported currency growing by 13%, reflecting a 24% increase in stores numbers compared to 30 June 2014. EBITDA growth for H&B China remained robust at 21% in 1H 2015 as the business continued to focus on extending its geographical penetration across the country and promoting higher margin products.
- The H&B European operations also performed well, reporting a 9% and 16% revenue and EBITDA growth respectively in local currencies, mainly due to the continued expansion in store portfolio and improved operational disciplines.

### Outlook

- Looking into 2H 2015 and beyond, the Group will continue to expand its portfolio of retail stores, targeting to grow organically and plans net openings of over 550 stores in the second half of the year, totalling approximately 900 stores for full year 2015.

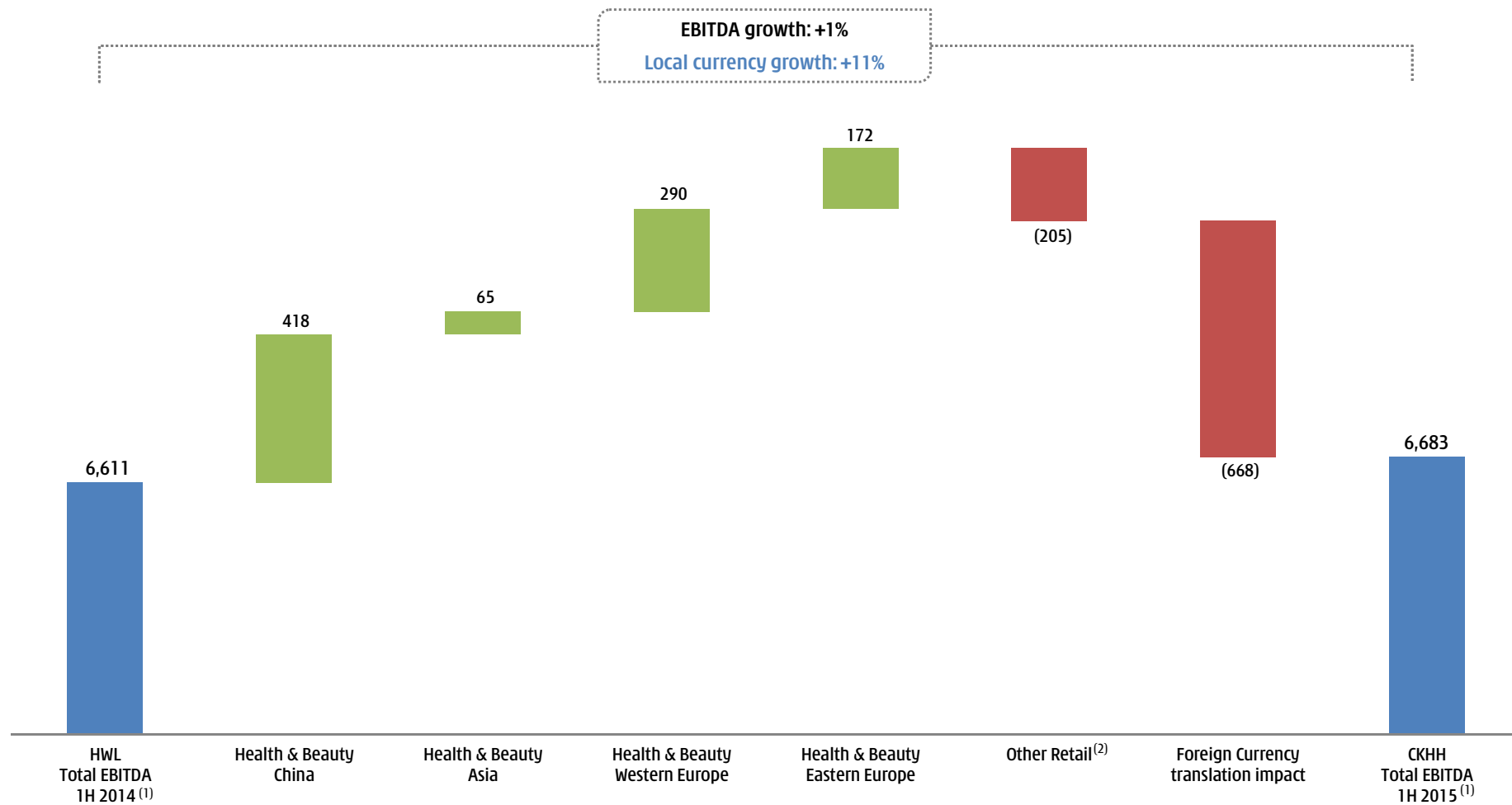
# Retail

## EBITDA Growth



### 1H 2015 Total EBITDA

(HK\$ millions)



Note (1): The Reorganisation has no impact to the Retail division's 1H 2015 results. 1H 2014 Total EBITDA is as presented in HWL's 2014 Interim Report.

Note (2): Other Retail includes PARKnSHOP, Fortress, Watsons Wine and manufacturing operations for water and beverage businesses.

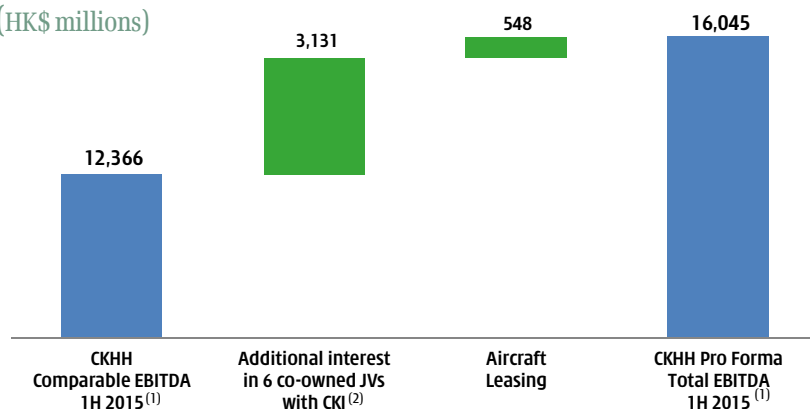
	1H 2015 <sup>(1)</sup> HK\$ millions	1H 2014 <sup>(1)</sup> HK\$ millions	Change %
Comparable Revenue	22,232	22,264	-
Comparable EBITDA	12,366	11,819	+5%
Comparable EBIT	9,470	8,945	+6%

## Management Pro Forma basis:

	1H 2015 Pro Forma <sup>(1)</sup> HK\$ millions	1H 2014 Actual <sup>(1)</sup> HK\$ millions	Change %
Total Revenue	27,690	22,264	+24%
Total EBITDA	16,045	11,819	+36%
Total EBIT	11,987	8,945	+34%

## 1H 2015 Pro Forma Total EBITDA

(HK\$ millions)



Note (1): To reflect the underlying performance of the Infrastructure division in 1H 2015, Comparable Revenue, EBITDA and EBIT exclude the contributions from additional interests in 6 co-owned JVs with CKI and from the Aircraft Leasing operations arising from the Reorganisation. 1H 2015 pro forma total Revenue, EBITDA and EBIT include the six months pro forma contributions from the co-owned JVs and the Aircraft Leasing operations. 1H 2014 Revenue, EBITDA and EBIT are as presented in HWL's 2014 Interim Report.

Note (2): Additional interest in 6 co-owned JVs with CKI includes Northumbrian Water, Park'N Fly, Australian Gas Networks, Dutch Enviro Energy (formerly AVR), Wales & West Gas Utilities and UK Rails (formerly Eversholt).

## Cheung Kong Infrastructure ("CKI")

- CKI's announced earnings for 1H 2015 of HK\$5,253 million compared to HK\$24,119 million for 1H 2014. Excluding one-time items of HK\$297 million loss on disposal by CKI and Power Assets of a combined 19.9% interest in HKEI in 1H 2015 and HK\$19,557 million share of gain from Power Assets' separate listing of its Hong Kong electricity business in January 2014, CKI's earnings increased by 22%.
- Comparable EBITDA for 1H 2015 was HK\$12,366 million, a 5% increase due to the overall growth of the underlying operations as well as the accretive contributions from Park'N Fly, Australian Gas Networks and UK Rails, the co-owned infrastructure assets with the Group that were acquired during the last 12 months, partly offset by the weakness of the British Pound and Australian dollar that resulted in lower reported results on translation to Hong Kong dollars.

## Aircraft Leasing

- At the end of June 2015, the aircraft leasing business, including its 50% joint venture, has a total fleet of 54 aircraft which were fully leased.

## Outlook

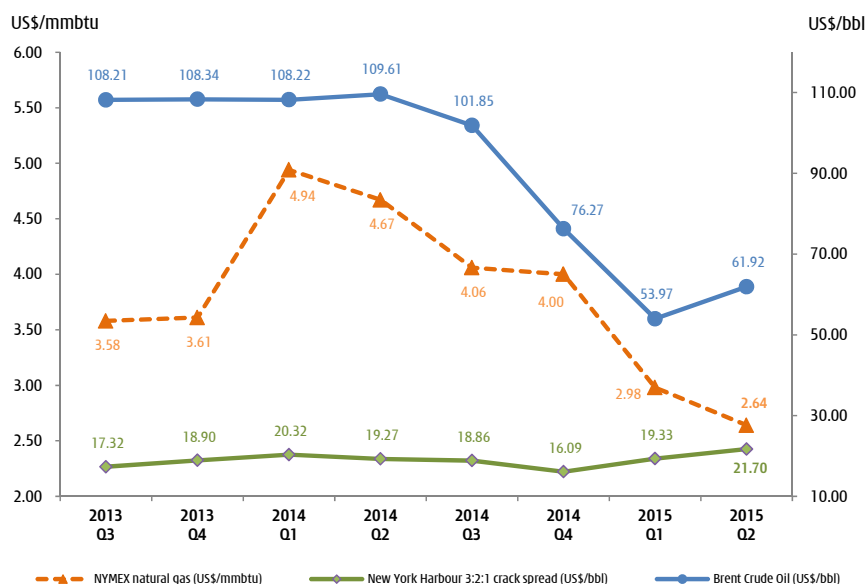
- CKI will continue to actively seek suitable opportunities to expand its portfolio, and continue to focus on high quality investments in stable, well-regulated power and gas markets.
- In June 2015, the Group entered into new agreements, through its 50% joint venture, to purchase and lease out an additional 6 aircraft, resulting in a total portfolio of 64 aircraft expected at the end of 2015.
- With its expanded infrastructure asset base post-Reorganisation, this division is expected to contribute steady recurring earnings to the Group for the remainder of the year.

	1H 2015 <sup>(1)</sup> HK\$ millions	1H 2014 <sup>(1)</sup> HK\$ millions	Change %	Change % in local currency
Comparable Revenue	17,829	28,660	-38%	-30%
Comparable EBITDA	4,644	8,145	-43%	-36%
Comparable EBIT	865	4,329	-80%	-77%
Production	346.4 mboe/day	329.8 mboe/day	+5%	NA

## Management Pro Forma basis:

	1H 2015 Pro Forma <sup>(1)</sup> HK\$ millions	1H 2014 Actual <sup>(1)</sup> HK\$ millions	Change %
Total Revenue	21,101	28,660	-26%
Total EBITDA	5,496	8,145	-33%
Total EBIT	1,024	4,329	-76%

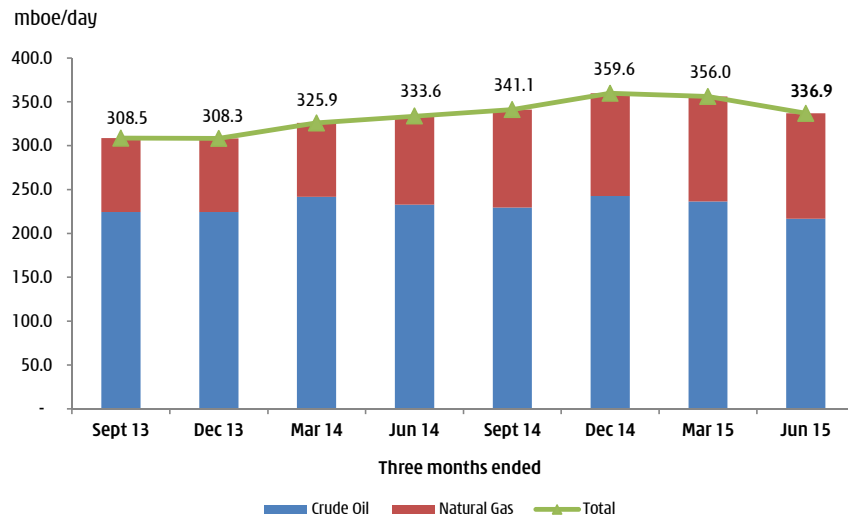
## Average Benchmark



- Announced profit from operations attributable to shareholders of C\$311 million, a 76% decline when compared to 1H 2014 due to sustained lower crude oil prices.
- In local currency, EBITDA decreased 36% to C\$2,171 million as the average realised crude oil and North American natural gas prices were negatively impacted by the significant decrease in market benchmarks. EBIT decreased 79% to C\$402 million mainly due to the same factors impacting EBITDA as well as higher depreciation from increased production in 1H 2015.
- The Group's share of Comparable EBITDA and EBIT, after translation into Hong Kong dollars and consolidation adjustments, decreased 43% and 80% respectively due to adverse foreign exchange movement.
- Average production increased 5% to 346.4 mboe/day in 1H 2015, mainly due to increased production from the Asia Pacific Region as volumes from the Liwan Gas Project continued to ramp up.
- Post-Reorganisation, the shareholding in Husky Energy increased from 33.96% to 40.19%.

*Note (1): To reflect the underlying performance of the Energy division in 1H 2015, Comparable Revenue, EBITDA and EBIT exclude the contribution from additional interest in Husky Energy arising from the Reorganisation. 1H 2015 pro forma total Revenue, EBITDA and EBIT include the six months pro forma contribution from additional interest in Husky Energy. 1H 2014 Revenue, EBITDA and EBIT are as presented in HWL's 2014 Interim Report.*

## Average Production



## Outlook

- Given the sustained low oil price environment, Husky Energy will remain committed to prudent capital, cost and balance sheet management.
- By the end of 2016, approximately 85,000 bbls/day of new production is expected to come online, with more than 40% of total production anticipated to come from low sustaining capital projects by that time.

## Key Projects / Milestones

- i. Sunrise Energy Project (Husky Energy's working interest: 50%)
  - First oil at Phase 1 of the Sunrise Energy Project was achieved in March 2015. Production is expected to ramp up around the end of 2016 reaching peak production to 60,000 bbls/day (30,000 bbls/day net to Husky Energy).
- ii. South White Rose Satellite Extension (Husky Energy's working interest: 69%)
  - First oil was achieved on the first production well at the South White Rose Satellite extension in the Atlantic Region in June 2015. Drilling continues on the second production well with first oil anticipated in 2H 2015. Production is expected to increase to approximately 21,700 bbls/day (15,000 bbls/day net to Husky Energy).
- iii. Heavy Oil Thermal Developments
  - First oil was achieved at the Rush Lake heavy oil thermal project in Saskatchewan in July 2015. Production is expected to ramp up around the end of 2015 reaching peak production to 10,000 bbls/day.



# Telecommunications – 3 Group Europe

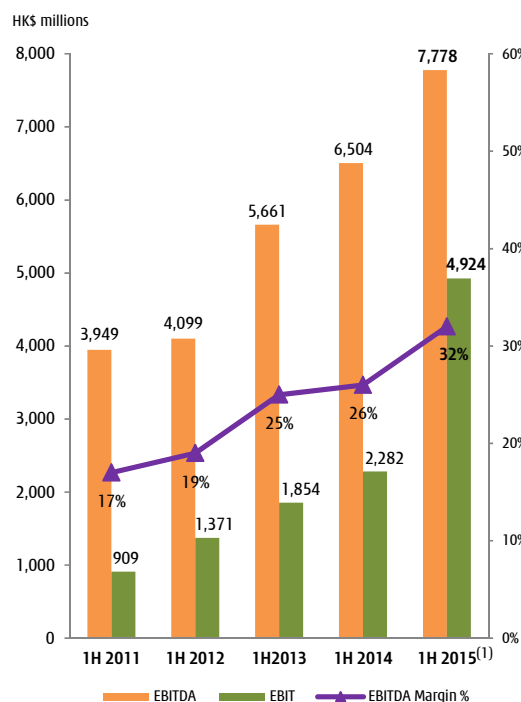


## Management Pro Forma basis:

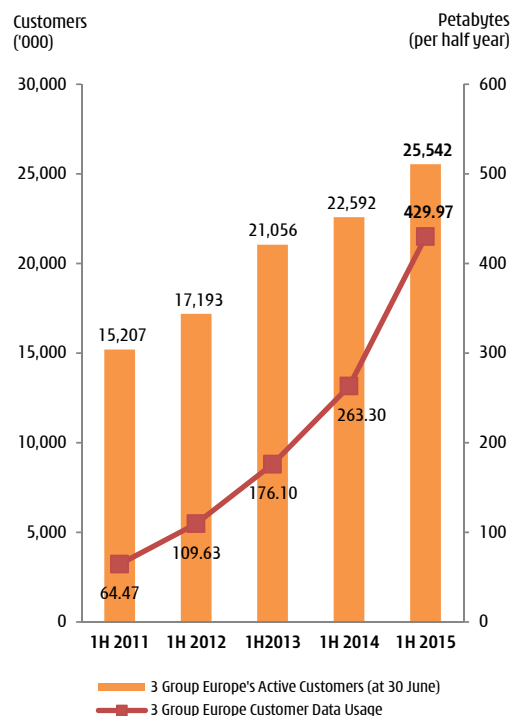
	1H 2015 <sup>(1)</sup> HK\$ millions	1H 2014 <sup>(1)</sup> HK\$ millions	Change %	Change % in local currency
Total Revenue	30,573	31,063	-2%	+16%
Total EBITDA	7,778	6,504	+20%	+40%
Total EBIT	4,924	2,282	+116%	+153%

Note (1): 1H 2015 pro forma total EBIT included the six months pro forma adjustment of the depreciation and amortisation impact arising from the fair value adjustment on acquisition, assuming the Reorganisation was effective on 1 January 2015. 1H 2014 Revenue, EBITDA and EBIT are as presented in HWL's 2014 Interim Report.

## 3 Group Europe EBITDA & EBIT



## 3 Group Europe Active Customers & Data Usage



- Overall 3 Group Europe operations reported improved underlying EBITDA performances, a 40% increase in local currencies compared to 1H 2014, particularly in 3 Ireland from the accretive earnings contribution after the acquisition of O<sub>2</sub> Ireland in July 2014 and in 3 UK from the continued improvements in net customer service margin.
- Net customer service margin improved 21% in local currencies with net customer service margin % increased by 4%-point to 83% compared to 1H 2014, reflecting the higher overall net AMPU.
- On a six months pro forma basis, EBIT in local currencies increased by 153% due to EBITDA improvements and lower depreciation and amortisation resulting from the rebasing of telecommunication assets under the Reorganisation.
- In March 2015, HWL entered into an agreement with Telefónica SA to acquire O<sub>2</sub> UK for £9.25 billion cash and deferred upside interest sharing payments of up to £1 billion upon achievement by the combined business of 3 UK and O<sub>2</sub> UK of agreed financial targets. The completion of this transaction is subject to regulatory approval. Upon completion of the acquisition, 3 UK will become the largest mobile operator in the UK. In May 2015, HWL announced that it has entered into agreements with 5 institutional investors who will acquire shares representing approximately 32.98% in the combined business for a total of £3.1 billion. These investments are conditional and will occur concurrently with the completion of the acquisition of O<sub>2</sub> UK.
- In August 2015, the Group announced agreement with VimpelCom Ltd to form an equal joint venture merging 3 Italy and VimpelCom's subsidiary Wind Telecomunicazioni S.p.A. ("Wind"). Completion of the transaction is subject to regulatory approval. On a combined basis, 3 Italy and Wind will become the largest mobile operator in Italy.

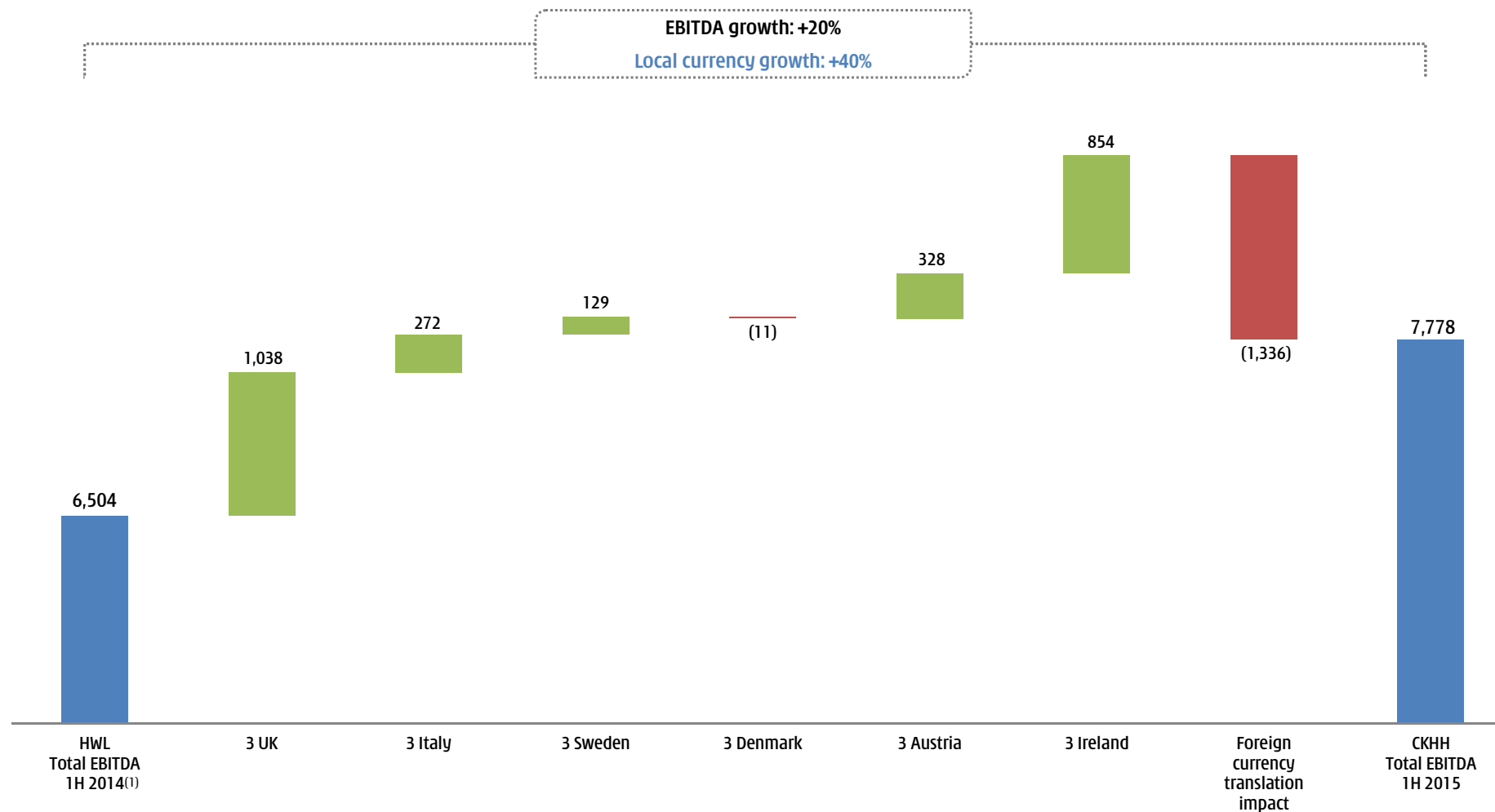
# Telecommunications – 3 Group Europe

## EBITDA Growth



### 1H 2015 Total EBITDA

(HK\$ millions)



Note (1): HWL 1H 2014 Total EBITDA is as presented in HWL's 2014 Interim Report.

# Telecommunications – 3 Group Europe

## Results by operations



In millions	UK		Italy		Sweden		Denmark		Austria		Ireland		3 Group Europe	
	GBP		EURO		SEK		DKK		EURO		EURO		HK\$	
	1H 2015	1H 2014	1H 2015	1H 2014	1H 2015	1H 2014	1H 2015	1H 2014	1H 2015	1H 2014	1H 2015	1H 2014	1H 2015	1H 2014
<b>Total Revenue</b>	<b>1,071</b>	974	<b>881</b>	815	<b>3,377</b>	3,054	<b>1,011</b>	1,008	<b>355</b>	342	<b>335</b>	97	<b>30,573</b>	31,063
% Improvement (Reduction)	10%		8%		11%		-		4%		245%		-2%	
											Local currency change %		16%	
- Net Customer Service Revenue	755	723	710	662	2,295	2,123	885	887	303	271	277	80	23,251	23,950
% Improvement (Reduction)	4%		7%		8%		-		12%		246%		-3%	
											Local currency change %		15%	
- Handset Revenue	294	241	153	139	961	827	89	92	39	58	31	13	6,397	6,490
- Other Revenue	22	10	18	14	121	104	37	29	13	13	27	4	925	623
<b>Net Customer Service Margin<sup>(1)</sup></b>	<b>646</b>	556	<b>548</b>	502	<b>1,968</b>	1,811	<b>783</b>	772	<b>251</b>	222	<b>226</b>	63	<b>19,249</b>	18,844
% Improvement	16%		9%		9%		1%		13%		259%		2%	
											Local currency change %		21%	
Net Customer Service Margin %	86%	77%	77%	76%	86%	85%	88%	87%	83%	82%	82%	79%	83%	79%
<b>Other margin</b>	<b>8</b>	4	<b>17</b>	13	<b>41</b>	26	<b>17</b>	13	<b>8</b>	10	<b>11</b>	2	<b>455</b>	368
TOTAL CACS	(402)	(358)	(288)	(259)	(1,316)	(1,127)	(218)	(216)	(53)	(70)	(58)	(22)	(9,665)	(10,036)
Less: Handset Revenue	294	241	153	139	961	827	89	92	39	58	31	13	6,397	6,490
<b>Total CACS (net of handset revenue)</b>	<b>(108)</b>	(117)	<b>(135)</b>	(120)	<b>(355)</b>	(300)	<b>(129)</b>	(124)	<b>(14)</b>	(12)	<b>(27)</b>	(9)	<b>(3,268)</b>	(3,546)
<b>Operating Expenses</b>	<b>(235)</b>	(211)	<b>(332)</b>	(323)	<b>(674)</b>	(666)	<b>(333)</b>	(315)	<b>(98)</b>	(104)	<b>(133)</b>	(59)	<b>(8,658)</b>	(9,162)
Opex as a % of net customer service margin	36%	38%	61%	64%	34%	37%	43%	41%	39%	47%	59%	94%	45%	49%
<b>EBITDA</b>	<b>311</b>	<b>232</b>	<b>98</b>	<b>72</b>	<b>980</b>	<b>871</b>	<b>338</b>	<b>346</b>	<b>147</b>	<b>116</b>	<b>77</b>	<b>(3)</b>	<b>7,778</b>	<b>6,504</b>
% Improvement (Reduction)	34%		36%		13%		-2%		27%		2667%		20%	
											Local currency change %		40%	
EBITDA margin % <sup>(2)</sup>	40%	32%	13%	11%	41%	39%	37%	38%	47%	41%	25%	-4%	32%	26%
<b>Depreciation &amp; Amortisation</b>	<b>(111)</b>	(109)	<b>(59)</b>	(143)	<b>(261)</b>	(380)	<b>(129)</b>	(146)	<b>(40)</b>	(37)	<b>(34)</b>	(22)	<b>(2,854)</b>	(4,222)
<b>EBIT</b>	<b>200</b>	<b>123</b>	<b>39</b>	<b>(71)</b>	<b>719</b>	<b>491</b>	<b>209</b>	<b>200</b>	<b>107</b>	<b>79</b>	<b>43</b>	<b>(25)</b>	<b>4,924</b>	<b>2,282</b>
% Improvement (Reduction)	63%		155%		46%		5%		35%		272%		116%	
											Local currency change %		153%	
<b>Capex (excluding licence)</b>	<b>(141)</b>	(116)	<b>(219)</b>	(151)	<b>(400)</b>	(392)	<b>(50)</b>	(69)	<b>(42)</b>	(53)	<b>(73)</b>	(60)	<b>(5,056)</b>	(4,876)
<b>EBITDA less Capex</b>	<b>170</b>	116	<b>(121)</b>	(79)	<b>580</b>	479	<b>288</b>	277	<b>105</b>	63	<b>4</b>	(63)	<b>2,722</b>	1,628
<b>Licence<sup>(3)</sup></b>	<b>(1)</b>	(0.3)	-	-	-	-	-	-	-	-	-	-	<b>(12)</b>	(4)

Note (1): Net customer service margin represents net customer service revenue deducting direct variable costs (including interconnection charges and roaming costs).

Note (2): EBITDA margin % represents EBITDA as a % of total revenue excluding handset revenue.

Note (3): Licence costs in both years represent incidental costs in relation to licences acquired in prior years.

# Telecommunications – 3 Group Europe

## Key Business Indicators



Key business indicators for the 3 Group Europe's businesses are as follows:

	UK	Italy	Sweden	Denmark	Austria	Ireland	3 Group Europe
<b>Customer Base - Registered Customers at 30 June 2015 ('000)</b>							
<b>Postpaid</b>	<b>6,143</b>	<b>5,225</b>	<b>1,705</b>	<b>762</b>	<b>2,479</b>	<b>1,147</b>	<b>17,461</b>
<i>% Variance (June 2015 vs December 2014)</i>	<i>1%</i>	<i>3%</i>	<i>2%</i>	<i>1%</i>	<i>-1%</i>	<i>-1%</i>	<i>1%</i>
<b>Prepaid</b>	<b>4,349</b>	<b>4,971</b>	<b>245</b>	<b>386</b>	<b>1,226</b>	<b>1,464</b>	<b>12,641</b>
<i>% Variance (June 2015 vs December 2014)</i>	<i>3%</i>	<i>-</i>	<i>9%</i>	<i>3%</i>	<i>11%</i>	<i>2%</i>	<i>3%</i>
<b>Total</b>	<b>10,492</b>	<b>10,196</b>	<b>1,950</b>	<b>1,148</b>	<b>3,705</b>	<b>2,611</b>	<b>30,102</b>
<i>% Variance (June 2015 vs December 2014)</i>	<i>2%</i>	<i>2%</i>	<i>3%</i>	<i>2%</i>	<i>3%</i>	<i>1%</i>	<i>2%</i>

	UK	Italy	Sweden	Denmark	Austria	Ireland	3 Group Europe
<b>Customer Base - Active Customers<sup>(1)</sup> at 30 June 2015 ('000)</b>							
<b>Postpaid</b>	<b>6,024</b>	<b>5,089</b>	<b>1,705</b>	<b>762</b>	<b>2,462</b>	<b>1,113</b>	<b>17,155</b>
<i>% Variance (June 2015 vs December 2014)</i>	<i>2%</i>	<i>3%</i>	<i>2%</i>	<i>1%</i>	<i>-1%</i>	<i>-2%</i>	<i>1%</i>
<b>Prepaid</b>	<b>2,781</b>	<b>3,791</b>	<b>150</b>	<b>353</b>	<b>432</b>	<b>880</b>	<b>8,387</b>
<i>% Variance (June 2015 vs December 2014)</i>	<i>12%</i>	<i>-1%</i>	<i>12%</i>	<i>4%</i>	<i>-1%</i>	<i>-4%</i>	<i>3%</i>
<b>Total</b>	<b>8,805</b>	<b>8,880</b>	<b>1,855</b>	<b>1,115</b>	<b>2,894</b>	<b>1,993</b>	<b>25,542</b>
<i>% Variance (June 2015 vs December 2014)</i>	<i>5%</i>	<i>1%</i>	<i>3%</i>	<i>2%</i>	<i>-1%</i>	<i>-3%</i>	<i>2%</i>

Note (1): An active customer is one that generated revenue from an outgoing call, incoming call or data/content service in the preceding 3 months.

# Telecommunications – 3 Group Europe

## Key Business Indicators



Key business indicators for the 3 Group Europe's businesses are as follows:

	UK	Italy	Sweden	Denmark	Austria	Ireland	3 Group Europe Average
<b>12-month Trailing Average Revenue per Active User ("ARPU")<sup>(1)</sup> to 30 June 2015</b>							
Postpaid ARPU <sup>(1)</sup>	£26.74	€17.88	SEK299.88	DKK167.05	€22.07	€31.77	€27.17
Prepaid ARPU <sup>(1)</sup>	£5.08	€8.21	SEK122.72	DKK108.85	€9.10	€16.58	€9.07
Blended Total ARPU <sup>(1)</sup>	£20.38	€13.65	SEK286.35	DKK149.12	€20.24	€25.00	€21.31
% Variance compared to 31 December 2014	-2%	1%	-	-3%	3%	-3%	2%
<b>12-month Trailing Net Average Revenue per Active User ("Net ARPU")<sup>(2)</sup> to 30 June 2015</b>							
Postpaid Net ARPU <sup>(2)</sup>	£18.90	€17.88	SEK214.50	DKK152.75	€18.50	€28.80	€21.81
Prepaid Net ARPU <sup>(2)</sup>	£5.08	€8.21	SEK122.72	DKK108.85	€9.10	€16.58	€9.07
Blended Total Net ARPU <sup>(2)</sup>	£14.84	€13.65	SEK207.50	DKK139.23	€17.18	€23.35	€17.69
% Variance compared to 31 December 2014	-2%	1%	-1%	-3%	5%	-2%	3%
<b>12-month Trailing Net Average Margin per Active User ("Net AMPU")<sup>(3)</sup> to 30 June 2015</b>							
Postpaid Net AMPU <sup>(3)</sup>	£15.92	€13.59	SEK183.83	DKK134.18	€15.28	€24.38	€17.98
Prepaid Net AMPU <sup>(3)</sup>	£4.40	€6.56	SEK104.16	DKK94.67	€7.73	€12.63	€7.39
Blended Total Net AMPU <sup>(3)</sup>	£12.53	€10.52	SEK177.75	DKK122.01	€14.22	€19.14	€14.55
% Variance compared to 31 December 2014	4%	1%	-1%	-3%	5%	-2%	5%

Note (1): ARPU equals total monthly revenue, including incoming mobile termination revenue and contributions for a handset/device in postpaid contract bundled plans, divided by the average number of active customers during the period.

Note (2): Net ARPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in postpaid contract bundled plans, divided by the average number of active customers during the period.

Note (3): Net AMPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in postpaid contract bundled plans, less direct variable costs (including interconnection charges and roaming costs)(i.e. net customer service margin), divided by the average number of active customers during the period.

# Telecommunications – 3 Group Europe

## Key Business Indicators



Key business indicators for the 3 Group Europe's businesses are as follows:

1H 2015	UK	Italy	Sweden	Denmark	Austria	Ireland	3 Group Europe Average
Contract customers as a % of the total registered customer base	59%	51%	87%	66%	67%	44%	58%
Contract customers' contribution to the net customer service revenue base (%)	90%	74%	95%	76%	92%	68%	84%
Average monthly churn rate of the total contract registered customer base (%)	1.5%	2.7%	1.5%	3.0%	0.5%	1.4%	1.7%
Active contract customers as a % of the total contract registered customer base	98%	97%	100%	100%	99%	97%	98%
Active customers as a % of the total registered customer base	84%	87%	95%	97%	78%	76%	85%
6 months data usage per active customer (Gigabyte)							17.7

1H 2014	UK	Italy	Sweden	Denmark	Austria	Ireland	3 Group Europe Average
Contract customers as a % of the total registered customer base	61%	48%	89%	69%	72%	33%	59%
Contract customers' contribution to the net customer service revenue base (%)	90%	75%	96%	77%	93%	72%	89%
Average monthly churn rate of the total contract registered customer base (%)	1.6%	2.2%	1.4%	2.7%	0.6%	1.3%	1.6%
Active contract customers as a % of the total contract registered customer base	98%	97%	100%	100%	99%	91%	98%
Active customers as a % of the total registered customer base	82%	86%	95%	97%	82%	55%	84%
6 months data usage per active customer (Gigabyte)							12.2

# Telecommunications – HTHKH



	1H 2015 <sup>(1)</sup> HK\$ millions	1H 2014 <sup>(1)</sup> HK\$ millions	Change %
Comparable Revenue	11,020	6,227	+77%
Comparable EBITDA	1,506	1,230	+22%
Comparable EBIT	797	538	+48%

## Management Pro Forma basis:

	1H 2015 Pro Forma <sup>(1)</sup> HK\$ millions	1H 2014 Actual <sup>(1)</sup> HK\$ millions	Change %
Total Revenue	11,058	6,227	+78%
Total EBITDA	1,515	1,230	+23%
Total EBIT	785	538	+46%

Note (1): To reflect the underlying performance of HTHKH in 1H 2015, Comparable Revenue, EBITDA and EBIT exclude the contribution from additional interest in HTHKH and its JV that arose from the Reorganisation. 1H 2015 pro forma total Revenue, EBITDA and EBIT include the six months pro forma contribution from additional interest in HTHKH and its JV. 1H 2014 Revenue, EBITDA and EBIT are as presented in HWL's 2014 Interim Report.

- HTHKH had a combined active mobile customer base of approximately 2.9 million in Hong Kong and Macau.
- Comparable EBITDA and EBIT improved by 22% and 48% respectively from 1H 2014, mainly driven by the growth in mobile business benefited from the improving operating margin from mobile service offerings and higher hardware sales.
- The mobile business has expanded its high speed 4G LTE network which facilitates the upselling activities to its existing customer base for achieving a higher net AMPU.
- The fixed line business continues to achieve steady growth through higher revenue generated from corporate and business segments with focus on the provision of high margin solution based offerings as well as efficiency and cost management.
- Post-Reorganisation, the shareholding in HTHKH increased slightly from 65.01% to 66.09%.

# Telecommunications – HAT & HTAL , Share of VHA



## HAT

### Management Pro Forma basis:

	1H 2015 <sup>(1)</sup> HK\$ millions	1H 2014 <sup>(1)</sup> HK\$ millions	Change %
Total Revenue	3,179	3,506	-9%
Total EBITDA	411	502	-18%
Total EBIT/(LBIT)	411	(76)	+641%

Note (1): 1H 2015 pro forma total EBIT included the six months pro forma adjustment of the depreciation and amortisation impact arising from the fair value adjustment on acquisition, assuming the Reorganisation was effective on 1 January 2015. 1H 2014 Revenue, EBITDA and LBIT are as presented in HWL's 2014 Interim Report.

- On a six month pro forma basis, EBIT of HK\$411 million in 1H 2015 improved compared to an LBIT of HK\$ 76 million in the same period last year, mainly due to the division's reduced depreciable asset base under the Reorganisation.
- With the majority of the improvements in financial and operational practices currently in place, together with strong network coverage and capacity, the Indonesian business has shown positive signs of recovery in sales and profitability and is expected to further improve its performance in the remainder of the year.

- HAT had an active customer base of approximately 62.6 million with operations in Indonesia, Vietnam and Sri Lanka.
- The Indonesian operation continues to strengthen the operational controls and improve trade practices following comprehensive senior management changes in 2H 2014. Although more stringent credit controls and reduced promotional activities with dealers has slowed sales growth, profitability and quality of earnings are improving.
- The EBITDA decline compared to last year is due to cost recognition and credit policies adopted by the former management of the Indonesian operation, which increased reported EBITDA for 1H 2014 and were provided for in 2H 2014. The results were also adversely impacted by foreign currency translation mainly due to the decline of the Indonesian Rupiah. In local currencies, EBITDA decrease was 10%.

## HTAL, including share of VHA

### HTAL's announced interim results

	1H 2015 A\$ millions	1H 2014 A\$ millions	Change %
Announced Total Revenue	887	863	+3%
Announced Loss Attributable to Shareholders	(90)	(79)	-14%

- Despite a higher reported loss by HTAL in the period, its 50% joint venture, VHA, has seen benefits from the strategic initiatives implemented in the past year flow into improved revenue and customer numbers in 1H 2015, which placed the operation on the right path to profitability.
- VHA's customer base remained stable at approximately 5.3 million (including MVNOs) at 30 June 2015.
- VHA's 4G LTE coverage reaches 96% of the Australian metropolitan population while 4G+ was rolled out across metropolitan areas in 1H 2015.
- VHA's operating losses continue to be included as a P&L charge under "Others" of the Group's profits on disposal of investments and others line as VHA continues with its shareholder sponsored restructuring under the leadership of Vodafone under the applicable terms of our shareholders' agreement since 2H 2012.

- HTAL owns 50% of VHA and announced a A\$90 million loss attributable to shareholders in 1H 2015, an increase of 14% as compared to the comparable period last year, mainly due to higher handset costs, higher variable content costs and higher finance costs due to the stronger US dollar, partly offset by lower operating expenses.

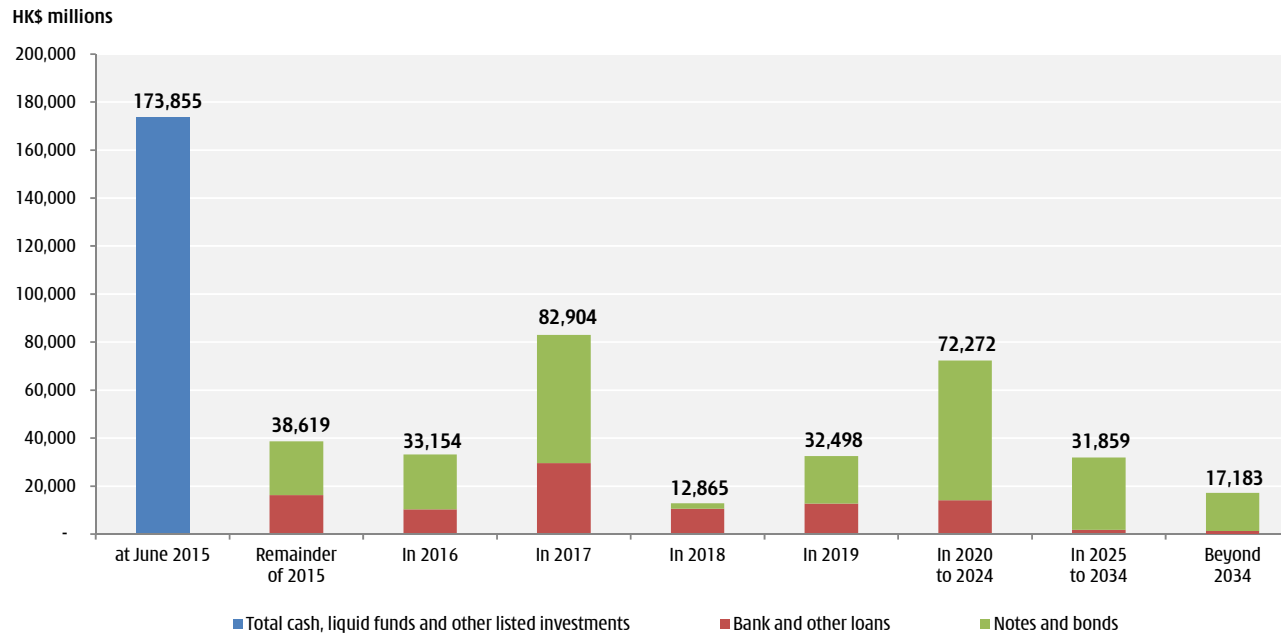


# Financial profile

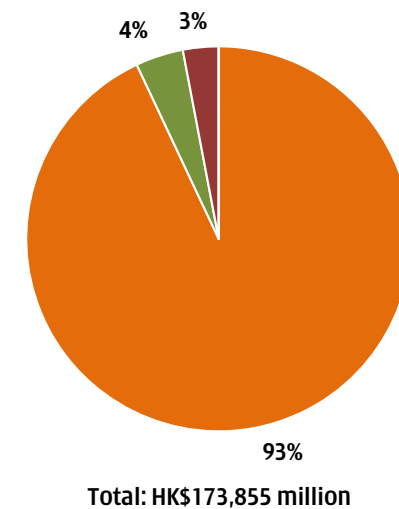
## Healthy maturity and liquidity profile



### Debt Maturity Profile at 30 June 2015 – principal only



### Liquid Assets by Type at 30 June 2015

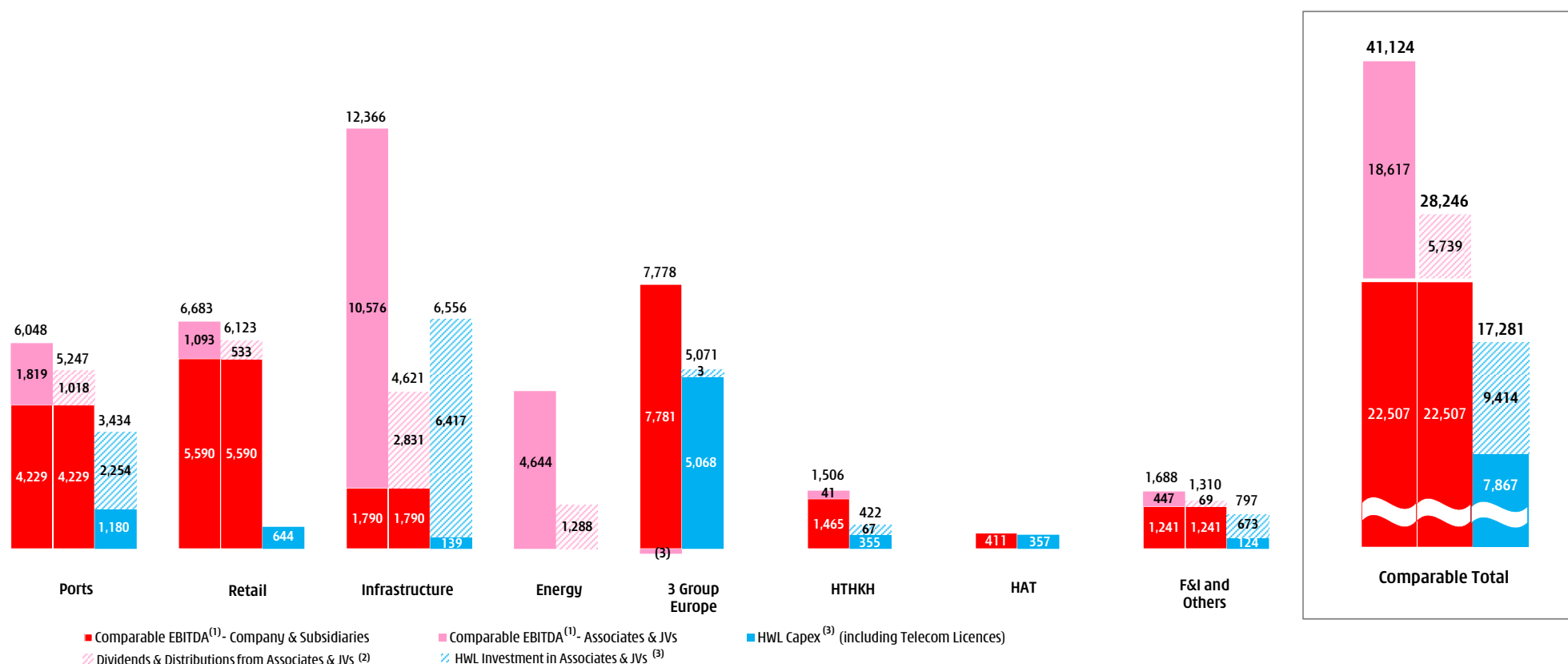


- Cash and cash equivalents
- US Treasury notes and listed/traded debt securities
- Listed equity securities

# Financial profile



1H 2015 Comparable EBITDA , HWL Dividends and distributions from Associates & JVs less HWL's Capex of Company & Subsidiaries and Investments in Associates & JVs by division (HK\$ millions)



Note (1): Comparable EBITDA excludes (i) non-controlling interests' share of results of HPH Trust, (ii) profits on disposal of investments & others and (iii) six months pro forma additional contributions in 1H 2015 arising from the Reorganisation.

Note (2): Comparable HWL dividends and distributions represent dividends and distributions of HWL businesses continued by CKHH in the six months period ended 30 June 2015 and excludes six months pro forma additional contributions in 1H 2015 arising from the Reorganisation.

Note (3): Comparable HWL capex and investments in Associates & JVs represent capex spending of HWL businesses continued by CKHH in the six months period ended 30 June 2015. Infrastructure includes HWL's 50% share of investment in joint venture (UK Rails)

# Financial profile

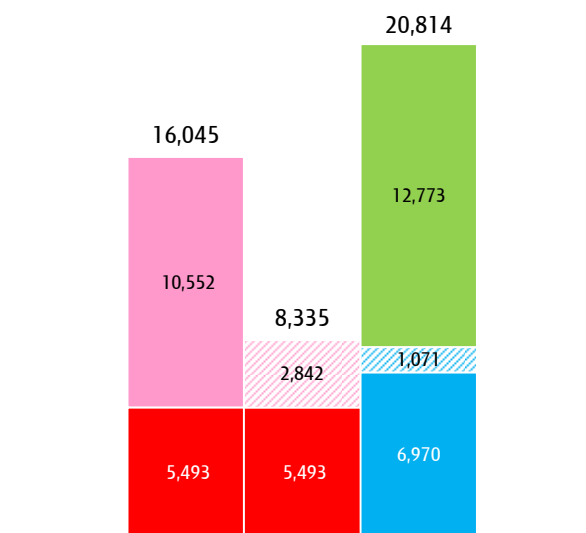


## Infrastructure 1H 2015 EBITDA less capex & investment

CKHH Pro forma basis

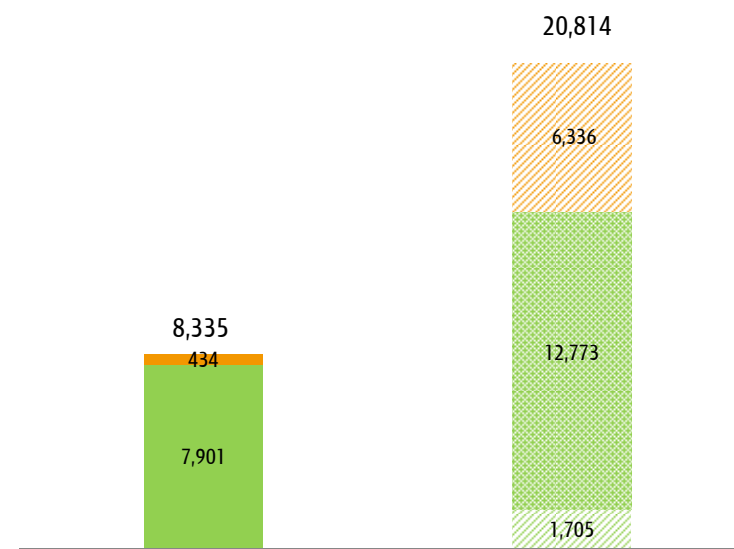
(HK\$ millions)

Analysed by: Company & subsidiaries and Associates & JVs



- EBITDA - Company & Subsidiaries
- EBITDA - Associates & JVs
- Capex
- Investment in 100% of UK Rails
- Dividends from Associates & JVs
- Investment in Associates & JVs

Analysed by: Infrastructure & Aircraft leasing



- Aircraft Leasing
- Infrastructure
- Aircraft Leasing - Capex & Investments
- Infrastructure - Investment in 100% of UK Rails
- Infrastructure - Capex & Investments

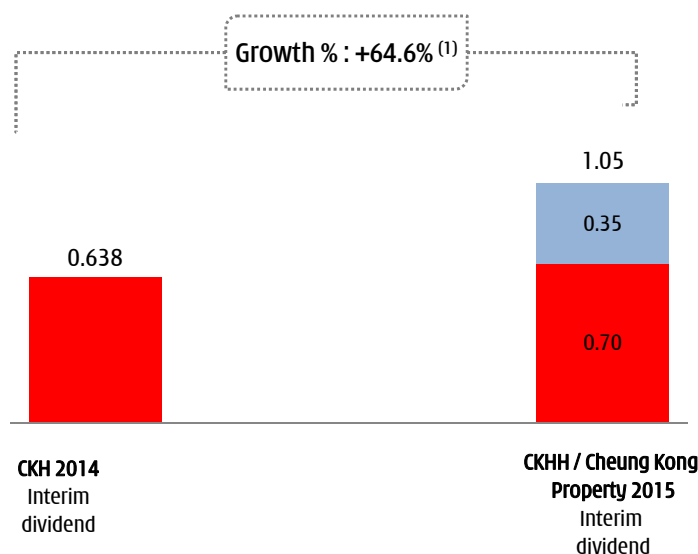
# CKHH / Cheung Kong Property

## Interim Dividend



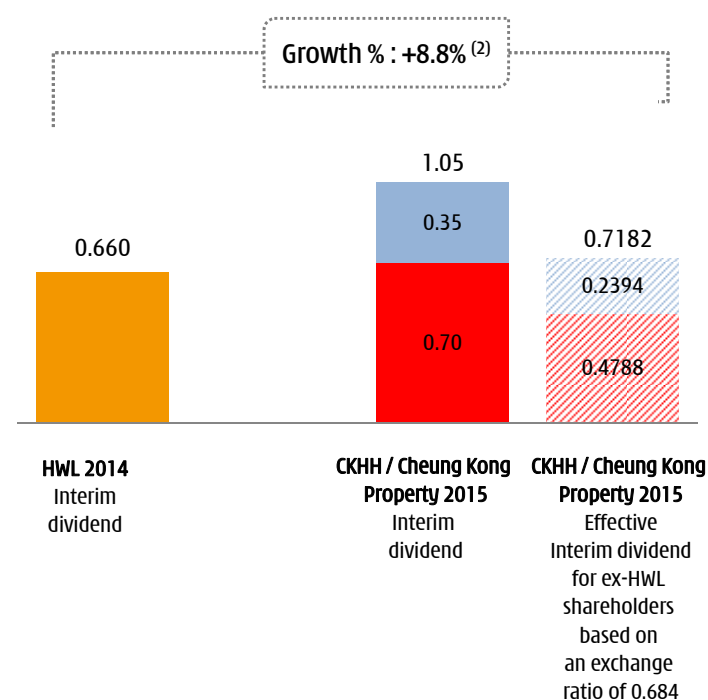
(in HK\$)

### Ex-CKH Shareholders



■ HWL ■ CKHH ■ Cheung Kong Property

### Ex-HWL Shareholders



(1): Growth % represents % increase in interim dividend per share assuming CKHH shareholders hold both their existing CKHH shares and the Cheung Kong Property shares received through the Reorganisation on the shareholders interim dividend entitlement record date for both companies. The CKHH interim dividend was determined with reference to the effective 2015 interim dividend per share to be received by ex-HWL shareholders, to ensure the total 2015 interim dividend per CKHH share plus 2015 interim dividend per Cheung Kong Property share is more than the total 2014 interim dividend per ex-CKH or ex-HWL share, excluding any special dividend paid in that year. As a result, this growth % is not reflective of the growth % for the 2015 full year total dividend per share of CKHH and Cheung Kong Property, however this will be still be more than the 2014 full year dividend per ex-CKH share, subject to the respective business results of CKHH and Cheung Kong Property.

(2): Growth % represents % increase in interim dividend per share assuming ex-HWL shareholders hold both CKHH and Cheung Kong Property shares received through the Reorganisation on the shareholder's interim dividend entitlement record date for both companies.

# CKHH / Cheung Kong Property

## FY 2015 Dividend Policy



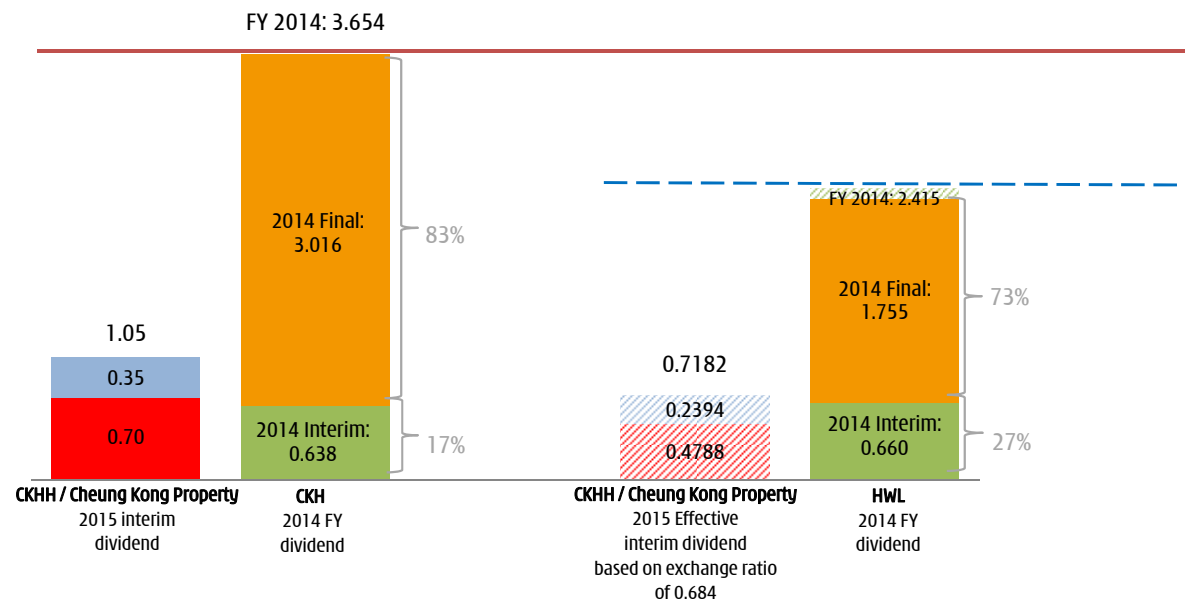
Subject to respective business results of CKHH and Cheung Kong Property, expected total dividend for 2015 will be more than total dividend for 2014 and the percentage increase will depend on 2015's final dividend

A recap of the 2014 dividends is shown below:

(in HK\$)

Ex-CKH Shareholders

Ex-HWL Shareholders



Minimum FY 2015 total CKHH / Cheung Kong Property dividend ~ HK\$3.654 per share

Effective minimum FY 2015 total CKHH / Cheung Kong Property dividend based on exchange ratio of 0.684 ~ HK\$2.499 per share

- Minimum Increment <sup>(1)</sup>
- CKHH
- Cheung Kong Property

(1): Minimum increment represents the minimum growth in CKHH / Cheung Kong Property 2015 full year dividend for ex-HWL shareholders in order to ensure the CKHH / Cheung Kong Property 2015 full year dividend received by ex-CKH shareholders in 2015 will be more than the total 2014 full year dividend per ex-CKH shares, subject to respective business results of CKHH and Cheung Kong Property.

# Financial Performance Summary

	Unaudited CKHH Management Pro forma Results <sup>(1)</sup> for the six months ended 30 June 2015 HK\$ millions	Unaudited HWL Results <sup>(2)</sup> for the six months ended 30 June 2014 HK\$ millions	Change %
<b>Total Revenue <sup>(3)</sup></b>			
Ports and related services <sup>(3)</sup>	17,190	17,270	-
Retail	74,926	77,398	-3%
Infrastructure	22,232	22,264	-
Husky Energy	17,829	28,660	-38%
3 Group Europe	30,573	31,063	-2%
Hutchison Telecommunications Hong Kong Holdings	11,020	6,227	77%
Hutchison Asia Telecommunications	3,179	3,506	-9%
Finance & Investments and Others	9,805	10,283	-5%
<b>Total Comparable Revenue</b>	<b>186,754</b>	<b>196,671</b>	<b>-5%</b>
Additional Contributions <sup>(4)</sup>	10,265	-	NA
<b>Total Revenue</b>	<b>197,019</b>	<b>196,671</b>	<b>-</b>
<b>EBITDA <sup>(3)</sup></b>			
Ports and related services <sup>(3)</sup>	6,048	5,607	8%
Retail	6,683	6,611	1%
Infrastructure	12,366	11,819	5%
Husky Energy	4,644	8,145	-43%
3 Group Europe	7,778	6,504	20%
Hutchison Telecommunications Hong Kong Holdings	1,506	1,230	22%
Hutchison Asia Telecommunications	411	502	-18%
Finance & Investments and Others	1,688	2,169	-22%
<b>Total Comparable EBITDA</b>	<b>41,124</b>	<b>42,587</b>	<b>-3%</b>
Additional Contributions <sup>(4)</sup>	5,041	-	NA
<b>Total EBITDA before profits on disposal of investments &amp; others</b>	<b>46,165</b>	<b>42,587</b>	<b>8%</b>
<b>EBIT <sup>(3)</sup></b>			
Ports and related services <sup>(3)</sup>	4,081	3,531	16%
Retail	5,453	5,336	2%
Infrastructure	9,470	8,945	6%
Husky Energy	865	4,329	-80%
3 Group Europe	4,924	2,282	116%
Hutchison Telecommunications Hong Kong Holdings	797	538	48%
Hutchison Asia Telecommunications	411	(76)	641%
Finance & Investments and Others	1,576	1,930	-18%
<b>Total Comparable EBIT before profits on disposal of investments &amp; others</b>	<b>27,577</b>	<b>26,815</b>	<b>3%</b>
Additional Contributions <sup>(4)</sup>	3,100	-	NA
<b>Total EBIT before profits on disposal of investments &amp; others</b>	<b>30,677</b>	<b>26,815</b>	<b>14%</b>
Interest expenses and other finance costs <sup>(5)</sup>	(6,295)	(7,142)	12%
<b>Profit Before Tax</b>	<b>24,382</b>	<b>19,673</b>	<b>24%</b>
Tax <sup>(5)</sup>			
Current tax	(2,840)	(3,793)	25%
Deferred tax	(1,487)	(1,474)	-1%
	(4,327)	(5,267)	18%
<b>Profit after tax</b>	<b>20,055</b>	<b>14,406</b>	<b>39%</b>
Non-controlling interests and perpetual capital securities holders' interests	(5,117)	(4,186)	-22%
<b>Profit attributable to ordinary shareholders before profits on disposal of investments &amp; others ("Recurring NPAT")</b>	<b>14,938</b>	<b>10,220</b>	<b>46%</b>
- Comparable results	13,560	10,220	33%
- Additional Contributions	1,378	-	NA
Profits on disposal of investments & others, after tax <sup>(6)</sup>	(482)	14,921	-103%
<b>Profit attributable to ordinary shareholders ("NPAT")</b>	<b>14,456</b>	<b>25,141</b>	<b>-43%</b>
- Comparable results	13,078	25,141	-48%
- Additional Contributions	1,378	-	NA
<b>Reconciliation to reported HWL results for the six months ended 30 June 2014</b>			
<b>Revenue</b>		196,671	
Total Comparable results		196,671	
Discontinued businesses results <sup>(5)</sup>		7,814	
Total HWL results for the six months ended 30 June 2014 as reported		<u>204,485</u>	
<b>EBITDA</b>		42,587	
Total Comparable results		42,587	
Discontinued businesses results <sup>(5)</sup>		4,225	
Total HWL results for the six months ended 30 June 2014 as reported		<u>46,812</u>	
<b>EBIT</b>		26,815	
Total Comparable results		26,815	
Discontinued businesses results <sup>(5)</sup>		4,055	
Total HWL results for the six months ended 30 June 2014 as reported		<u>30,870</u>	
<b>Recurring NPAT</b>		10,220	
Total Comparable results		10,220	
Discontinued businesses results <sup>(5)</sup>		3,302	
Total HWL results for the six months ended 30 June 2014 as reported		<u>13,522</u>	
<b>NPAT</b>		25,141	
Total Comparable results		25,141	
Discontinued businesses results <sup>(5)</sup>		3,302	
Total HWL results for the six months ended 30 June 2014 as reported		<u>28,443</u>	

Note 1: Unaudited CKHH management pro forma results for the six months ended 30 June 2015 presented above assume that the Reorganisation was effective as at 1 January 2015. This presentation is consistent with the way the Group manages its businesses and enables the Group's underlying performance to be evaluated on a comparable basis, and has been prepared in accordance with the accounting policies of the Group as set out in note 3 of the statutory interim financial statements. See Reconciliation from CKHH Statutory Results to CKHH Management Pro forma Results for the six months ended 30 June 2015 for details.

Note 2: Unaudited HWL results for the six months ended 30 June 2014 as reported in the Financial Performance Summary presented in HWL's 2014 Interim Report, excluding discontinued property and hotels businesses.

Note 3: Total revenue, earning before interest expenses and other finance costs, tax, depreciation and amortisation ("EBITDA") and earning before interest expenses and other finance costs and tax ("EBIT"). Interest expenses and other finance costs and tax include the Group's proportionate share of associated companies and joint ventures' respective items. Total revenue, EBITDA and EBIT were adjusted to exclude non-controlling interests' share of results of HPH Trust.

Note 4: To enable a better comparison of underlying performance, comparable revenue, EBITDA and EBIT exclude discontinued businesses and Additional Contributions. Additional Contributions include six months of the results as shown in table below, assuming the Reorganisation was effective as at 1 January 2015 (see (1) above). See note 1 to the statutory interim financial statements for the details of the Reorganisation.

	Revenue	EBITDA	EBIT	Recurring NPAT
Ports and related services	118	56	30	18
Infrastructure	5,458	3,679	2,517	1,347
Energy	3,272	852	159	111
Telecommunications	38	9	(12)	(11)
Finance & Investments and Others	1,379	445	406	(87)
Total Additional Contributions	<u>10,265</u>	<u>5,041</u>	<u>3,100</u>	<u>1,378</u>

Note 5: Discontinued businesses are businesses carried on by HWL in the first half of 2014 that are not carried on by CKHH following the Reorganisation, including property and related businesses of HWL.

Note 6: Profits on disposal of investments & others, after tax for the six months ended 30 June 2015 comprise the Group's Hutchison Telecommunications (Australia) ("HTAL")'s 50% share of Vodafone Hutchison Australia ("VHA")'s operating losses of HK\$482 million. The comparative HWL first half of 2014 of HK\$14,921 million comprises HWL's share of the gain arising from separate listing of the Hong Kong electricity business of HK\$16,066 million, partly offset by HTAL's losses for the first half of 2014 of HK\$493 million and certain provisions made for other businesses.

# Reconciliation from CKHH Statutory Results to CKHH Management Pro forma Results

For the six months ended 30 June 2015

	Adjustments to CKHH Management Pro forma <sup>(2)</sup>					CKHH Operating segment information - management pro forma basis <sup>(2)</sup>	Presentation adjustments	CKHH Financial Performance Summary - management pro forma basis <sup>(2)</sup>
	CKHH Operating segment information - statutory basis <sup>(1)</sup>	50.03% share of HWL <sup>(3)</sup>	Accounting for co-owned entities and investments <sup>(4)</sup>	Additional 6.23% share of Husky	Fair value adjustment on acquisition <sup>(5)</sup>			
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions			
<b>Total Revenue</b>								
Ports and related services	10,273	6,938	97	-	-	17,308	(118)	17,190
Retail	44,737	30,189	-	-	-	74,926	-	74,926
Infrastructure	18,115	9,107	468	-	-	27,690	(5,458)	22,232
Husky Energy	10,692	7,616	-	2,793	-	21,101	(3,272)	17,829
3 Group Europe	17,926	12,647	-	-	-	30,573	-	30,573
Hutchison Telecommunications Hong Kong Holdings	6,456	4,570	32	-	-	11,058	(38)	11,020
Hutchison Asia Telecommunications	1,771	1,408	-	-	-	3,179	-	3,179
Finance & Investments and Others	7,280	3,951	(47)	-	-	11,184	(1,379)	9,805
<b>Total Comparable Revenue</b>	<b>117,250</b>	<b>76,426</b>	<b>550</b>	<b>2,793</b>	<b>-</b>	<b>197,019</b>	<b>(10,265)</b>	<b>186,754</b>
Additional Contributions	-	-	-	-	-	-	10,265	10,265
<b>Total Revenue</b>	<b>117,250</b>	<b>76,426</b>	<b>550</b>	<b>2,793</b>	<b>-</b>	<b>197,019</b>	<b>-</b>	<b>197,019</b>
<b>EBITDA</b>								
Ports and related services	3,616	2,410	45	-	33	6,104	(56)	6,048
Retail	4,103	2,580	-	-	-	6,683	-	6,683
Infrastructure	10,436	5,058	542	-	9	16,045	(3,679)	12,366
Husky Energy	3,020	1,812	-	664	-	5,496	(852)	4,644
3 Group Europe	4,634	3,082	-	-	62	7,778	-	7,778
Hutchison Telecommunications Hong Kong Holdings	872	636	7	-	-	1,515	(9)	1,506
Hutchison Asia Telecommunications	104	(1)	-	-	308	411	-	411
Finance & Investments and Others	1,318	873	(58)	-	-	2,133	(445)	1,688
<b>Total Comparable EBITDA</b>	<b>28,103</b>	<b>16,450</b>	<b>536</b>	<b>664</b>	<b>412</b>	<b>46,165</b>	<b>(5,041)</b>	<b>41,124</b>
Additional Contributions	-	-	-	-	-	-	5,041	5,041
<b>Total EBITDA before profits on disposal of investments &amp; others</b>	<b>28,103</b>	<b>16,450</b>	<b>536</b>	<b>664</b>	<b>412</b>	<b>46,165</b>	<b>-</b>	<b>46,165</b>
<b>EBIT</b>								
Ports and related services	2,396	1,611	23	-	81	4,111	(30)	4,081
Retail	3,371	2,082	-	-	-	5,453	-	5,453
Infrastructure	7,680	3,852	382	-	73	11,987	(2,517)	9,470
Husky Energy	591	138	-	88	207	1,024	(159)	865
3 Group Europe	2,448	1,403	-	-	1,073	4,924	-	4,924
Hutchison Telecommunications Hong Kong Holdings	455	340	(10)	-	-	785	12	797
Hutchison Asia Telecommunications	(144)	(248)	-	-	803	411	-	411
Finance & Investments and Others	1,162	785	(45)	-	80	1,982	(406)	1,576
<b>Total Comparable EBIT before profits on disposal of investments &amp; others</b>	<b>17,959</b>	<b>9,963</b>	<b>350</b>	<b>88</b>	<b>2,317</b>	<b>30,677</b>	<b>(3,100)</b>	<b>27,577</b>
Additional Contributions	-	-	-	-	-	-	3,100	3,100
<b>Total EBIT before profits on disposal of investments &amp; others</b>	<b>17,959</b>	<b>9,963</b>	<b>350</b>	<b>88</b>	<b>2,317</b>	<b>30,677</b>	<b>-</b>	<b>30,677</b>
Interest Expenses and finance costs	(4,492)	(2,746)	(217)	(40)	1,200	(6,295)	-	(6,295)
Profit Before Tax	13,467	7,217	133	48	3,517	24,382	-	24,382
Tax								
Current tax	(1,695)	(1,155)	75	(65)	-	(2,840)	-	(2,840)
Deferred tax	(1,225)	52	(46)	119	(387)	(1,487)	-	(1,487)
	(2,920)	(1,103)	29	54	(387)	(4,327)	-	(4,327)
Profit after tax	10,547	6,114	162	102	3,130	20,055	-	20,055
Non-controlling interests and perpetual capital securities holders' interests	(3,005)	(1,855)	(143)	-	(48)	(5,051)	(66)	(5,117)
<b>Profit attributable to ordinary shareholders before profits on disposal of investments &amp; others</b>	<b>7,542</b>	<b>4,259</b>	<b>19</b>	<b>102</b>	<b>3,082</b>	<b>15,004</b>	<b>(66)</b>	<b>14,938</b>
- Comparable results	7,542	4,259	19	102	3,082	15,004	(1,444)	13,560
- Additional Contributions	-	-	-	-	-	-	1,378	1,378
<b>Profits on disposal of investments &amp; others, after tax</b>	<b>13,935</b>	<b>(14,483)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(548)</b>	<b>66</b>	<b>(482)</b>
<b>Profit attributable to ordinary shareholders</b>	<b>21,477</b>	<b>(10,224)</b>	<b>19</b>	<b>102</b>	<b>3,082</b>	<b>14,456</b>	<b>-</b>	<b>14,456</b>
- Comparable results	21,477	(10,224)	19	102	3,082	14,456	(1,378)	13,078
- Additional Contributions	-	-	-	-	-	-	1,378	1,378
<b>Profit attributable to ordinary shareholders</b>								
- Discontinued Operations	80,381							
	<b>101,858</b>							

Note 1: CKHH's statutory results for the six months ended 30 June 2015 reflects the Reorganisation that occurred on 3 June 2015. See note 5 of the statutory interim financial statements for the operating segmental information disclosure on a statutory basis.

Note 2: The CKHH management pro forma results assume that the Reorganisation was effective as at 1 January 2015 and the pro forma adjustments made to the statutory basis represent the additional five months effect on the Group's results. The cost of Reorganisation of HK\$640 million was not included in the above pro forma results. This presentation is consistent with the way the Group manages the businesses and enables the Group's underlying performance to be evaluated on a comparable basis and has been prepared in accordance with the accounting policies of the Group as set out in note 3 of the statutory interim financial statements.

Note 3: The 50.03% share of HWL adjustments represent the Group's additional share of 50.03% of HWL (Total 100% share of the results of HWL's business continued by CKHH from January 2015 to May 2015 is included in the pro forma results) assuming the Reorganisation was effective from 1 January 2015. The net gain arising on the Group's re-measurement of 49.97% of HWL upon Reorganisation, as reported under the statutory basis, was not included under the Pro forma results.

Note 4: The Accounting for co-owned entities and investments adjustments mainly represent the consolidation of three co-owned infrastructure assets: Northumbrian Water, Park'N Fly as subsidiary companies effective from 1 January 2015; and UK Rails as subsidiary company effective upon acquisition in April 2015.

Note 5: The Fair value adjustment on acquisition represents the additional five-month impact on the Group's results as a result of the fair value adjustments on the carrying values of the identifiable assets and liabilities of HWL that mainly resulted in lower depreciation and amortisation of telecommunication and other assets, lower effective interest rates as well as other consolidation adjustments.