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# Hutchison Whampoa Limited

(incorporated in Hong Kong with limited liability)  
(Stock Code: 13)

## UNAUDITED RESULTS FOR THE PERIOD ENDED 30 JUNE 2012

### HIGHLIGHTS

	<b>For the six months ended June 2012 HK\$ millions</b>	For the six months ended June 2011 HK\$ millions (restated)	Change
Total revenue <sup>1,2,3</sup>	<b>194,993</b>	183,387	+6%
EBITDA <sup>1,2</sup>	<b>40,487</b>	37,611	+8%
EBIT <sup>1,2</sup>	<b>25,967</b>	23,522	+10%
Profit attributable to ordinary shareholders, before property revaluation and profits on disposal of investments and others	<b>9,825</b>	8,715	+13%
Property revaluation after tax	<b>383</b>	401	-4%
Profit attributable to ordinary shareholders, before profits on disposal of investments and others	<b>10,208</b>	9,116	+12%
Profits on disposal of investments and others after tax	<b>-</b>	37,180	-100%
Profit attributable to ordinary shareholders	<b>10,208</b>	46,296	-78%

No profits on disposal of investments and others were recorded in 2012. Profits on disposal of investments and others in 2011 were HK\$37,180 million, primarily due to the Initial Public Offering ("IPO") of the HPH Trust.

Earnings per share	HK\$2.39	HK\$10.86	-78%
Recurring earnings per share <sup>4</sup>	HK\$2.30	HK\$2.04	+13%
Interim dividend per share	HK\$0.55	HK\$0.55	-

Note 1: 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 share of associated companies' and jointly controlled entities' revenue, EBITDA and EBIT respectively.

Note 2: To enable a better comparison of underlying performance for each division, comparable revenue, EBITDA and EBIT for the first six months of 2011 only reflect the Group's attributable share of results based on the effective shareholdings in HPH Trust / HPH Trust operations during the first six months of 2012 and EBIT also includes the additional depreciation in the first six months of 2012 on marking HPH Trust's assets to fair value on IPO so that the period-on-period changes can be calculated on a like-for-like basis. The Group's actual effective share during the first six months of 2011 in excess of the Group's share of the respective item based on the effective shareholdings in HPH Trust / HPH Trust operations during the first six months of 2012 as calculated above is included in the Group's total revenue, EBITDA and EBIT respectively.

Note 3: Revenue reduced by HK\$3,972 million for the period ended 30 June 2011 due to reclassification adjustments made by Husky Energy to its 2011 reported revenue and expenses following a change in presentation adopted by Husky Energy in 2012.

Note 4: Recurring earnings per share is calculated based on profit attributable to ordinary shareholders excluding the profits on investment property revaluation after tax and disposal of investments and others after tax.

- Total revenue grew 6% to HK\$194,993 million.
- EBITDA and EBIT, before property revaluation gains and profits on disposal of investments and others, grew 8% and 10% respectively.
- Profit attributable to ordinary shareholders and earnings per share, before property revaluation gains and profits on disposal of investments and others, grew 13%.

## CHAIRMAN'S STATEMENT

The Group's operations continued to perform well in the first half of 2012 despite deteriorating global economic conditions that affect many of the markets and sectors in which we operate to varying degrees. The Group's businesses demonstrated resilience with all major operating divisions reporting recurring revenue, earnings and cash flow growth excepting only our associate Husky Energy Inc. ("Husky Energy") and joint venture Vodafone Hutchison Australia ("VHA").

### Results

Excluding the profits on investment property revaluation after tax for both periods and the disposal of investments and others of HK\$37,180 million for the first half of 2011, the recurring profit attributable to ordinary shareholders was 13% higher than the results in the first half of 2011 and recurring earnings per share was HK\$2.30.

No profits on disposal of investments and others were recorded in the first half of 2012. Profit attributable to ordinary shareholders for the first half of 2012 was HK\$10,208 million. Profits on disposal of investments and others in the first half of 2011 were HK\$37,180 million primarily due to the IPO of the HPH Trust. Profit attributable to shareholders for the first half of 2011 was HK\$46,296 million.

### Dividends

The Board declares the payment of an interim dividend of HK\$0.55 per share (30 June 2011 – HK\$0.55 per share), payable on Friday, 14 September 2012 to those persons registered as shareholders of the Company on Thursday, 13 September 2012. The register of members of the Company will be closed from Thursday, 6 September 2012 to Thursday, 13 September 2012, both days inclusive.

### *Ports and Related Services*

The ports and related services division, which includes the Group's 80% interest in Hutchison Ports group of companies and its 27.6% interest in the HPH Trust / HPH Trust operations, reported a 2% increase in throughput to 37.0 million twenty-foot equivalent units during the first six months of 2012. Total revenue<sup>2</sup> of HK\$15,947 million, EBITDA<sup>2</sup> of HK\$5,482 million and EBIT<sup>2</sup> of HK\$3,702 million were 2%, 8% and 15% higher respectively when compared on a like-for-like basis<sup>2</sup> to the same period last year.

During the first half of 2012, the division acquired a 100% interest in Hutchison Ajman International Terminals in the United Arab Emirates. The new berth at Brisbane, Australia will commence operations in the fourth quarter of 2012, and two berths at Sydney are expected to come into operation in 2013. The first berth of Huizhou International Container Terminal will also commence operations in 2012. The new semi-automated terminal, Terminal Catalunya in Barcelona, Spain handled its first vessel in July 2012. The terminal is scheduled to be fully operational in 2013. A new additional berth at Westport Malaysia is expected to commence operations by the end of 2012.

Going forward, the ports and related services division will continue to focus on productivity gains, cost efficiency and selective new berth acquisition and development opportunities.

### *Property and Hotels*

The property and hotels division reported total revenue of HK\$9,211 million, a 24% increase compared to the first six months of 2011. EBITDA and EBIT increased 11% and 12% to HK\$4,981 million and HK\$4,795 million respectively.

The division's investment property portfolio comprises an attributable 12.0 million square foot portfolio of rental properties in Hong Kong and an attributable share of 2.5 million square foot portfolio in the Mainland and overseas. Reported gross rental income declined by 7% due to the sale of Beijing

Oriental Plaza to Hui Xian REIT in April 2011, as well as the disposal of Belvedere Garden and Provident Centre at the end of 2011. Excluding the contributions from the investment properties disposed of, the division reported income in the first half of 2012 that was marginally higher than that for the same period in 2011. Our portfolio is of a high quality and is well located, and I expect the division will continue to perform well in the second half of 2012 despite pressure on office rentals in Hong Kong.

The division's hotel portfolio of over 8,500 rooms in 11 hotels (the Group's attributable interest is approximately 5,300 rooms), reported strong revenue growth and very strong earnings growth. This reflects both healthy tourist arrivals in Hong Kong as well as continued focus on productivity and cost efficiency.

Our residential property development activities are principally focused on the Mainland, where Government initiatives aimed at preventing residential property price inflation continue to adversely affect market sentiment in the period. During the first six months of 2012, we completed an attributable share of approximately 4.1 million square feet in gross floor area ("GFA") of residential and commercial properties. In addition, the Group achieved contracted sales of an attributable interest of approximately 3.2 million square feet in GFA during the period and recognised property sales of an attributable interest of approximately 2.5 million square feet of developed properties. The division's current attributable landbank is approximately 95 million developable square feet, largely held through jointly controlled entities with Cheung Kong (Holdings) Ltd. We expect to complete an additional attributable share of approximately 6.8 million square feet in gross floor area of residential and commercial properties during the second half of 2012 in Hong Kong as well as in 12 cities in the Mainland including Chengdu, Chongqing, Dongguan, Tianjin and Xian.

### ***Retail***

The retail division delivered a very strong contribution to revenue, cashflow and earnings growth during the first half of 2012. Total revenue of HK\$71,059 million was 6% higher than for the same period last year. EBITDA increased 10% to HK\$5,198 million and EBIT increased 12% to HK\$3,998 million.

Despite the deteriorating economic conditions in Europe, the division's operations maintained growth in total sales, like-for-like sales and operating margin overall and in most major markets.

The division continued to report strong growth in Asia. The number of stores for the A.S. Watson Group worldwide now exceeds 10,200 in 33 markets.

Looking into the second half of 2012 and beyond, I expect the AS Watson Group to continue to expand its portfolio of retail stores.

### ***Cheung Kong Infrastructure ("CKI")***

CKI, our Hong Kong listed subsidiary, announced revenues (including its share of jointly controlled entities' revenue) of HK\$2,798 million and profit attributable to shareholders of HK\$4,686 million, a growth of 17% and 18% respectively over the same period last year.

CKI's investment in Northumbrian Water Group Limited, which completed in October 2011, provided accretive profit contribution, together with higher contribution from UK Power Networks, resulted in an increase in CKI's reported earnings and a corresponding increased contribution to the Group in the first half of 2012.

CKI will continue to grow existing operations organically and to acquire businesses with strong and recurrent returns to expand its portfolio and to maintain its strong balance sheet with steady cashflow and low gearing.

In July 2012, joint venture companies formed by CKI and its associated company, Power

Assets Holdings Limited, together with Cheung Kong (Holdings) Limited and Li Ka Shing Foundation Limited with respective shareholdings of 30%, 30%, 30% and 10%, entered into a share purchase agreement for the acquisition of MGN Gas Networks (UK) Limited (“MGN”). MGN indirectly holds the entire issued share capital of Wales and West Utilities Limited, which is principally engaged in the management of gas transportation assets, gas distribution and meter work services throughout Wales and the South West of England. Total acquisition consideration of this transaction is GBP645 million (approximately HK\$7,753 million). The completion of this transaction will be conditional on regulatory approval.

### ***Husky Energy***

Husky Energy, our associated company listed in Canada, announced revenues, net of royalties, of C\$11,373 million for the first six months of 2012, 8% higher than C\$10,568 million as restated for the first half of 2011. Average production in the first six months of 2012 was 301,000 barrels of oil equivalent per day (“BOEs per day”) compared to 311,000 BOEs per day in the first six months of 2011. Production in the first six months of 2012 was mainly impacted by lower crude oil production in the Atlantic Region due to the planned maintenance of the SeaRose and Terra Nova Floating, Production, Storage and Offloading vessels. Net earnings of C\$1,022 million in the first six months of 2012 were 21% lower than the same period last year mainly due to the gain on the sale of non-core assets and a property swap in the first half of 2011. Excluding this after-tax exceptional gain of C\$198 million, net earnings decreased 7% compared to the same period in 2011. The decrease is mainly due to lower production as a result of the Atlantic Region planned offstation turnarounds, lower commodity prices and refined product margins. The impacts of wider product and Western Canada location differentials were offset by the integration of Infrastructure and Marketing and Downstream operations.

### ***Hutchison Telecommunications Hong Kong***

Hutchison Telecommunications Hong Kong Holdings (“HTHKH”), our Hong Kong listed subsidiary operating in Hong Kong and in Macau announced revenue of HK\$6,730 million, an increase of 12% over the same period last year. EBITDA of HK\$1,457 million and EBIT of HK\$807 million, increased 17% and 18% respectively over the same period last year. The announced profit attributable to shareholders was HK\$568 million and earnings per share for the first half of 2012 were 11.79 HK cents, an increase of 15% compared to the same period last year.

HTHKH has a leading market share in its mobile businesses. As of 30 June 2012, active mobile customers were over 3.6 million in Hong Kong and Macau. Fixed line operations achieved a steady growth with increasing data traffic across all market segments in Hong Kong.

In May 2012, HTHKH’s mobile operation launched Long Term Evolution (“LTE”) services in Hong Kong and has acquired additional spectrum to ensure it is able to continue to lead in providing ultra high speed data services in mobility.

### ***Hutchison Asia Telecommunications***

As of 30 June 2012, Hutchison Asia Telecommunications (“HAT”) had a customer base of over 37.2 million and reported total revenue of HK\$1,628 million, LBITDA of HK\$47 million and LBIT of HK\$675 million.

HAT will continue to expand its network and services in Indonesia and Sri Lanka.

### ***Share of joint venture Vodafone Hutchison Australia***

Hutchison Telecommunications (Australia) (“HTAL”), our listed subsidiary in Australia, announced its 50% share of VHA’s total revenue of A\$1,035 million for the first six months of 2012, 9% lower than the same period last year. HTAL’s loss attributable to shareholders was A\$131 million, a 68% increase compared to same period last year.

HTAL continues to be affected by the poor performance of its joint venture, VHA, where despite significant network and operational improvements, challenging market conditions and continuing poor public perception of VHA have led to a continuing deterioration in the operating and financial performance in the first half of 2012. Although the management team is committed to achieving improvements, an increased loss, including the cost of restructuring activities, is now expected for the second half of the year.

### **3 Group Europe**

The Group's registered 3G customer base in Europe increased 3% during the period and currently totals over 22.2 million customers. 3 Group operations in Europe reported total revenue of HK\$27,990 million, which remained steady compared to the same period in 2011, while EBITDA and EBIT grew by 4% and 51% to HK\$4,099 million and HK\$1,371 million respectively. The reported growth in Hong Kong dollars has been adversely affected by the depreciation of the local currencies of the 3 Group Europe operations against the Hong Kong dollar. In local currencies, 3 Group Europe's total revenue grew by 6% due to the improved mix of higher value contract customers and its growing market share of the smartphone segment, which also led to a higher margin contribution. Together with stringent cost controls, EBITDA and EBIT grew by 11% and 66% in local currencies respectively, reflecting solid improvements in the underlying operating results of the 3 Group Europe operations.

Although economic conditions in Europe deteriorated during the first half, 3 Group Europe maintained good growth momentum. All 3 Group Europe companies seek to maintain leadership in network quality of service, and in particular data service access and speeds. Commercially, they remain focused on the acquisitions of high value and high margin contract customers. Operationally, the Group maintains strict cost and spending disciplines with a view to achieving maximum operating leverage. Benefits from further lowering of mobile

termination rates in the UK and Italy, together with the pending completion of the transition to a non-subsidised handset model in its customer base, are expected to favourably impact profitability in the second half of the year and significantly improve the contributions of 3 Group Europe to the Group's overall results going forward.

### **Finance & Investments and Others**

Contribution from this division represents returns earned on the Group's holdings of cash and liquid investments as well as results of other small operating units. The increase in contribution in the first six months of 2012 was mainly due to higher foreign exchange gains realised in 2012 and higher overall interest income as well as savings in operating expenses.

During the first six months of 2012, the Group raised HK\$60,708 million from the debt and capital markets and issues of shares by a subsidiary and repaid debts as they matured and repaid early certain other long-term borrowings and notes totalling HK\$20,227 million. At 30 June 2012, the Group's consolidated cash and liquid investments totalled HK\$116,518 million and consolidated debt amounted to HK\$240,318 million, resulting in consolidated net debt of HK\$123,800 million and net debt to net total capital ratio of 22.8% at 30 June 2012. The Group's consolidated cash and liquid investments as at 30 June 2012 was sufficient to repay all outstanding debt maturing through 2014 and approximately 70% of debt maturing in 2015.

## **Outlook**

In the first half, deteriorating economic conditions affected many of the markets and geographies in which we operate to varying degrees. Our core businesses and operations, which are spread over 53 countries, demonstrated resilience and maintained operating profit growth. The Group's operations in Europe, which are weighted in the UK and Western Europe and in ports, utilities, mass market health and beauty, as well as mobile telecommunications continued to grow in revenue, recurrent earnings and cash flow contributions. Despite the difficult economic situation in Europe and continued uncertainty in the global financial markets in the second half, barring unforeseen material adverse circumstances, I expect that the Group's business performance will continue to improve. The Group is well positioned for continued growth and will continue to invest and expand its core businesses. I have full confidence in the Group's outlook and future development.

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, 2 August 2012

**Hutchison Whampoa Limited**  
**Condensed Consolidated Income Statement**  
for the six months ended 30 June 2012

		<b>Unaudited</b>	
		<b>2012</b>	2011
	Note	HK\$ millions	HK\$ millions
Company and subsidiary companies:			
Revenue	3	<b>115,726</b>	112,332
Cost of inventories sold		<b>(46,869)</b>	(43,214)
Staff costs		<b>(15,621)</b>	(15,131)
Telecommunications customer acquisition costs		<b>(11,340)</b>	(10,400)
Depreciation and amortisation	3	<b>(6,820)</b>	(7,175)
Other operating expenses	3	<b>(24,747)</b>	(28,002)
Change in fair value of investment properties		-	-
Profits on disposal of investments and others	4	-	47,459
Share of profits less losses after tax of:			
Associated companies		<b>7,264</b>	7,115
Jointly controlled entities		<b>2,122</b>	3,055
	3	<b>19,715</b>	66,039
Interest expenses and other finance costs	5	<b>(4,445)</b>	(4,184)
<b>Profit before tax</b>		<b>15,270</b>	61,855
Current tax	6	<b>(1,056)</b>	(1,737)
Deferred tax	6	<b>(957)</b>	(367)
<b>Profit after tax</b>		<b>13,257</b>	59,751
<b>Allocated as :</b>			
<b>Profit attributable to non-controlling interests and holders of perpetual capital securities</b>		<b>(3,049)</b>	(13,455)
<b>Profit attributable to ordinary shareholders of the Company</b>	7	<b>10,208</b>	46,296
<b>Earnings per share for profit attributable to ordinary shareholders of the Company</b>			
	8	<b>HK\$ 2.39</b>	HK\$ 10.86

Details of interim dividend payable to the ordinary shareholders of the Company are set out in note 9.

**Hutchison Whampoa Limited**  
**Condensed Consolidated Statement of Financial Position**  
at 30 June 2012

		Unaudited 30 June 2012	Audited 31 December 2011
	Note	HK\$ millions	HK\$ millions
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets		157,016	155,502
Investment properties		42,657	42,610
Leasehold land		9,803	10,004
Telecommunications licences		75,765	75,503
Goodwill		25,765	26,338
Brand names and other rights		14,498	12,615
Associated companies		142,019	137,703
Interests in joint ventures		70,268	67,562
Deferred tax assets		15,881	16,992
Other non-current assets		9,981	10,184
Liquid funds and other listed investments		21,350	20,239
		<b>585,003</b>	<b>575,252</b>
<b>Current assets</b>			
Cash and cash equivalents	10	95,168	66,539
Trade and other receivables	11	57,702	60,345
Inventories		18,758	18,408
		<b>171,628</b>	<b>145,292</b>
<b>Current liabilities</b>			
Trade and other payables	12	74,751	78,093
Bank and other debts		52,547	28,835
Current tax liabilities		2,435	2,431
		<b>129,733</b>	<b>109,359</b>
<b>Net current assets</b>		<b>41,895</b>	<b>35,933</b>
<b>Total assets less current liabilities</b>		<b>626,898</b>	<b>611,185</b>
<b>Non-current liabilities</b>			
Bank and other debts		192,304	189,719
Interest bearing loans from non-controlling shareholders		6,374	6,502
Deferred tax liabilities		8,819	8,893
Pension obligations		3,005	2,992
Other non-current liabilities		5,207	4,296
		<b>215,709</b>	<b>212,402</b>
<b>Net assets</b>		<b>411,189</b>	<b>398,783</b>
<b>CAPITAL AND RESERVES</b>			
Share capital		1,066	1,066
Perpetual capital securities		23,400	15,600
Reserves		343,202	342,946
<b>Total ordinary shareholders' funds and perpetual capital securities</b>		<b>367,668</b>	<b>359,612</b>
Non-controlling interests		43,521	39,171
<b>Total equity</b>		<b>411,189</b>	<b>398,783</b>



## Notes

### 1 Basis of preparation

These unaudited condensed interim accounts 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”) and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. These interim accounts should be read in conjunction with the 2011 annual accounts.

### 2 Significant accounting policies

These interim accounts have been prepared under the historical cost convention except for certain properties and financial instruments which are stated at fair values.

The accounting policies applied and methods of computation used in the preparation of these interim accounts are consistent with those used in the 2011 annual accounts, 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 2012. 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.

### 3 Operating segment information

The following presents information regarding the Group's operating segments for the six months ended 30 June 2012 and 2011. Saved as disclosed in the notes below, the column headed as Company and Subsidiaries refers to the Company and subsidiary companies' respective items and the column headed as Associates and JCE refers to the Group's share of associated companies' and jointly controlled entities' respective items.

Finance & Investments and others represents returns earned on the Group's holdings of cash and liquid investments and includes Hutchison Whampoa (China), Hutchison E-Commerce operations, listed subsidiary Hutchison China MediTech Limited, listed subsidiary Hutchison Harbour Ring and listed associate TOM Group and others, and is presented to reconcile to the totals included in the Group's income statement and statement of financial position.

With effect from 1 January 2012, the previously reported "3 Group" operating segment is represented as "3 Group Europe" and "Hutchison Telecommunications (Australia) Limited ("HTAL")". Prior period corresponding segment information that is presented for comparative purposes has been restated accordingly.

Revenue from external customers is after elimination of inter-segment revenue. The amount eliminated mainly attributable to Property and hotels is HK\$170 million (30 June 2011 - HK\$160 million) and Hutchison Telecommunications Hong Kong Holdings is HK\$53 million (30 June 2011 - HK\$61 million).

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

	Revenue							
	Six months ended 30 June 2012				Six months ended 30 June 2011			
	Company and Subsidiaries HK\$ millions	Associates and JCE HK\$ millions	Total HK\$ millions	%	Company and Subsidiaries HK\$ millions	Associates and JCE HK\$ millions	Total HK\$ millions	%
Ports and related services	12,457	3,490	15,947	8%	12,463	3,125	15,588	8%
Hutchison Ports Group other than HPH Trust operations	12,447	2,170	14,617	7%	12,006	2,334	14,340	7%
HPH Trust / HPH Trust operations <sup>#</sup>	10	1,320	1,330	1%	457	791	1,248	1%
Property and hotels	3,038	6,173	9,211	5%	2,925	4,479	7,404	4%
Retail	58,347	12,712	71,059	36%	55,261	11,964	67,225	37%
Cheung Kong Infrastructure	2,094	16,900	18,994	10%	1,745	12,482	14,227	8%
Husky Energy*	-	29,768	29,768	15%	-	29,309	29,309	16%
Hutchison Telecommunications Hong Kong Holdings	6,730	-	6,730	4%	6,018	-	6,018	3%
Hutchison Asia Telecommunications	1,628	-	1,628	1%	1,049	-	1,049	1%
HTAL - share of joint venture Vodafone Hutchison Australia	-	7,648	7,648	4%	-	8,689	8,689	5%
3 Group Europe	27,990	-	27,990	14%	28,069	-	28,069	15%
Finance & Investments and others	3,442	2,576	6,018	3%	3,092	2,028	5,120	3%
	<b>115,726</b>	<b>79,267</b>	<b>194,993</b>	<b>100%</b>	110,622	72,076	182,698	100%
Reconciliation item	-	-	-	-	648	41	689	-
	<b>115,726</b>	<b>79,267</b>	<b>194,993</b>	<b>100%</b>	111,270	72,117	183,387	100%
Non-controlling interests' share of HPH Trust / HPH Trust operations' revenue	-	406	406		1,062	272	1,334	
	<b>115,726</b>	<b>79,673</b>	<b>195,399</b>		<b>112,332</b>	<b>72,389</b>	<b>184,721</b>	

# represents the Group's attributable share of HPH Trust / HPH Trust operations' revenue based on the effective shareholdings in HPH Trust / HPH Trust operations during 2012. Comparable revenue for the six months ended 30 June 2011 reflects the Group's attributable share of results based on the effective shareholdings in HPH Trust / HPH Trust operations during the first six months of 2012 so that the period-on-period changes can be calculated on a like-for-like basis. Revenue reduced by HK\$406 million and HK\$2,023 million for the six months ended 30 June 2012 and 2011 respectively, being (1) HK\$689 million adjustment to reduce 2011 revenue to reflect the Group's share based on the effective shareholdings in HPH Trust / HPH Trust operations during 2012 shown under "Reconciliation item"; and (2) HK\$406 million and HK\$1,334 million adjustments to exclude non-controlling interests' share of revenue of HPH Trust / HPH Trust operations for the six months ended 30 June 2012 and 2011 respectively.

\* revenue reduced by HK\$3,972 million for the six months ended 30 June 2011 due to reclassification adjustments made by Husky Energy to its 2011 reported revenue and expenses following a change in presentation adopted by Husky Energy in 2012.

### 3 Operating segment information (continued)

(b) The Group uses two measures of segment results, EBITDA (see note 3(j)) and EBIT (see note 3(k)). The following is an analysis of the Group's results by operating segments by EBITDA:

	EBITDA (LBITDA) <sup>(j)</sup>							
	Six months ended 30 June 2012				Six months ended 30 June 2011			
	Company and Subsidiaries HK\$ millions	Associates and JCE HK\$ millions	Total HK\$ millions	%	Company and Subsidiaries HK\$ millions	Associates and JCE HK\$ millions	Total HK\$ millions	%
Ports and related services	3,678	1,804	5,482	13%	3,495	1,568	5,063	14%
Hutchison Ports Group other than HPH Trust operations	3,672	1,104	4,776	11%	3,260	1,109	4,369	12%
HPH Trust / HPH Trust operations <sup>#</sup>	6	700	706	2%	235	459	694	2%
Property and hotels	2,096	2,885	4,981	12%	1,547	2,950	4,497	12%
Retail	4,181	1,017	5,198	13%	3,814	904	4,718	13%
Cheung Kong Infrastructure	932	9,149	10,081	25%	1,042	7,341	8,383	22%
Husky Energy	-	7,212	7,212	18%	-	8,752	8,752	23%
Hutchison Telecommunications Hong Kong Holdings	1,451	6	1,457	4%	1,245	2	1,247	3%
Hutchison Asia Telecommunications	(47)	-	(47)	-	(543)	-	(543)	-1%
HTAL - share of joint venture Vodafone Hutchison Australia	(7)	875	868	2%	(2)	1,096	1,094	3%
3 Group Europe	4,104	(5)	4,099	10%	3,949	-	3,949	10%
Finance & Investments and others	314	842	1,156	3%	(463)	529	66	-
	16,702	23,785	40,487	100%	14,084	23,142	37,226	99%
Reconciliation item	-	-	-	-	364	21	385	1%
EBITDA before property revaluation and profits on disposal of investments and others	16,702	23,785	40,487	100%	14,448	23,163	37,611	100%
Dilution gain arising from spin-off and separate listing of HPH Trust (see note 4(a))	-	-	-		55,644	-	55,644	
Non-controlling interests' share of HPH Trust / HPH Trust operations' EBITDA	-	277	277		680	186	866	
<b>EBITDA</b>	<b>16,702</b>	<b>24,062</b>	<b>40,764</b>		<b>70,772</b>	<b>23,349</b>	<b>94,121</b>	
Less: Depreciation and amortisation	(6,820)	(8,256)	(15,076)		(7,175)	(7,560)	(14,735)	
Add: One-time gains <sup>(1)</sup>	447	-	447		457	-	457	
Change in fair value of investment properties	-	383	383		-	501	501	
Provision for impairment on certain port assets (see note 4(b))	-	-	-		(8,185)	-	(8,185)	
Group's share of the following income statement items of associated companies and jointly controlled entities:								
Interest expenses and other finance costs	-	(3,431)	(3,431)		-	(2,850)	(2,850)	
Current tax	-	(2,472)	(2,472)		-	(2,112)	(2,112)	
Deferred tax	-	(747)	(747)		-	(1,064)	(1,064)	
Non-controlling interests	-	(153)	(153)		-	(94)	(94)	
	<b>10,329</b>	<b>9,386</b>	<b>19,715</b>		<b>55,869</b>	<b>10,170</b>	<b>66,039</b>	

# represents the Group's attributable share of HPH Trust / HPH Trust operations' EBITDA based on the effective shareholdings in HPH Trust / HPH Trust operations during 2012. Comparable EBITDA for the six months ended 30 June 2011 reflects the Group's attributable share of results based on the effective shareholdings in HPH Trust / HPH Trust operations during the first six months of 2012 so that the period-on-period changes can be calculated on a like-for-like basis. EBITDA reduced by HK\$277 million and HK\$1,251 million for the six months ended 30 June 2012 and 2011 respectively, being (1) HK\$385 million adjustment to reduce 2011 EBITDA to reflect the Group's share based on the effective shareholdings in HPH Trust / HPH Trust operations during 2012 shown under "Reconciliation item"; and (2) HK\$277 million and HK\$866 million adjustments to exclude non-controlling interests' share of EBITDA of HPH Trust / HPH Trust operations for the six months ended 30 June 2012 and 2011 respectively.

### 3 Operating segment information (continued)

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

	EBIT (LBIT) <sup>(k)</sup>							
	Six months ended 30 June 2012				Six months ended 30 June 2011			
	Company and Subsidiaries HK\$ millions	Associates and JCE HK\$ millions	Total HK\$ millions	%	Company and Subsidiaries HK\$ millions	Associates and JCE HK\$ millions	Total HK\$ millions	%
Ports and related services	2,495	1,207	3,702	14%	2,157	1,073	3,230	14%
Hutchison Ports Group other than HPH Trust operations	2,489	794	3,283	12%	2,042	784	2,826	12%
HPH Trust / HPH Trust operations <sup>#</sup>	6	413	419	2%	115	289	404	2%
Property and hotels	1,971	2,824	4,795	19%	1,420	2,876	4,296	18%
Retail	3,228	770	3,998	15%	2,883	672	3,555	15%
Cheung Kong Infrastructure	871	6,992	7,863	30%	970	5,594	6,564	28%
Husky Energy	-	3,725	3,725	14%	-	5,098	5,098	22%
Hutchison Telecommunications Hong Kong Holdings	806	1	807	3%	684	1	685	3%
Hutchison Asia Telecommunications	(675)	-	(675)	-2%	(1,011)	-	(1,011)	-4%
HTAL - share of joint venture Vodafone Hutchison Australia	(7)	(560)	(567)	-2%	(2)	(140)	(142)	-1%
<b>3 Group Europe<sup>(l)</sup></b>	<b>14,320</b>	<b>(5)</b>	<b>14,315</b>		<b>12,884</b>	<b>-</b>	<b>12,884</b>	
EBITDA before the following: Telecommunications CACs	<b>(10,216)</b>	<b>-</b>	<b>(10,216)</b>		<b>(8,935)</b>	<b>-</b>	<b>(8,935)</b>	
EBITDA before the following non-cash items:	<b>4,104</b>	<b>(5)</b>	<b>4,099</b>		<b>3,949</b>	<b>-</b>	<b>3,949</b>	
Depreciation	<b>(3,075)</b>	<b>-</b>	<b>(3,075)</b>		<b>(3,181)</b>	<b>-</b>	<b>(3,181)</b>	
Amortisation of licence fees and other rights	<b>(100)</b>	<b>-</b>	<b>(100)</b>		<b>(316)</b>	<b>-</b>	<b>(316)</b>	
One-time gains <sup>(l)</sup>	<b>447</b>	<b>-</b>	<b>447</b>		<b>457</b>	<b>-</b>	<b>457</b>	
EBIT (LBIT) - 3 Group Europe	<b>1,376</b>	<b>(5)</b>	<b>1,371</b>	<b>5%</b>	<b>909</b>	<b>-</b>	<b>909</b>	<b>4%</b>
Finance & Investments and others	<b>264</b>	<b>684</b>	<b>948</b>	<b>4%</b>	<b>(515)</b>	<b>475</b>	<b>(40)</b>	<b>-</b>
	<b>10,329</b>	<b>15,638</b>	<b>25,967</b>	<b>100%</b>	<b>7,495</b>	<b>15,649</b>	<b>23,144</b>	<b>99%</b>
Reconciliation item	-	-	-	-	361	17	378	1%
EBIT before property revaluation and profits on disposal of investments and others	<b>10,329</b>	<b>15,638</b>	<b>25,967</b>	<b>100%</b>	<b>7,856</b>	<b>15,666</b>	<b>23,522</b>	<b>100%</b>
Change in fair value of investment properties	-	383	383		-	501	501	
<b>EBIT</b>	<b>10,329</b>	<b>16,021</b>	<b>26,350</b>		<b>7,856</b>	<b>16,167</b>	<b>24,023</b>	
Group's share of profit on disposal of investments and others (see note 4)	-	-	-		37,180	-	37,180	
Non-controlling interests' share of profits on disposal of investments and others (see note 4)	-	-	-		10,279	-	10,279	
Non-controlling interests' share of HPH Trust / HPH Trust operations' EBIT	-	168	168		554	123	677	
Group's share of the following income statement items of associated companies and jointly controlled entities:								
Interest expenses and other finance costs	-	(3,431)	(3,431)		-	(2,850)	(2,850)	
Current tax	-	(2,472)	(2,472)		-	(2,112)	(2,112)	
Deferred tax	-	(747)	(747)		-	(1,064)	(1,064)	
Non-controlling interests	-	(153)	(153)		-	(94)	(94)	
	<b>10,329</b>	<b>9,386</b>	<b>19,715</b>		<b>55,869</b>	<b>10,170</b>	<b>66,039</b>	

# represents the Group's attributable share of HPH Trust / HPH Trust operations' EBIT based on the effective shareholdings in HPH Trust / HPH Trust operations during 2012. Comparable EBIT for the six months ended 30 June 2011 reflects the Group's attributable share of results based on the effective shareholdings in HPH Trust / HPH Trust operations during the first six months of 2012 and also includes the additional depreciation in the first six months of 2012 on marking HPH Trust's assets to fair value on Initial Public Offering ("IPO") so that the period-on-period changes can be calculated on a like-for-like basis. EBIT reduced by HK\$168 million and HK\$1,055 million for the six months ended 30 June 2012 and 2011 respectively, being (1) HK\$378 million adjustment to reduce 2011 EBIT to reflect the Group's share based on the effective shareholdings in HPH Trust / HPH Trust operations during 2012 and to adjust for the additional depreciation in 2012 on marking HPH Trust's assets to fair value on IPO, shown under "Reconciliation item"; and (2) HK\$168 million and HK\$677 million adjustments to exclude non-controlling interests' share of EBIT of HPH Trust / HPH Trust operations for the six months ended 30 June 2012 and 2011 respectively.

### 3 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 2012			Six months ended 30 June 2011		
	Company and Subsidiaries	Associates and JCE	Total	Company and Subsidiaries	Associates and JCE	Total
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
Ports and related services	1,183	597	1,780	1,338	495	1,833
Hutchison Ports Group other than HPH Trust operations	1,183	310	1,493	1,218	325	1,543
HPH Trust / HPH Trust operations <sup>#</sup>	-	287	287	120	170	290
Property and hotels	125	61	186	127	74	201
Retail	953	247	1,200	931	232	1,163
Cheung Kong Infrastructure	61	2,157	2,218	72	1,747	1,819
Husky Energy	-	3,487	3,487	-	3,654	3,654
Hutchison Telecommunications Hong Kong Holdings	645	5	650	561	1	562
Hutchison Asia Telecommunications	628	-	628	468	-	468
HTAL - share of joint venture Vodafone Hutchison Australia	-	1,435	1,435	-	1,236	1,236
3 Group Europe	3,175	-	3,175	3,497	-	3,497
Finance & Investments and others	50	158	208	52	54	106
	6,820	8,147	14,967	7,046	7,493	14,539
Reconciliation item	-	-	-	3	4	7
	6,820	8,147	14,967	7,049	7,497	14,546
Non-controlling interests' share of HPH Trust / HPH Trust operations' depreciation and amortisation	-	109	109	126	63	189
	6,820	8,256	15,076	7,175	7,560	14,735

# represents the Group's attributable share of HPH Trust / HPH Trust operations' depreciation and amortisation based on the effective shareholdings in HPH Trust / HPH Trust operations during 2012. Comparable depreciation and amortisation for the six months ended 30 June 2011 reflects the Group's attributable share of results based on the effective shareholdings in HPH Trust / HPH Trust operations during the first six months of 2012 and also includes the additional depreciation in the first six months of 2012 on marking HPH Trust's assets to fair value on IPO so that the period-on-period changes can be calculated on a like-for-like basis. Depreciation and amortisation reduced by HK\$109 million and HK\$196 million for the six months ended 30 June 2012 and 2011 respectively, being (1) HK\$7 million adjustment to reduce 2011 depreciation and amortisation to reflect the Group's share based on the effective shareholdings in HPH Trust / HPH Trust operations during 2012 and to adjust for the additional depreciation in 2012 on marking HPH Trust's assets to fair value on IPO, shown under "Reconciliation item"; and (2) HK\$109 million and HK\$189 million adjustments to exclude non-controlling interests' share of depreciation and amortisation of HPH Trust / HPH Trust operations for the six months ended 30 June 2012 and 2011 respectively.

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

	Capital expenditure							
	Six months ended 30 June 2012				Six months ended 30 June 2011			
	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	
Ports and related services	1,943	-	-	1,943	1,404	-	-	1,404
Hutchison Ports Group other than HPH Trust operations	1,943	-	-	1,943	1,264	-	-	1,264
HPH Trust / HPH Trust operations	-	-	-	-	140	-	-	140
Property and hotels	66	-	-	66	239	-	-	239
Retail	745	-	-	745	647	-	-	647
Cheung Kong Infrastructure	385	-	-	385	117	-	-	117
Husky Energy	-	-	-	-	-	-	-	-
Hutchison Telecommunications Hong Kong Holdings	567	150	4	721	464	1,080	59	1,603
Hutchison Asia Telecommunications	1,138	1	49	1,188	1,881	-	-	1,881
HTAL - share of joint venture Vodafone Hutchison Australia	-	-	-	-	-	-	-	-
3 Group Europe	5,446	1,443	11	6,900	3,765	924	4	4,693
Finance & Investments and others	13	-	-	13	65	-	-	65
	10,303	1,594	64	11,961	8,582	2,004	63	10,649

### 3 Operating segment information (continued)

#### Additional information in respect of geographical locations

In the second half of 2011, the Group has expanded its list of geographical locations for presentation of additional information. Prior period corresponding information that is presented for comparative purposes has been restated accordingly.

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

	Revenue							
	Six months ended 30 June 2012				Six months ended 30 June 2011			
	Company and Subsidiaries	Associates and JCE	Total	%	Company and Subsidiaries	Associates and JCE	Total	%
HK\$ millions	HK\$ millions	HK\$ millions		HK\$ millions	HK\$ millions	HK\$ millions		
Hong Kong	25,487	5,088	30,575	16%	23,514	5,640	29,154	16%
Mainland China	11,799	8,628	20,427	10%	10,304	4,895	15,199	8%
Europe	59,192	20,390	79,582	41%	60,087	17,520	77,607	42%
Canada	57	29,717	29,774	15%	63	29,228	29,291	16%
Asia, Australia and others	15,749	12,868	28,617	15%	14,210	12,806	27,016	15%
Finance & Investments and others	3,442	2,576	6,018	3%	3,092	2,028	5,120	3%
	<b>115,726</b>	<b>79,267</b>	<b>194,993</b> <sup>(1)</sup>	<b>100%</b>	<b>111,270</b>	<b>72,117</b>	<b>183,387</b> <sup>(1)</sup>	<b>100%</b>

(1) see note 3(a) for reconciliation to total revenues included in the Group's income statement.

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

	EBITDA (LBITDA) <sup>(j)</sup>							
	Six months ended 30 June 2012				Six months ended 30 June 2011			
	Company and Subsidiaries	Associates and JCE	Total	%	Company and Subsidiaries	Associates and JCE	Total	%
HK\$ millions	HK\$ millions	HK\$ millions		HK\$ millions	HK\$ millions	HK\$ millions		
Hong Kong	3,493	2,295	5,788	14%	3,588	2,508	6,096	16%
Mainland China	2,087	4,286	6,373	16%	1,499	3,836	5,335	14%
Europe	6,929	6,234	13,163	33%	6,708	4,660	11,368	31%
Canada	58	7,055	7,113	17%	63	8,568	8,631	23%
Asia, Australia and others	3,821	3,073	6,894	17%	3,053	3,062	6,115	16%
Finance & Investments and others	314	842	1,156	3%	(463)	529	66	-
EBITDA before property revaluation and profits on disposal of investments and others	<b>16,702</b>	<b>23,785</b>	<b>40,487</b> <sup>(2)</sup>	<b>100%</b>	<b>14,448</b>	<b>23,163</b>	<b>37,611</b> <sup>(2)</sup>	<b>100%</b>

(2) see note 3(b) for reconciliation to total EBITDA included in the Group's income statement.

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

	EBIT (LBIT) <sup>(k)</sup>							
	Six months ended 30 June 2012				Six months ended 30 June 2011			
	Company and Subsidiaries	Associates and JCE	Total	%	Company and Subsidiaries	Associates and JCE	Total	%
HK\$ millions	HK\$ millions	HK\$ millions		HK\$ millions	HK\$ millions	HK\$ millions		
Hong Kong	2,586	1,593	4,179	16%	2,694	1,893	4,587	19%
Mainland China	1,835	3,821	5,656	22%	1,238	3,406	4,644	20%
Europe	3,235	5,018	8,253	32%	2,682	3,787	6,469	28%
Canada	58	3,566	3,624	14%	63	4,922	4,985	21%
Asia, Australia and others	2,351	956	3,307	12%	1,694	1,183	2,877	12%
Finance & Investments and others	264	684	948	4%	(515)	475	(40)	-
EBIT before property revaluation and profits on disposal of investments and others	<b>10,329</b>	<b>15,638</b>	<b>25,967</b>	<b>100%</b>	<b>7,856</b>	<b>15,666</b>	<b>23,522</b>	<b>100%</b>
Change in fair value of investment properties	-	383	383		-	501	501	
<b>EBIT</b>	<b>10,329</b>	<b>16,021</b>	<b>26,350</b> <sup>(3)</sup>		<b>7,856</b>	<b>16,167</b>	<b>24,023</b> <sup>(3)</sup>	

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

### 3 Operating segment information (continued)

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

	Capital expenditure							
	Six months ended 30 June 2012				Six months ended 30 June 2011			
	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	760	150	4	914	844	1,080	51	1,975
Mainland China	770	-	-	770	408	-	-	408
Europe	6,406	1,443	11	7,860	4,437	924	4	5,365
Canada	-	-	-	-	-	-	-	-
Asia, Australia and others	2,354	1	49	2,404	2,828	-	8	2,836
Finance & Investments and others	13	-	-	13	65	-	-	65
	<b>10,303</b>	<b>1,594</b>	<b>64</b>	<b>11,961</b>	<b>8,582</b>	<b>2,004</b>	<b>63</b>	<b>10,649</b>

- (j) 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 jointly controlled entities except for HPH Trust / HPH Trust operations which are included based on the Group's effective share of EBITDA for these operations. 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 as determined in accordance with generally accepted accounting principles in Hong Kong.
- (k) 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 jointly controlled entities except for HPH Trust / HPH Trust operations which are included based on the Group's effective share of EBIT for these operations. 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.
- (l) Included in EBIT (LBIT) of 3 Group Europe for the six months ended 30 June 2012 is a one-time net gain of HK\$447 million from a network sharing arrangement, which includes a benefit of HK\$2,032 million from future cost savings arising from a right to share another Irish operator's mobile network, partially offset by a HK\$1,585 million mainly related to the restructuring of 3 Ireland's network infrastructure. Included in comparable EBIT (LBIT) of 3 Group Europe for the six months ended 30 June 2011 is a one-time net gain of HK\$457 million, comprising a benefit of HK\$1,843 million relating to two blocks of 5MHz of 1,800MHz spectrum assigned to 3 Italy in 2010, as a result of favourable changes in the licence terms in 2011, partially offset by a write-off of HK\$917 million due to an adverse court ruling on the incoming mobile termination rates by the Italian State Council and certain other one-off provisions amounting to HK\$469 million.

#### 4 Profits on disposal of investments and others

	Attributable to			Total HK\$ millions
	Ordinary shareholders of the Company HK\$ millions	Holders of perpetual capital securities HK\$ millions	Non-controlling interests HK\$ millions	
<b>Six months ended 30 June 2012</b>	-	-	-	-
Six months ended 30 June 2011				
Dilution gain arising from spin-off and separate listing of HPH Trust <sup>(a)</sup>	44,290	-	11,354	55,644
Provision for impairment on certain port assets <sup>(b)</sup>	(7,110)	-	(1,075)	(8,185)
	<b>37,180</b>	-	<b>10,279</b>	<b>47,459</b>

(a) The Group completed an initial public offering of units in HPH Trust and the units were listed on the Main Board of the Singapore Stock Exchange on 18 March 2011. Immediately following the completion of the spin-off and separate listing of HPH Trust, the Group retains a 27.6% interest in HPH Trust. Included in the HK\$55,644 million dilution gain arising from spin-off and separate listing of HPH Trust is the gain of HK\$17,625 million on remeasurement of the 27.6% retained interest from its carrying value to fair value.

(b) During the six months ended 30 June 2011, following the IPO of the HPH Trust, a strategic review of its ports portfolio, and assessment of the market opportunities, the Group recognised impairment charges on certain port assets. One-time impairment charges are recognised on these port assets in view of the performance, uncertain business climate and the continuing challenging trading environment faced by these operations. In aggregate the impairment charges amounted to HK\$8,185 million. The main classes of assets affected by these impairment charges are fixed assets and interests in joint ventures and associated companies.

#### 5 Interest expenses and other finance costs

	Six months ended 30 June	
	2012 HK\$ millions	2011 HK\$ millions
Interest on borrowings	<b>4,074</b>	3,895
Amortisation of loan facilities fees and premiums or discounts relating to borrowings	<b>150</b>	180
Notional non-cash interest accretion	<b>242</b>	141
Other finance costs	<b>30</b>	23
	<b>4,496</b>	4,239
Less: interest capitalised	<b>(51)</b>	(55)
	<b>4,445</b>	4,184

Notional non-cash interest accretion represents notional adjustments to accrete the carrying amount of certain obligations recognised in the statement of financial position such as asset retirement obligation to the present value of the estimated future cash flows expected to be required for their settlement in the future.



## 6 Tax

	Six months ended 30 June	
	2012	2011
	HK\$ millions	HK\$ millions
Current tax		
Hong Kong	128	227
Outside Hong Kong	928	1,510
	<b>1,056</b>	<b>1,737</b>
Deferred tax		
Hong Kong	112	211
Outside Hong Kong	845	156
	<b>957</b>	<b>367</b>
	<b>2,013</b>	<b>2,104</b>

Hong Kong profits tax has been provided for at the rate of 16.5% (30 June 2011 - 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.

## 7 Profit attributable to ordinary shareholders of the Company

Included in profit attributable to ordinary shareholders is a surplus of HK\$168 million (30 June 2011 - HK\$107 million) transferred from revaluation reserves upon disposal of the relevant investments.

## 8 Earnings per share for profit attributable to ordinary shareholders of the Company

The calculation of earnings per share is based on profit attributable to ordinary shareholders of the Company HK\$10,208 million (30 June 2011 - HK\$46,296 million) and on 4,263,370,780 shares in issue during the first half of 2012 (30 June 2011 - 4,263,370,780 shares).

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 2012. The employee share options of these subsidiary and associated companies outstanding as at 30 June 2012 did not have a dilutive effect on earnings per share.

## 9 Dividends

	Six months ended 30 June	
	2012	2011
	HK\$ millions	HK\$ millions
Interim dividend	2,345	2,345
Interim dividend per share	<b>HK\$ 0.55</b>	<b>HK\$ 0.55</b>

In addition, final dividend in respect of the 2011 year of HK\$1.53 per share (2010 - HK\$1.41 per share) totalling HK\$6,523 million (2010 - HK\$6,011 million) was approved and paid during the interim period.

## 10 Cash and cash equivalents

	30 June	31 December
	2012	2011
	HK\$ millions	HK\$ millions
Cash at bank and in hand	19,479	22,545
Short term bank deposits	75,689	43,994
	<b>95,168</b>	<b>66,539</b>

## 11 Trade and other receivables

	<b>30 June 2012</b>	31 December 2011
	<b>HK\$ millions</b>	HK\$ millions
Trade receivables	<b>24,282</b>	29,792
Less: provision for estimated impairment losses for bad debts	<b>(4,708)</b>	(6,048)
Trade receivables - net	<b>19,574</b>	23,744
Other receivables and prepayments	<b>37,718</b>	36,334
Fair value hedges		
Interest rate swaps	<b>229</b>	-
Cash flow hedges		
Forward foreign exchange contracts	<b>181</b>	267
	<b>57,702</b>	60,345

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.

At end of period, the ageing analysis of the trade receivables is as follows:

	<b>30 June 2012</b>	31 December 2011
	<b>HK\$ millions</b>	HK\$ millions
Less than 31 days	<b>11,985</b>	11,251
Within 31 to 60 days	<b>1,441</b>	1,487
Within 61 to 90 days	<b>632</b>	872
Over 90 days	<b>10,224</b>	16,182
	<b>24,282</b>	29,792

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. The carrying amount of these assets approximates their fair value. 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.

## 12 Trade and other payables

	<b>30 June 2012</b>	31 December 2011
	<b>HK\$ millions</b>	HK\$ millions
Trade payables	<b>19,183</b>	24,694
Other payables and accruals	<b>52,724</b>	51,663
Provisions	<b>2,287</b>	1,256
Interest free loans from non-controlling shareholders	<b>468</b>	468
Cash flow hedges		
Forward foreign exchange contracts	<b>89</b>	12
	<b>74,751</b>	78,093

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

	<b>30 June 2012</b>	31 December 2011
	<b>HK\$ millions</b>	HK\$ millions
Less than 31 days	<b>10,934</b>	14,124
Within 31 to 60 days	<b>2,806</b>	2,429
Within 61 to 90 days	<b>1,840</b>	1,248
Over 90 days	<b>3,603</b>	6,893
	<b>19,183</b>	24,694

## **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. The Group uses interest rate and foreign currency swaps and forward currency contracts as appropriate for risk management purposes only, for hedging transactions and for managing the Group's assets and liabilities. 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, which 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 2012, approximately 26% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 74% were at fixed rates. The Group has entered into various interest rate agreements with major financial institution counterparties to swap approximately HK\$75,053 million principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK\$4,011 million principal amount of floating interest rate borrowings were swapped to fixed interest rate borrowings. After taking into consideration these interest rate swaps, approximately 56% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 44% were at fixed rates at 30 June 2012.

### **Foreign Currency Exposure**

For overseas subsidiaries and 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 refinancing 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. During the period, the currencies of certain countries where the Group has overseas operations, including Euro, British pound, as well as Renminbi in the Mainland, fluctuated against the Hong Kong dollar. This gave rise to an unrealised loss of approximately HK\$3,693 million (30 June 2011 – gain of HK\$14,286 million) on translation of these operations' net assets to the Group's Hong Kong dollar reporting currency, including the Group's share of the translation gains and losses of associated companies and jointly controlled entities. This unrealised loss is reflected as a movement in the Consolidated Statement of Changes in Equity under the heading of exchange reserve.

At 30 June 2012, the Group had currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK\$28,593 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: 34% in US dollars, 33% in Euro, 20% in HK dollars, 7% 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, credit ratings and setting approved counterparty credit limits that are regularly reviewed.

The Group is also exposed to counterparties credit risk from its operating activities, which is 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. At 30 June 2012, our long-term credit ratings were A3 from Moody's, A- from Standard & Poor's and A- from Fitch.

#### 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 18% (31 December 2011 – approximately 23%) of the

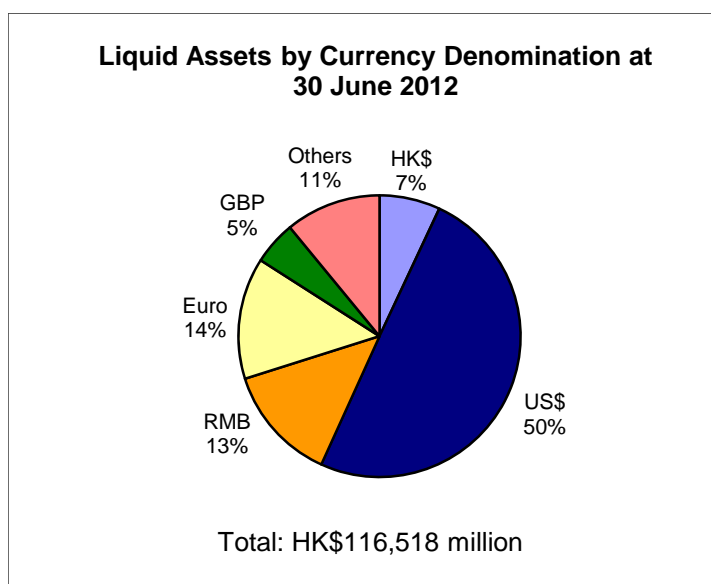
cash, liquid funds and other listed investments (“liquid assets”). The Group controls this risk through active monitoring of price movements and changes in market conditions that may have an impact on the value of these financial assets and instruments.

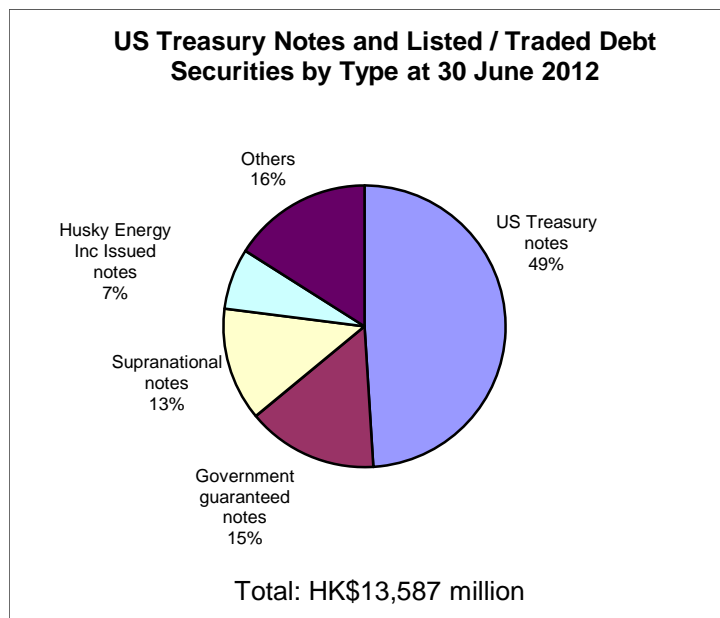
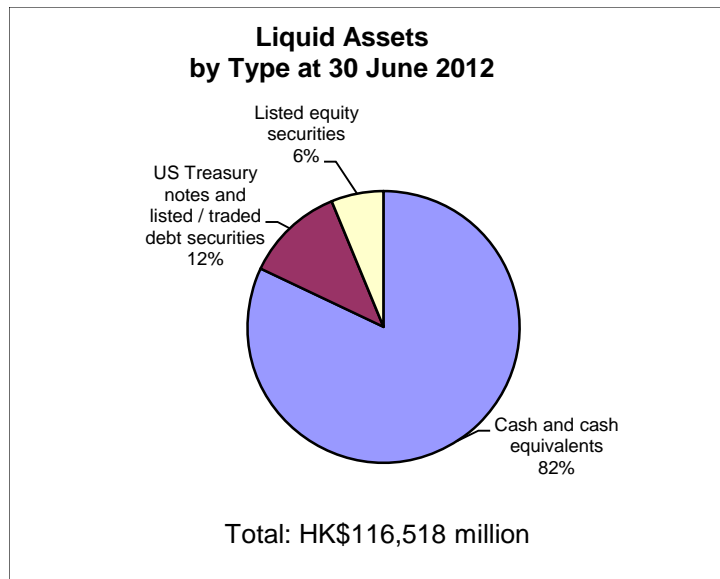
### Liquid Assets

The Group continues to be in a solid financial position. Liquid assets amounted to HK\$116,518 million at 30 June 2012, a 34% increase from the balance of HK\$86,778 million at 31 December 2011, mainly reflecting positive funds from operations from the Group’s businesses, cash from new borrowings, proceeds from the issue of perpetual capital securities, as well as from issues of perpetual capital securities and new shares by the Group’s listed subsidiary, CKI, net of the utilisation of cash for the repayment and early repayment of certain borrowings, dividend payments to ordinary and non-controlling shareholders as well as distributions to perpetual capital securities holders, and acquisition of fixed assets and investments. Liquid assets were denominated as to 7% in HK dollars, 50% in US dollars, 14% in Euro, 13% in Renminbi, 5% in British Pounds and 11% in other currencies.

Cash and cash equivalents represented 82% (31 December 2011 – 76%) of the liquid assets, US Treasury notes and listed / traded debt securities 12% (31 December 2011 – 16%), listed equity securities 6% (31 December 2011 – 7%) and long-term deposits and others nil (31 December 2011 – 1%).

The US Treasury notes and listed / traded debt securities, including those held under managed funds, consisted of US Treasury notes of 49%, government guaranteed notes of 15%, supranational notes of 13%, notes issued by the Group’s associated company, Husky Energy Inc of 7% and others of 16%. Of these US Treasury notes and listed / traded debt securities, 74% are rated at Aaa/AAA or Aa1/AA+ with an average maturity of 1.7 years on the overall portfolio. The Group has no exposure in mortgage-backed securities, collateralised debt obligations or similar asset classes.





### Cash Flow

Consolidated EBITDA before and after all telecommunications CACs amounted to HK\$54,078 million and HK\$40,764 million respectively for 30 June 2012, decreases of 50% and 57% respectively compared to HK\$107,212 million and HK\$94,121 million reported respectively for the same period last year. The decline is mainly due to the gain on initial public offering of HPH Trust of HK\$55,644 million included in last year's reported numbers. Total CACs of all of the Group's telecommunications operations amounted to HK\$13,314 million for the period, a 2% increase compared to the same period last year, reflecting the shift of customer mix acquired towards higher value smartphone customers. Consolidated funds from operations ("FFO") after all telecommunications CACs, but before cash profits from disposals, capital expenditures and changes in working capital amounted to HK\$15,150 million, a 22% increase compared to the same period last year.

The Group's capital expenditures increased 12% to total HK\$11,961 million (30 June 2011 – HK\$10,649 million), primarily due to higher capital expenditures for the acquisition of fixed assets, particularly in 3 Italy for its network capacity expansion and enhancement. Capital expenditures on fixed assets for the ports and related services division amounted to HK\$1,943 million (30 June 2011 – HK\$1,404 million); for the property and hotels division HK\$66 million (30 June 2011 – HK\$239 million); for the retail division HK\$745 million (30 June 2011 – HK\$647 million); for CKI HK\$385 million (30 June 2011 – HK\$117 million); for Hutchison Telecommunications Hong Kong Holdings (“HTHKH”) HK\$567 million (30 June 2011 – HK\$464 million); for HAT HK\$1,138 million (30 June 2011 – HK\$1,881 million); for 3 Group Europe HK\$5,446 million (30 June 2011 – HK\$3,765 million); and for the finance and investments and others HK\$13 million (30 June 2011 – HK\$65 million). Capital expenditures for telecommunications licences, brand names and other rights for HTHKH HK\$154 million (30 June 2011 – HK\$1,139 million); for HAT HK\$50 million (30 June 2011 – nil) and for 3 Group Europe HK\$1,454 million (30 June 2011 – HK\$928 million).

Purchases of and advances to (including deposits from) associated companies and jointly controlled entities totalled HK\$2,804 million (30 June 2011 – HK\$6,928 million), mainly due to lower advances to property joint ventures in the first six months of 2012 as well as the investment by the Group to take up approximately C\$100 million of a private share placement by Husky Energy in the first half of 2011.

The capital expenditures and investments of the Group are primarily funded by cash generated from operations, cash on hand and to the extent appropriate, by external borrowings.

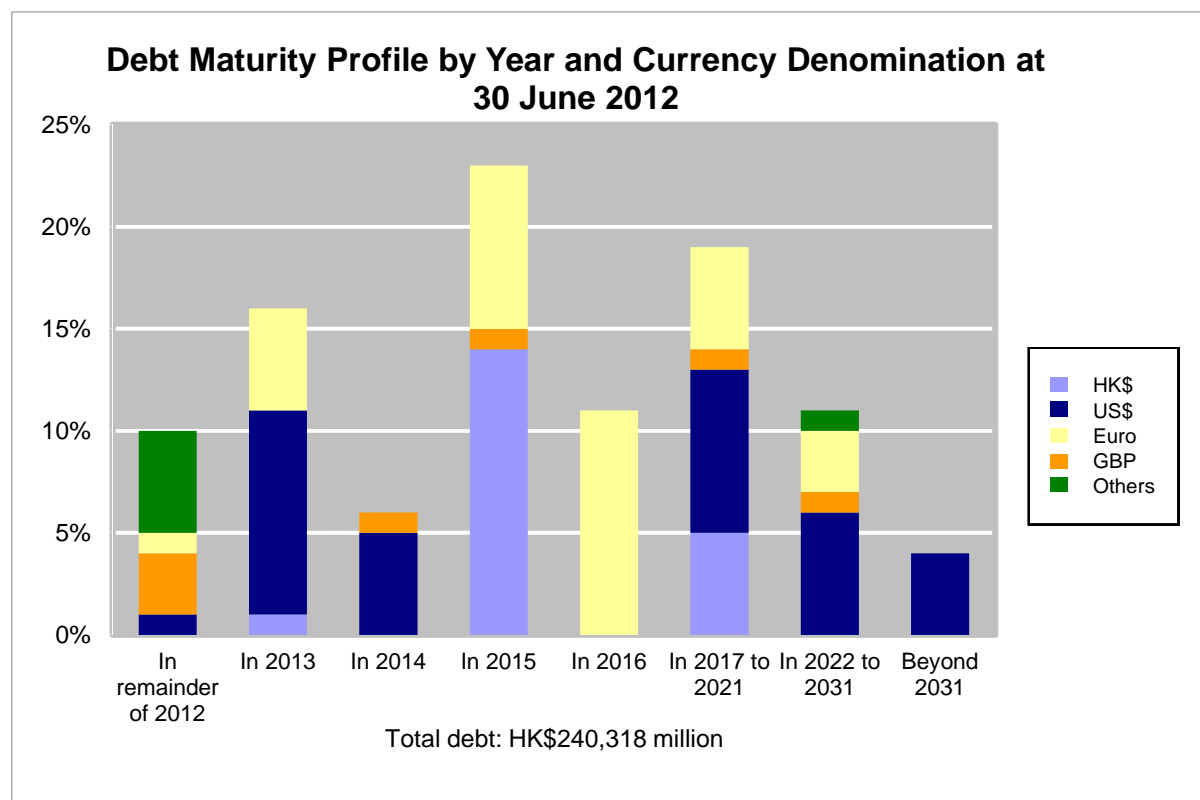
### **Debt Maturity and Currency Profile**

The Group's total principal amount of bank and other debts at 30 June 2012 increased 12% to total HK\$240,318 million (31 December 2011 – HK\$213,854 million), of which 73% (31 December 2011 – 65%) are notes and bonds and 27% (31 December 2011 – 35%) are bank and other loans. The net increase in principal amount of bank and other debts was primarily due to new borrowings of HK\$48,431 million, partly offset by the repayment of debts as they matured and also early repayment of certain debts totalling HK\$20,227 million and the favourable impact of HK\$2,020 million upon translation of foreign currency-denominated loans to Hong Kong dollars. The Group's weighted average cost of debt at 30 June 2012 increased by 0.2%-points to 3.5% (31 December 2011 – 3.3%). Interest bearing loans from non-controlling shareholders, which are viewed as quasi-equity, totalled HK\$6,374 million at 30 June 2012 (31 December 2011 – HK\$6,502 million).

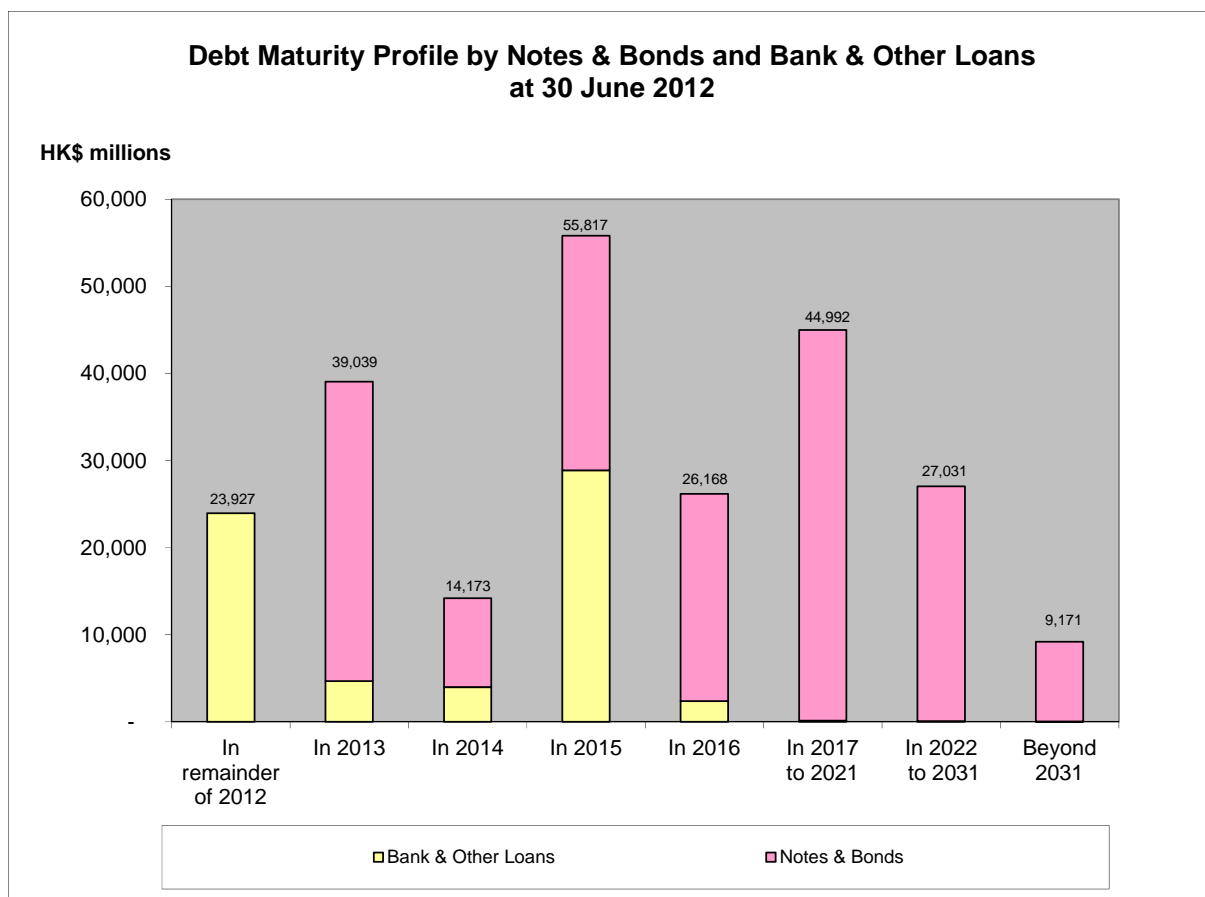
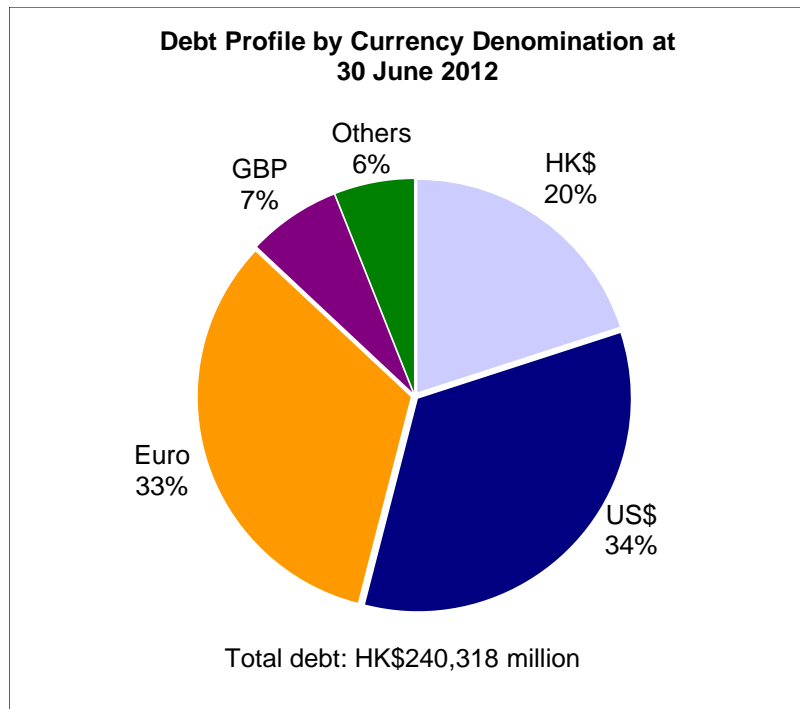
The maturity profile of the Group's total principal amount of bank and other debts at 30 June 2012 is set out below:

	HK\$	US\$	Euro	GBP	Others	Total
In remainder of 2012	-	1%	1%	3%	5%	10%
In 2013	1%	10%	5%	-	-	16%
In 2014	-	5%	-	1%	-	6%
In 2015	14%	-	8%	1%	-	23%
In 2016	-	-	11%	-	-	11%
In 2017 to 2021	5%	8%	5%	1%	-	19%
In 2022 to 2031	-	6%	3%	1%	1%	11%
Beyond 2031	-	4%	-	-	-	4%
Total	20%	34%	33%	7%	6%	100%

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, as a matter of policy, have credit rating triggers that would accelerate the maturity dates of the debt outstanding.







## Changes in Financing

The significant financing activities in the first half of 2012 were as follows:

- In January and February, issued five-year, fixed rate US\$1,000 million (approximately HK\$7,800 million) and ten-year, fixed rate US\$1,500 million (approximately HK\$11,700 million) guaranteed notes to refinance existing indebtedness and for general corporate purposes;
- In January, prepaid a floating rate loan facility of Euro1,000 million (approximately HK\$10,070 million) maturing in 2013;
- In March, listed subsidiary CKI issued 15-year, fixed rate notes of JPY15,000 million (approximately HK\$1,408 million) and early repaid JPY30,000 million (approximately HK\$2,817 million) fixed rate notes maturing in 2032;
- In June, issued five-year, fixed rate Euro1,250 million (approximately HK\$12,300 million) and ten-year, fixed rate Euro750 million (approximately HK\$7,380 million) guaranteed notes to refinance existing indebtedness and for general corporate purposes; and
- In June, obtained a three-year floating rate syndicated loan facility of HK\$5,500 million to refinance existing indebtedness and repaid on maturity a floating rate loan facility of HK\$4,860 million.

Subsequent to the period end:

- In July, obtained a three-year floating rate loan facility of Euro240 million (approximately HK\$2,246 million) and repaid on maturity a floating rate loan facility of the same amount; and
- In July, obtained a three-year floating rate loan facility of SEK10,500 million (approximately HK\$11,655 million) and early repaid a floating rate loan facility of the same amount maturing in December 2012.

## Capital, Net Debt and Interest Coverage Ratios

The Group's total ordinary shareholders' funds and perpetual capital securities increased 2% to HK\$367,668 million at 30 June 2012, compared to HK\$359,612 million, at 31 December 2011, reflecting the profits for the first half of 2012 as well as an issuance of US\$1,000 million perpetual capital securities in May 2012, an aggregate of approximately HK\$4,600 million from CKI's issuances of perpetual capital securities and new shares in February and March 2012 respectively, partly offset by the net exchange losses on translation of the Group's overseas operations' net assets to the Group's Hong Kong dollar reporting currency including the Group's share of the translation gains and losses of associated companies and jointly controlled entities, dividends paid and other items recognised directly in reserves. Subsequent to the period end, in July, CKI raised approximately HK\$2,297 million by issuing 50 million new shares. Following the issue, the Group's interest in CKI reduced to approximately 78% (which excludes the shares issued to and held by the fiduciary in connection with the issue of perpetual capital securities as mentioned above).

At 30 June 2012, the consolidated net debt of the Group, excluding interest bearing loans from non-controlling shareholders, which are viewed as quasi-equity, unamortised loan facilities fees and premiums or discounts on issue and fair value changes of interest rate swap contracts, was HK\$123,800 million (31 December 2011 – HK\$127,076 million), a reduction of 3% compared to the net debt at the beginning of the year. The Group's net debt to net total capital ratio at 30 June 2012 reduced to 22.8% (31 December 2011 – 23.8%).

The following table shows the net debt to net total capital ratio calculated on the basis of including interest bearing loans from non-controlling shareholders and also with the Group's investments in its listed subsidiaries and associated companies marked to market value at 30 June 2012. The net debt to net total capital ratio can be significantly affected by foreign currency translation effects on total ordinary shareholders' funds, perpetual capital securities and on debt balances. The ratios as at 30 June 2012 before and after the effect of foreign currency translation and other non-cash movements for the period are shown below:

<b>Net debt / Net total capital ratios at 30 June 2012:</b>	<b>Before the effect of foreign currency translation and other non-cash movements</b>	<b>After the effect of foreign currency translation and other non-cash movements</b>
A1: excluding interest bearing loans from non-controlling shareholders from debt	22.3%	22.8%
A2: as in A1 above and investments in listed subsidiaries and associated companies marked to market value	20.2%	20.6%
B1: including interest bearing loans from non-controlling shareholders as debt	23.5%	24.0%
B2: as in B1 above and investments in listed subsidiaries and associated companies marked to market value	21.2%	21.7%

The Group's consolidated gross interest expense and other finance costs of subsidiaries, before capitalisation, increased 6% in the first half of 2012 to total HK\$4,496 million as compared to HK\$4,239 million in the same period last year, mainly due to higher effective market interest rates, partially offset by lower average borrowings during the period.

Consolidated EBITDA and FFO before all telecommunications CACs for the period covered consolidated net interest expense and other finance costs 19.4 times and 10.7 times respectively (31 December 2011 – 29.2 times and 10.2 times).

### **Secured Financing**

At 30 June 2012, assets of the Group totalling HK\$709 million (31 December 2011 – HK\$524 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 2012 amounted to the equivalent of HK\$6,034 million (31 December 2011 – HK\$7,242 million).

### **Contingent Liabilities**

At 30 June 2012, the Group provided guarantees in respect of bank and other borrowing facilities to its associated companies and jointly controlled entities totalling HK\$10,765 million (31 December 2011 – HK\$10,932 million), of which HK\$9,919 million (31 December 2011 – HK\$8,587 million) has been drawn down as at 30 June 2012, and also provided performance and other guarantees of HK\$4,500 million (31 December 2011 – HK\$4,838 million).

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

During the six months ended 30 June 2012, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's ordinary shares. In addition, the Company has not redeemed any of its ordinary shares during the period.

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES AND CORPORATE GOVERNANCE CODE**

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

The Stock Exchange of Hong Kong Limited made various amendments to the Code on Corporate Governance Practices (the "Old Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and renamed it the Corporate Governance Code (the "CG Code"). The CG Code took effect on 1 April 2012.

The Company has been fully compliant with all code provisions of the Old Code during the period from 1 January 2012 to 31 March 2012. It has also fully complied with the CG Code during the period from 1 April 2012 to 30 June 2012, other than code provisions A.5.1 to A.5.4 and A.6.7 of the CG Code the reasons for deviation of which are explained below:

### **Code Provisions A.5.1 to A.5.4 of the CG Code – 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 and the appointment of any new Director. 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 the Directors, including the Chairman of the Board and the Group Managing Director.

### **Code Provision A.6.7 of the CG Code – attendance of Non-executive Directors at general meetings**

All Non-executive Directors (including Independent Non-executive Directors) attended the annual general meeting of the Company held on 25 May 2012 (the "AGM") other than one Non-executive Director who was not in a position to attend the AGM due to an overseas commitment.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules as the Group's code of conduct regarding Directors' securities transactions. All Directors of the Company have confirmed that throughout the six months ended 30 June 2012, they have complied with the provisions of such Model Code.

## **REVIEW OF ACCOUNTS**

The unaudited condensed consolidated accounts of the Company and its subsidiary companies for the six months ended 30 June 2012 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 shareholders. The unaudited condensed consolidated accounts of the Company and its subsidiary companies for the six months ended 30 June 2012 have also been reviewed by the Audit Committee of the Company.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Thursday, 6 September 2012 to Thursday, 13 September 2012, both days inclusive, for the purpose of determining shareholders' entitlement to the interim dividend. All transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, 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, 5 September 2012.

## **CORPORATE STRATEGY**

The Company strategy is to enhance long-term total return for our shareholders, to maintain prudent liquidity and a net debt to net total capital ratio of less than 25%. Please refer to the Chairman's Statement and Operations Highlights for 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 strategy for delivering the Group's objective.

## **PAST PERFORMANCE AND FORWARD LOOKING STATEMENTS**

The performance and the results of operations of the Group contained within this Interim Report 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 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 this Interim Report; 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 (*Deputy Chairman*)  
Mr FOK Kin Ning, Canning  
Mrs CHOW WOO Mo Fong, Susan  
Mr Frank John SIXT  
Mr LAI Kai Ming, Dominic  
Mr KAM Hing Lam

**Non-executive Director:**

Mr George Colin MAGNUS

**Independent Non-executive Directors:**

The Hon Sir Michael David KADOORIE  
Mr Holger KLUGE  
Mrs Margaret LEUNG KO May Yee  
Mr William Elkin MOCATTA  
*(Alternate to The Hon Sir Michael David Kadoorie)*  
Mr William SHURNIAK  
Mr WONG Chung Hin

# OPERATIONS HIGHLIGHTS AND KEY BUSINESS INDICATORS

Note: All comparing against the performance in first half of 2011 unless indicated otherwise

## HUTCHISON WHAMPOA LIMITED FINANCIAL PERFORMANCE SUMMARY

	For the six months ended 30 June 2012		For the six months ended 30 June 2011		Change
	HK\$ millions	%	HK\$ millions	%	
<b>Total revenue</b> <sup>1,2</sup>					
Ports and related services	15,947	8%	15,588	8%	2%
<i>Hutchison Ports Group other than HPH Trust operations</i>	14,617	7%	14,340	7%	2%
<i>HPH Trust / HPH Trust operations</i>	1,330	1%	1,248	1%	7%
Property and hotels	9,211	5%	7,404	4%	24%
Retail	71,059	36%	67,225	37%	6%
Cheung Kong Infrastructure	18,994	10%	14,227	8%	34%
Husky Energy <sup>3</sup>	29,768	15%	29,309	16%	2%
Hutchison Telecommunications Hong Kong Holdings	6,730	4%	6,018	3%	12%
Hutchison Asia Telecommunications	1,628	1%	1,049	1%	55%
HTAL (share of joint venture Vodafone Hutchison Australia)	7,648	4%	8,689	5%	-12%
3 Group Europe	27,990	14%	28,069	15%	0%
Finance & Investments and others	6,018	3%	5,120	3%	18%
<b>Total comparable revenue</b>	<b>194,993</b>	<b>100%</b>	<b>182,698</b>	<b>100%</b>	<b>7%</b>
Reconciliation item <sup>2</sup>	-	-	689	-	N/A
<b>Total reported revenue</b>	<b>194,993</b>	<b>100%</b>	<b>183,387</b>	<b>100%</b>	<b>6%</b>
<b>EBITDA</b> <sup>1,2</sup>					
Ports and related services	5,482	13%	5,063	14%	8%
<i>Hutchison Ports Group other than HPH Trust operations</i>	4,776	11%	4,369	12%	9%
<i>HPH Trust / HPH Trust operations</i>	706	2%	694	2%	2%
Property and hotels	4,981	12%	4,497	12%	11%
Retail	5,198	13%	4,718	13%	10%
Cheung Kong Infrastructure	10,081	25%	8,383	22%	20%
Husky Energy	7,212	18%	8,752	23%	-18%
Hutchison Telecommunications Hong Kong Holdings	1,457	4%	1,247	3%	17%
Hutchison Asia Telecommunications	(47)	-	(543)	-1%	91%
HTAL (share of joint venture Vodafone Hutchison Australia)	868	2%	1,094	3%	-21%
3 Group Europe	4,099	10%	3,949	10%	4%
Finance & Investments and others	1,156	3%	66	-	1,652%
<b>Comparable EBITDA before profits on disposal of investments &amp; others and property revaluation</b>	<b>40,487</b>	<b>100%</b>	<b>37,226</b>	<b>99%</b>	<b>9%</b>
Reconciliation item <sup>2</sup>	-	-	385	1%	N/A
<b>Reported EBITDA before profits on disposal of investments &amp; others and property revaluation</b>	<b>40,487</b>	<b>100%</b>	<b>37,611</b>	<b>100%</b>	<b>8%</b>
<b>EBIT</b> <sup>1,2</sup>					
Ports and related services	3,702	14%	3,230	14%	15%
<i>Hutchison Ports Group other than HPH Trust operations</i>	3,283	12%	2,826	12%	16%
<i>HPH Trust / HPH Trust operations</i>	419	2%	404	2%	4%
Property and hotels	4,795	19%	4,296	18%	12%
Retail	3,998	15%	3,555	15%	12%
Cheung Kong Infrastructure	7,863	30%	6,564	28%	20%
Husky Energy	3,725	14%	5,098	22%	-27%
Hutchison Telecommunications Hong Kong Holdings	807	3%	685	3%	18%
Hutchison Asia Telecommunications	(675)	-2%	(1,011)	-4%	33%
HTAL (share of joint venture Vodafone Hutchison Australia)	(567)	-2%	(142)	-1%	-299%
3 Group Europe	1,371	5%	909	4%	51%
Finance & Investments and others	948	4%	(40)	-	2,470%
<b>Comparable EBIT before profits on disposal of investments &amp; others and property revaluation</b>	<b>25,967</b>	<b>100%</b>	<b>23,144</b>	<b>99%</b>	<b>12%</b>
Reconciliation item <sup>2</sup>	-	-	378	1%	N/A
<b>Reported EBIT before profits on disposal of investments &amp; others and property revaluation</b>	<b>25,967</b>	<b>100%</b>	<b>23,522</b>	<b>100%</b>	<b>10%</b>
Interest expenses and finance costs	(7,876)		(7,034)		-12%
Profit before tax	18,091		16,488		10%
Tax					
Current tax	(3,528)		(3,849)		8%
Deferred tax	(1,704)		(1,331)		-28%
Profit after tax	12,859		11,308		14%
Non-controlling interests and perpetual capital securities holders interests	(3,034)		(2,593)		-17%
Profit attributable to ordinary shareholders, before property revaluation and profits on disposal of investments and others	9,825		8,715		13%
Property revaluation after tax	383		401		-4%
Profit attributable to ordinary shareholders, before profits on disposal of investments and others	10,208		9,116		12%
Profits on disposal of investments and others after tax	-		37,180		-100%
<b>Profit attributable to ordinary shareholders</b>	<b>10,208</b>		<b>46,296</b>		<b>-78%</b>

Note 1: 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 share of associated companies' and jointly controlled entities' revenue, EBITDA and EBIT respectively.

Note 2: To enable a better comparison of underlying performance for each division, comparable revenue, EBITDA and EBIT for the first six months of 2011 only reflect the Group's attributable share of results based on the effective shareholdings in HPH Trust / HPH Trust operations during the first six months of 2012 and EBIT also includes the additional depreciation in the first six months of 2012 on marking HPH Trust's assets to fair value on IPO so that the period-on-period changes can be calculated on a like-for-like basis. The Group's actual effective share during the first six months of 2011 in excess of the Group's share of the respective item based on the effective shareholdings in HPH Trust / HPH Trust operations during the first six months of 2012 as calculated above is included in the Group's total revenue, EBITDA and EBIT respectively. The reconciliation item in the first six months of 2011 represents the Group's actual effective share in excess of the Group's share of the respective item based on the effective shareholdings in HPH Trust operations during the first six months of 2012 as calculated above. In addition, the reconciliation item in EBIT also included the additional depreciation in 2012 on marking HPH Trust's asset to fair value on Initial Public Offering.

Note 3: Revenue reduced by HK\$3,972 million for the period ended 30 June 2011 due to reclassification adjustments made by Husky Energy to its 2011 reported revenue and expenses following a change in presentation adopted by Husky Energy in 2012.

# 2012 Interim Results

Supplementary Information





# 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. 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 2012 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 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.

## Highlights 1H 2012



- Reported revenue grew 6 % and recurring earnings up 13% from the same period last year, despite adverse currency movements
- Stable financial performance demonstrates resilience of the Group's six core businesses. The Group's reported EBITDA was up 8% and the Group's businesses in Europe reported EBITDA growth of 16% from the same period last year
- Sustainable growth in performance without compromise to the balance sheet or liquidity. Cash flow and earnings per share growth expected to continue in the second half of the year
- Despite deteriorating economic conditions in Europe, the Group's operations, which are weighted in the UK and Western Europe and in ports, utilities, mass market health and beauty as well as mobile telecommunications continued to grow

# Operating Performance in 1H 2012



Reported Revenue	HK\$195.0bn	
Comparable Revenue Growth <sup>(1)</sup>		
<hr/>		
Reported EBITDA	HK\$40.5bn	
Comparable EBITDA Growth <sup>(1)</sup>		
<hr/>		
Reported EBIT	HK\$26.0bn	
Comparable EBIT Growth <sup>(1)</sup>		
<hr/>		
Reported Earnings	HK\$10.2bn	
Recurring Earnings	HK\$9.8bn	
<hr/>		
Reported Earnings per share	HK\$2.39	
Recurring Earnings per share	HK\$2.30	
<hr/>		
Interim Dividend per share	HK\$0.55	—

(1) The growth percentage shown under the comparable results represent adjustments made to 1H 2011 Revenue, EBITDA and EBIT to reflect, on a like-for-like basis, the Group's effective shareholdings in HPH Trust/ HPH Trust operations post IPO.

(2) No profits on disposal of investments and others were recorded in 2012. Profit attributable to ordinary shareholders for the first half of 2012 is HK\$10,208 million. Profits on disposal of investments and others in 2011 were HK\$37,180 million primarily due to the Initial Public Offering ("IPO") of the HPH Trust. Profit attributable to ordinary shareholders for the first half of 2011 is HK\$46,296 million.

# Business & Geographical Diversification

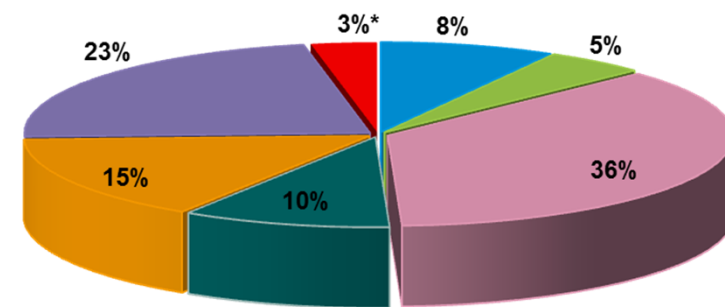
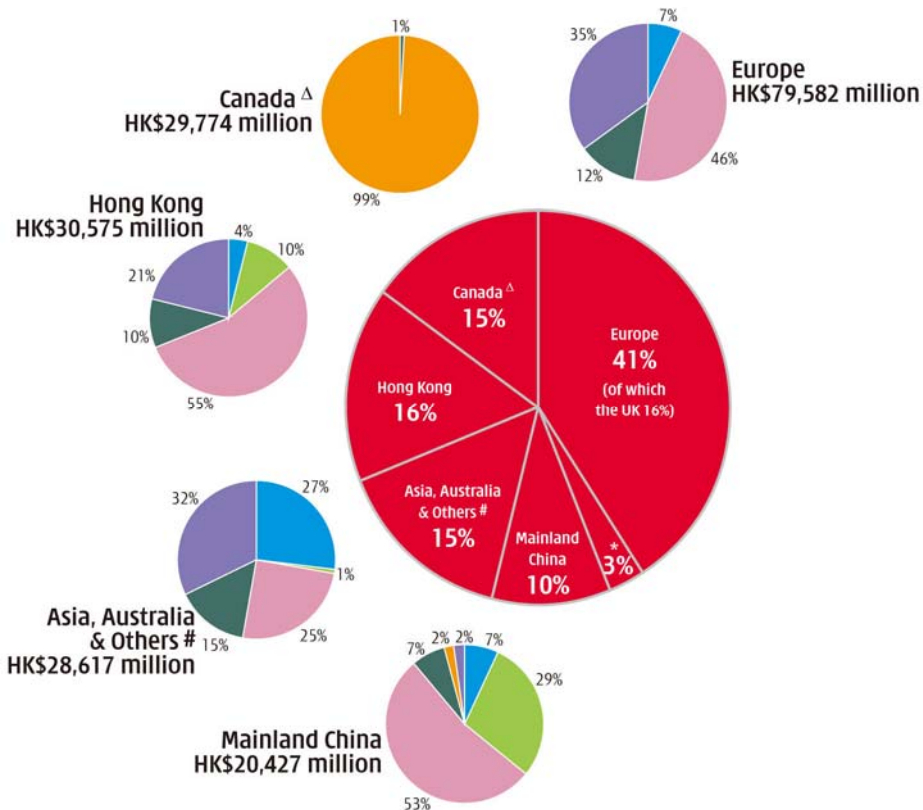
## Total Revenue Contribution



Total Revenue Contribution  
by Geographical Location

Total Revenue Contribution  
by Division

Reported Revenue for the six months ended 30 June 2012  
HK\$194,993 million  
Growth of 6%



- Ports & Related Services
- Property & Hotels
- Retail
- Infrastructure
- Energy
- Telecommunications

\* Represents contribution from Finance & Investments and others

# Includes Panama, Mexico & Middle East

Δ Includes contribution from the USA for Husky Energy

# Business & Geographical Diversification

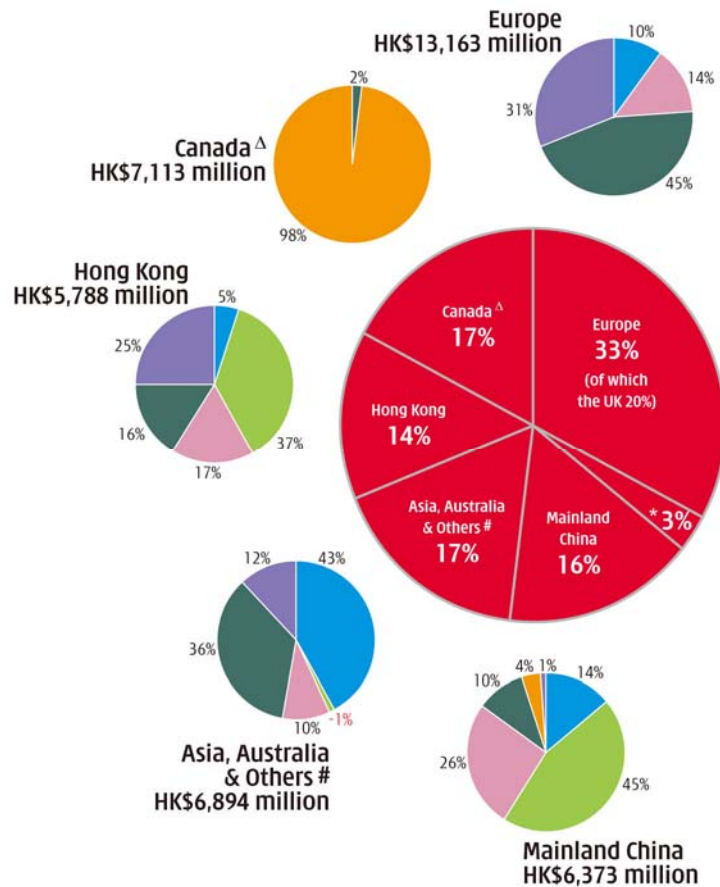
## EBITDA Contribution



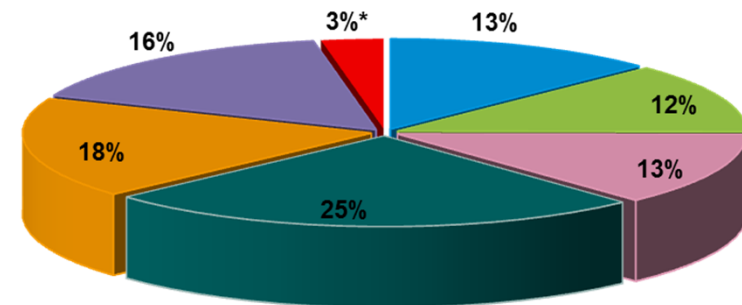
EBITDA Contribution  
by Geographical Location

Reported EBITDA for the six months ended 30 June 2012

HK\$40,487 million  
Growth of 8%



EBITDA Contribution  
by Division



- Ports & Related Services
- Property & Hotels
- Retail
- Infrastructure
- Energy
- Telecommunications

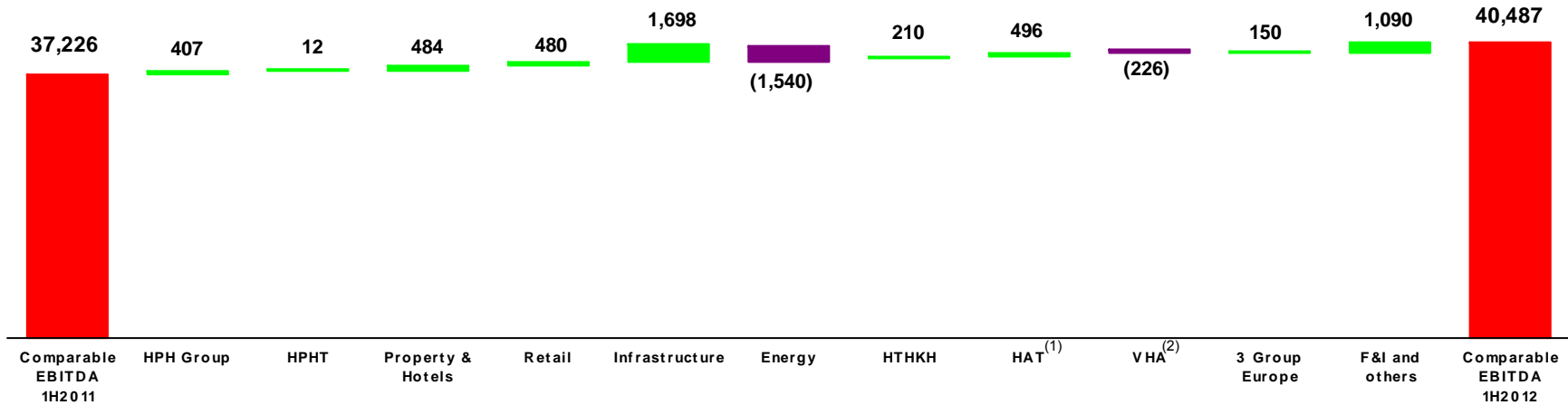
\* Represents contribution from Finance & Investments and others  
 # Includes Panama, Mexico & Middle East  
 Δ Includes contribution from the USA for Husky Energy

# Business & Geographical Diversification



## EBITDA Growth of Core Business Units

1H 2012 Comparable EBITDA (HK\$ millions)



(1) This represents a reduction in LBITDA

(2) This represents HTAL's 50% share of Vodafone Hutchison Australia results

# Business & Geographical Diversification

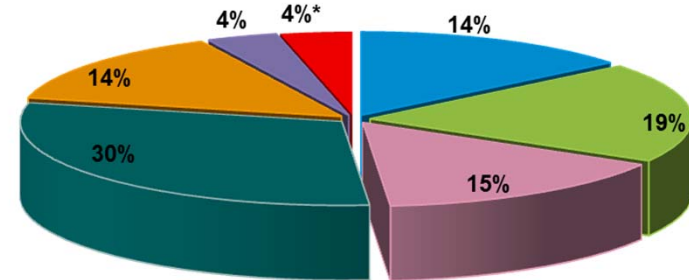
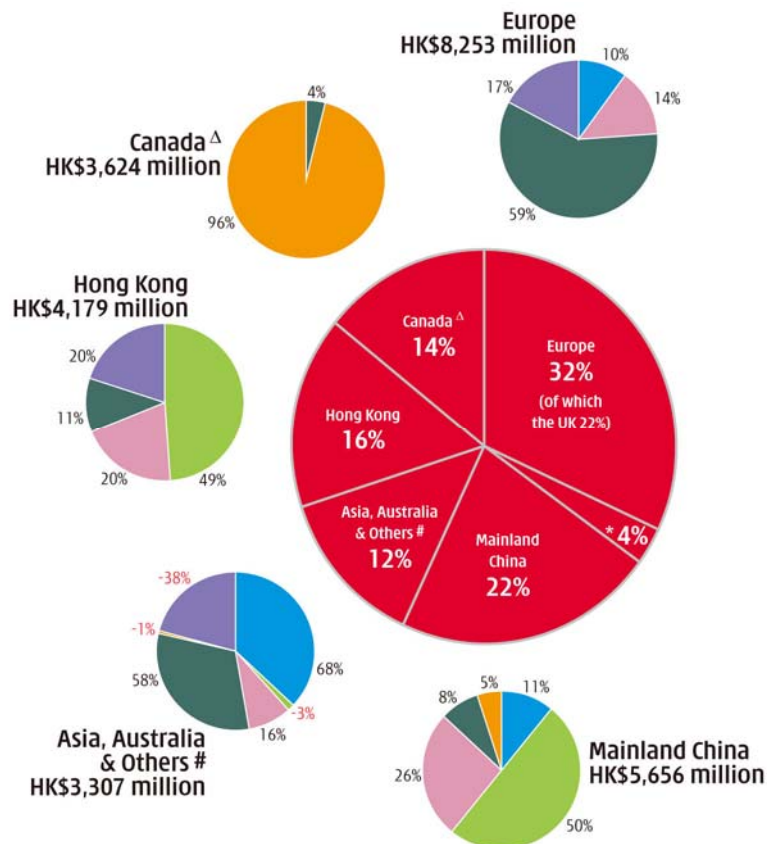


## EBIT Contribution

EBIT Contribution  
by Geographical Location

EBIT Contribution  
by Division

Reported EBIT for the six months ended 30 June 2012  
HK\$25,967 million  
Growth of 10%



- Ports & Related Services
- Property & Hotels
- Retail
- Infrastructure
- Energy
- Telecommunications

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

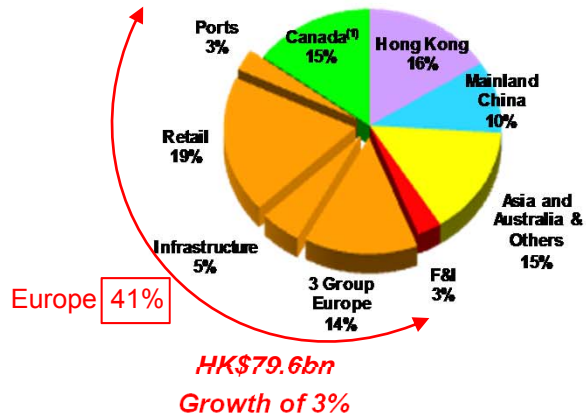
# European Contribution

## Total Revenue, EBITDA & EBIT



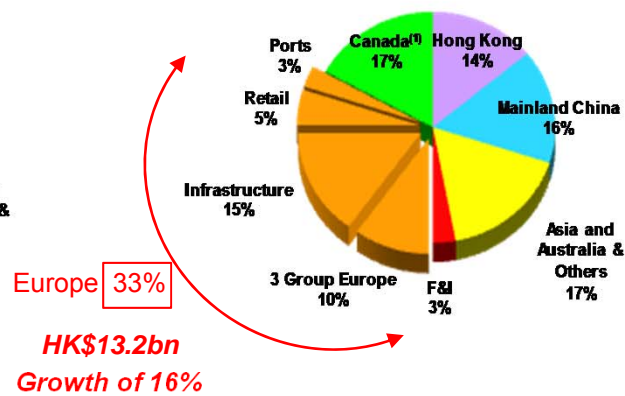
### 1H 2012 Total Revenue

HK\$195.0bn  
Growth of 6%



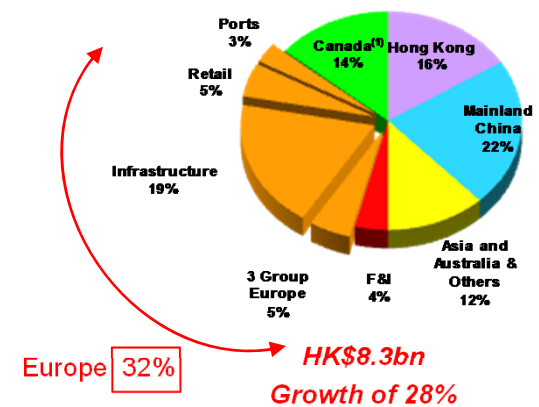
### 1H 2012 EBITDA

HK\$40.5bn  
Growth of 8%



### 1H 2012 EBIT

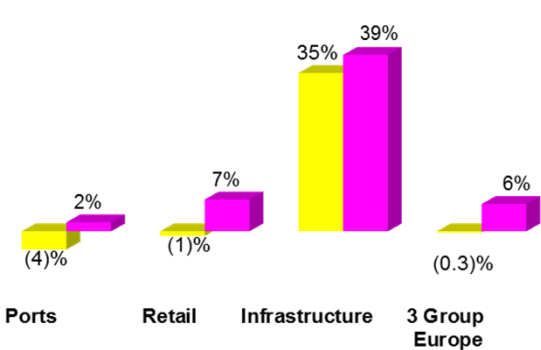
HK\$26.0bn  
Growth of 10%



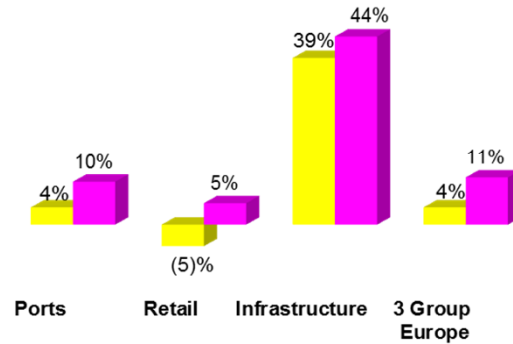
Reported currency Local currency

Reported currency Local currency

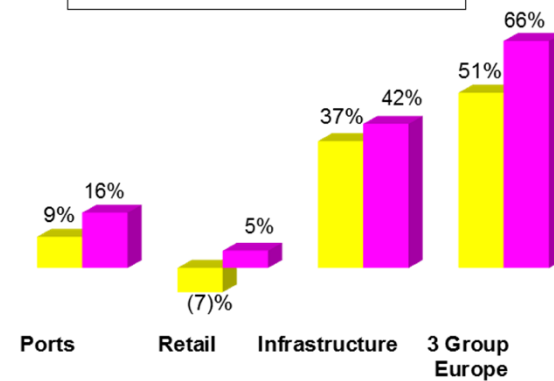
Reported currency Local currency



Revenue - European growth by division (%)



EBITDA - European growth by division (%)



EBIT - European growth by division (%)

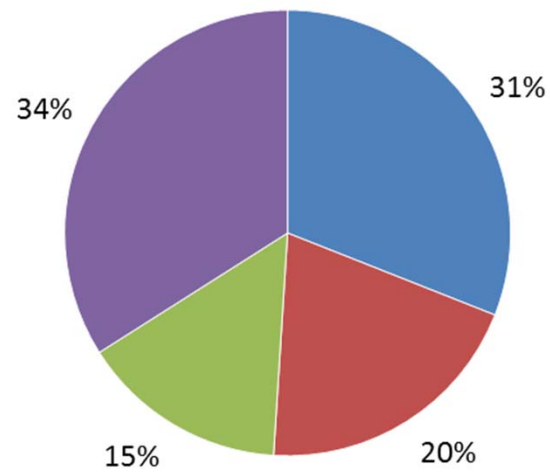
Note (1) Includes contribution from the USA for Husky Energy



# Ports and Related Services – Overall



## Total Container Throughput



1H 2012  
37.0 million TEUs

- HPH Trust / HPH Trust operations
- Europe
- Mainland China and Hong Kong
- Asia, Australia and others

- Throughput increased by 2% during 1H 2012, while total revenue and EBITDA in reported currency increased by 2% and 8% respectively compared to the same period last year
- EBITDA margin expansion from productivity improvement and disciplined cost management, resulting in increased contributions from Mexico Ports, HPUK and Jakarta Ports, as well as first time contribution from HAJT Ajman
- Six new berths will be operational in Barcelona, Huizhou, Brisbane and Klang in the second half of 2012 and in 2013

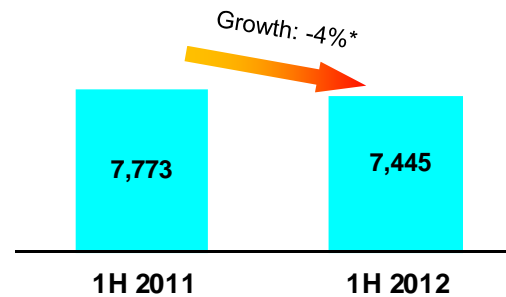
### Outlook

- Going forward, the Group will continue to focus in productivity gains, cost efficiency and selective new berth acquisition and development opportunities

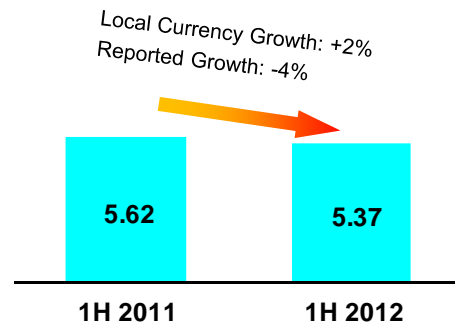
# Ports and Related Services – European Operations



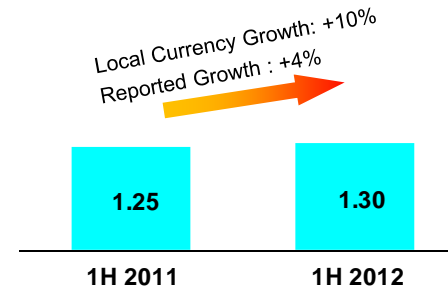
## Throughput ('000TEUs)



## Revenue (HK\$ billion)



## EBITDA (HK\$ billion)



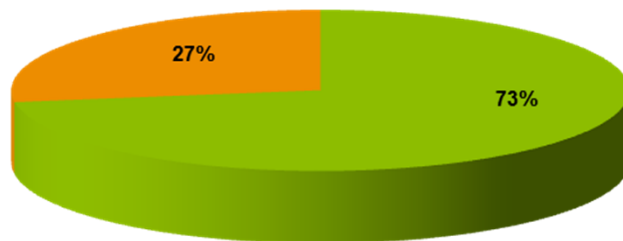
\* Despite a 4% fall in throughput for the period, revenue grew by 2% in local currency as our major European ports are all deep water facilities and offer customers superior operational efficiency. Together with good cost controls, EBITDA grew by 10% in local currency.

# Property and Hotels



## EBITDA of Investment Properties and Hotels

HK\$2,259 million



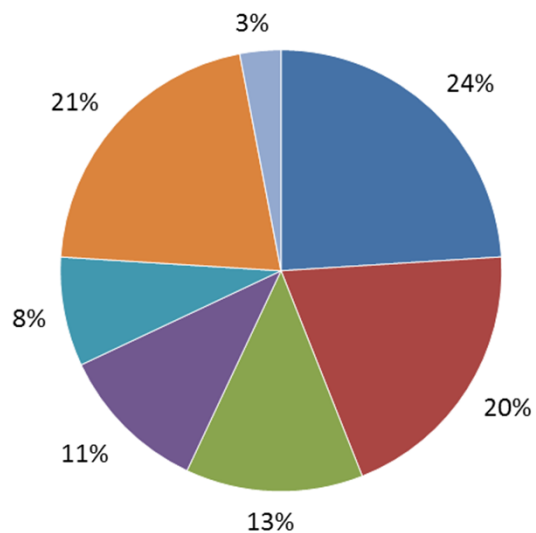
■ Investment Properties ■ Hotels

## Overall

- Property and Hotels EBITDA increased by 11% to HK\$4.98 billion
  - EBITDA from investment properties was HK\$1.64 billion, a decrease of 9% in 1H2012 due to the disposal of certain investment properties in 2011. Excluding these disposals, EBITDA remained stable
  - EBITDA from hotel operations grew 19% to HK\$0.62 billion
  - EBITDA from development properties, gains on disposals & others grew by 26% to HK\$2.72 billion in 1H2012
- Attributable 12.0 million sq.ft. portfolio of rental properties in Hong Kong and attributable 2.5 million sq.ft. portfolio in the Mainland and overseas.
- Hotel portfolio of over 8,500 rooms in 11 hotels (with attributable interest of approximately 5,300 rooms)
- Attributable landbank of approximately 95 million sq. ft., comprising 50 projects in 24 cities
- Completed approximately 4.1 million attributable sq.ft. of properties in the Mainland and Singapore during the period



**Gross Floor Area of Development Projects  
by Geographical Location**



Total: 95 million square feet

- Guangdong Province
- Chongqing
- Wuhan
- Chengdu
- Shanghai
- Other areas in Mainland China
- Others (principally in London & Singapore)

## Mainland China

- Completed attributable GFA of 3.8 million of residential and commercial properties in the period
- Contracted sales of an attributable GFA of 3.2 million sq. ft. in 1H 2012 (1H 2011 – 1.7 million sq. ft.) with a sales value of HK\$5.13 billion in 1H2012, up 102% from same period last year
- Recognised property sales on an attributable interest of approximately 2.5 million sq. ft. of developed properties in 1H2012 (1H2011 – 1.5 million sq. ft.), HK\$5.12 billion recognised in revenue, up 108% from same period last year
- Total average land cost is approx. RMB210 per sq. ft.

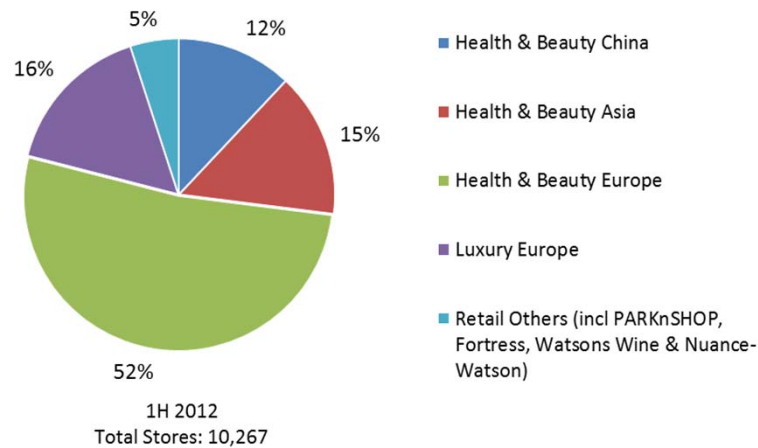
## Outlook

- The Group expects to complete an attributable share of approximately 6.8 million square feet in gross floor area of residential and commercial properties during the second half of 2012 in Hong Kong as well as in 12 cities in the Mainland including Chengdu, Chongqing, Dongguan, Tianjin and Xian

# Retail - Overall

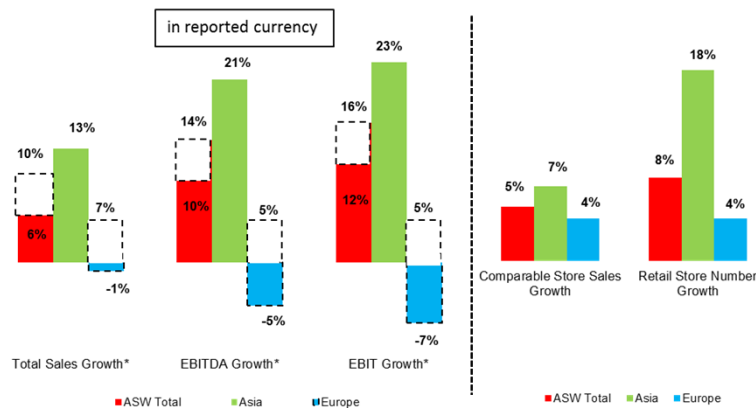


**Total Retail Store Numbers by Subdivision**



Y-O-Y Growth of 8%

## Retail - Growth by Region



- Revenue growth was strong across all subdivisions (except in Luxury Europe), which was supported both by increased store numbers and comparable sales growth
- Revenue from Asia and Mainland China (mainly from Health & Beauty and Asian retail operations) increased by 13% with strong growth from Mainland China, Hong Kong, Philippines, Thailand and Malaysia
- Mainland China and Asia accounted for 64% of the total EBITDA in 1H 2012

## Outlook

- Looking into the second half of 2012 and beyond, the Group will continue to expand its portfolio of retail stores

\* In local currencies, total sales growth, EBITDA growth and EBIT growth rates for ASW Total are approximately 10%, 14% and 16% respectively, whilst for Europe are 7%, 5% and 5% respectively.

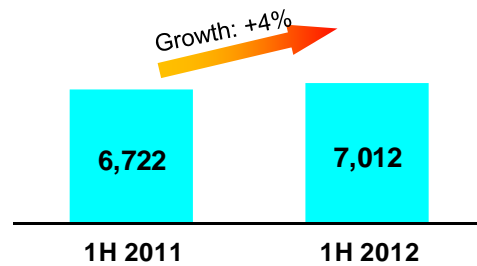
Foreign currency impact, impact for Asia was immaterial and therefore not shown on the chart

# Retail – European Operations

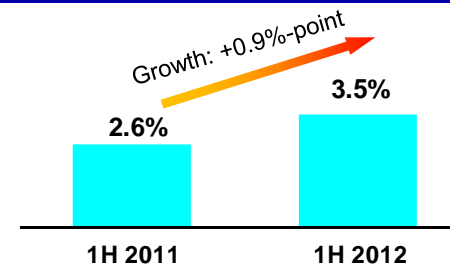


- Comparable store sales growth in Europe was 4% in 1H 2012
- Health & Beauty format is resilient to current weak economy in Europe
- Store numbers in Southern Europe only account for around 4% of the total stores

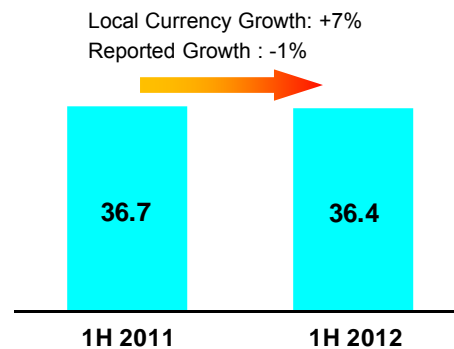
## Store Number



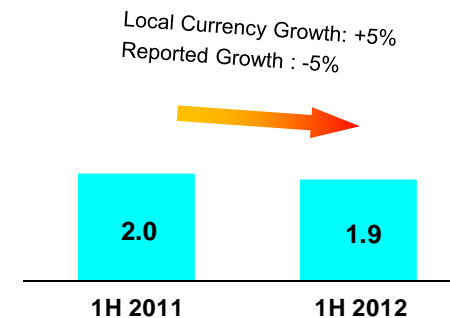
## Comparable store sales growth (%)<sup>(1)</sup>



## Revenue (HK\$ billion)



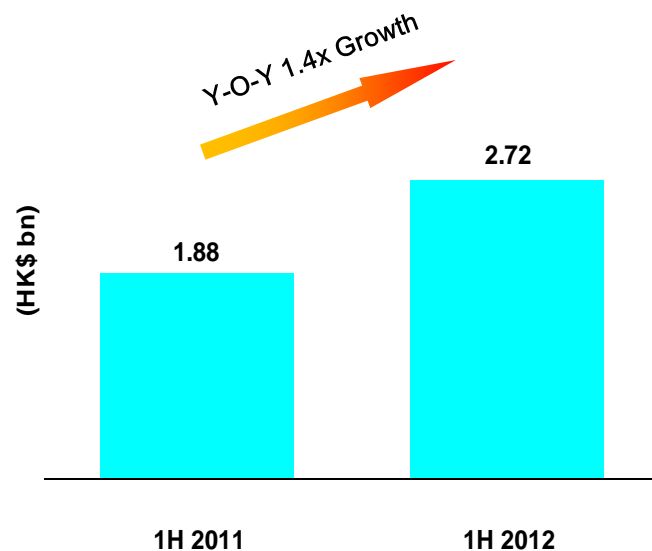
## EBITDA (HK\$ billion)



Note (1): Comparable store sales growth represents the % change in net sales from comparable stores from the same period last year.



## Profits from UK Operations Attributable to Shareholders (1)

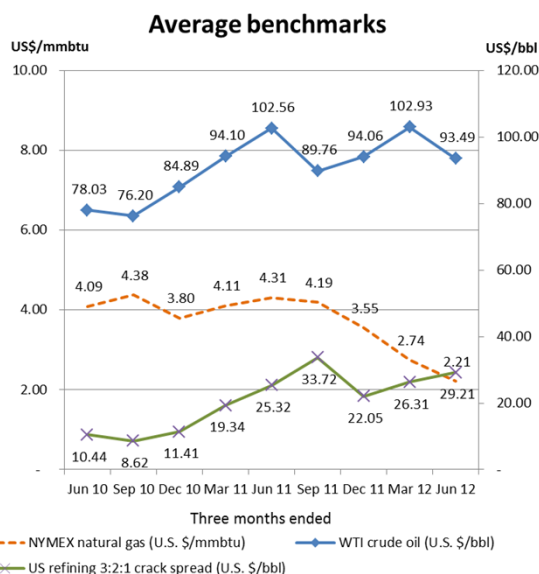
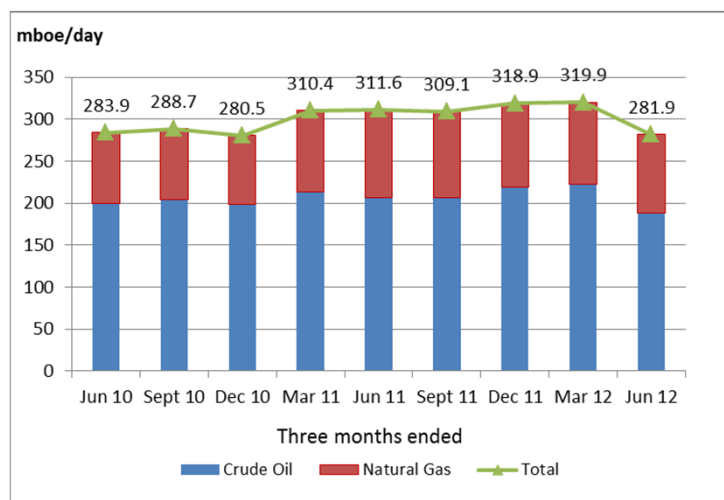


- Cheung Kong Infrastructure increased its earnings by 18% to HK\$4,686 million
- Full six month's profit contribution from Northumbrian Water in 2012
- All contribution of the European operations are generated from the operations in the UK

### Outlook

- CKI will continue to grow existing operations organically and to acquire businesses with strong and recurrent returns to expand its portfolio and to maintain its strong balance sheet with steady cashflow and low gearing
- In July 2012, a CKI-led consortium announced the acquisition of Wales and West Utilities in the UK (indirectly held by MGN Gas Networks) for £645 million

Note (1): Profit from UK operations represents contributions from CKI's direct shareholding in its UK operations. 1H 2012 includes, amongst others, its 40% direct share in UK Power Networks and 40% share in Northumbrian Water. 1H 2011, amongst others, includes its 40% direct share in UK Power Networks only.



- Husky Energy's net earnings decreased by 21% to C\$1,022 million. Excluding the after-tax gain on sale of non-core assets and a property swap in 1H2011 of C\$198 million, net earnings decreased by 7% compare to the same period last year, mainly due to lower production as a result of the Atlantic Region planned offstation turnarounds, lower commodity prices and refined product margins. The impacts of wider product and Western Canada location differentials were offset by the integration of Infrastructure and Marketing and Downstream operations
- Production for the first half of 2012 decreased 3% to 301.0 mboe/day due to the planned maintenance of the SeaRose and Terra Nova Floating, Production, Storage and Offloading (FPSO) offstation turnarounds
- SeaRose FPSO vessel began its offstation turnaround in May 2012. It is expected to take 125 days to disconnect, dry dock and reconnect the vessel. Terra Nova FPSO began its offstation on June 8, 2012. It is expected to take 21 weeks from disconnect to reconnect

### Outlook

- There are two mega projects in the coming two years:
  - i. Liwan Gas project
    - Expected first production in late 2013/early 2014
    - Estimated petroleum-initial-in place will be 2.6 – 3.0 trillion cubic feet of gas, which Husky Energy's share is 49%
  - ii. Sunrise Energy project
    - Expect first production in 2014
    - Will add approximately 3.7 billion barrels of proved, probable and possible bitumen reserves, which Husky Energy's share is 50%



# Telecommunications – HTHKH, HAT & VHA

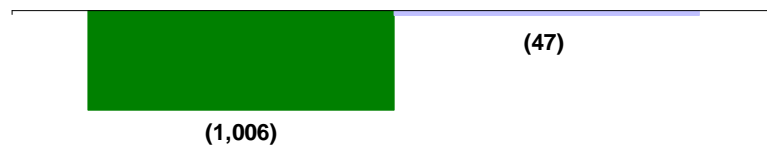


## EBITDA (LBITDA)

### HTHKH (HK\$ million)



### HAT \* (HK\$ million)



■ 1H 2011 ■ 1H 2012

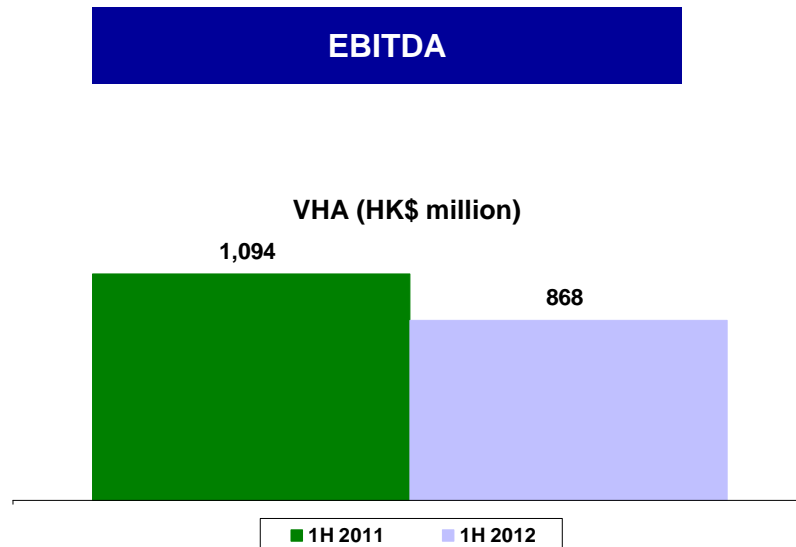
## HTHKH

- HTHKH has a combined active mobile customer base of over 3.6 million in Hong Kong and Macau
- In May 2012, HTHKH launched LTE services in Hong Kong to provide ultra high speed data services in mobility

## HAT

- HAT has a registered mobile customer base of over 37.2 million with operations in Indonesia, Vietnam and Sri Lanka
- HAT will continue to focus on expansion in Indonesia and Sri Lanka

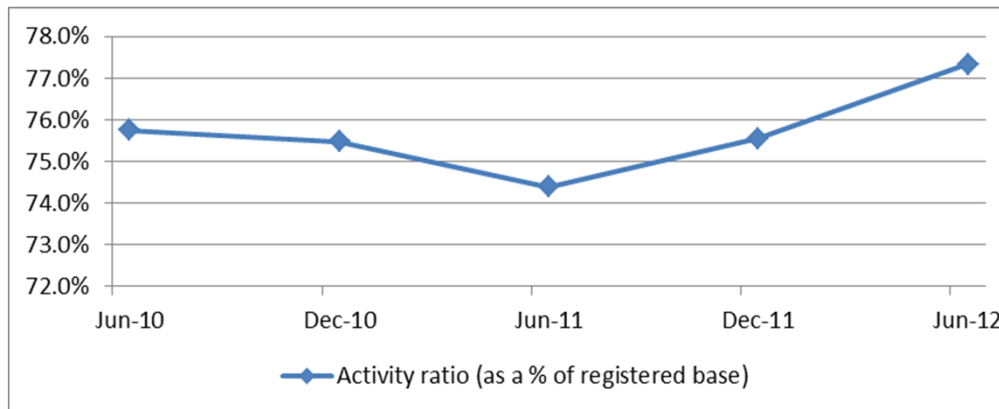
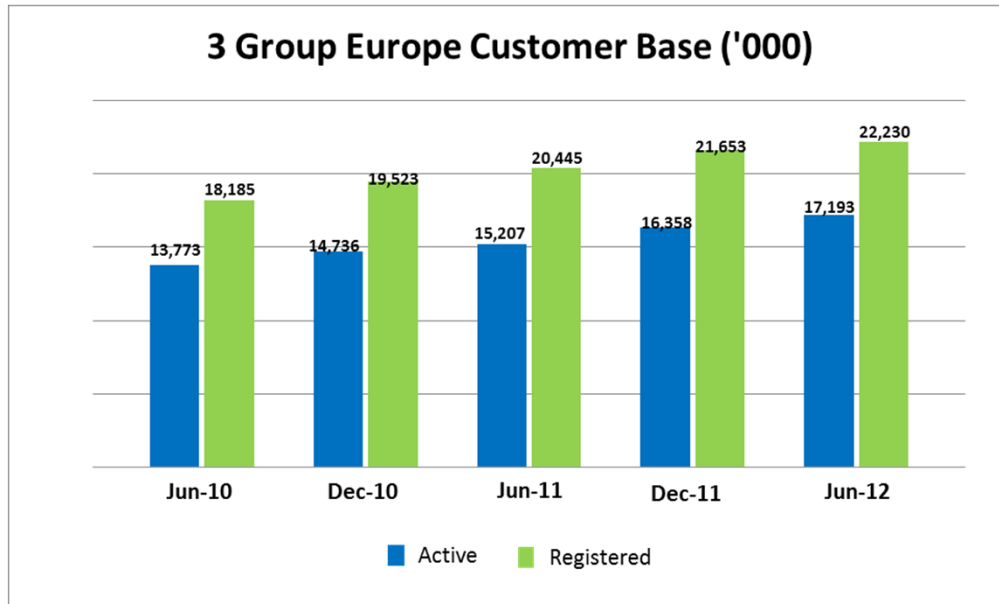
\* Before gain on disposal of Thailand operation of HK\$463 million in 2011



## Share of Vodafone Hutchison Australia

- HTAL owns 50% of Vodafone Hutchison Australia and announced a A\$131 million loss for the first six months of 2012, a A\$53 million increase as compared to the same period last year
- Reported results were adversely impacted by a 3% decline compared to 30 June 2011 in Vodafone Hutchison Australia's customer base to over 6.8 million (including MVNOs)
- 12 months trailing average blended ARPU of A\$49.31, with non-voice ARPU at A\$21.33
- Despite significant network and operational improvements, challenging market conditions and continuing poor public perception of VHA have led to a continuing deterioration in the operating and financial performance in the first half of 2012. Although the management team is committed to achieving improvement, an increased loss, including the cost of restructuring activities, is now expected for the second half of the year

# Telecommunications – 3 Group Europe



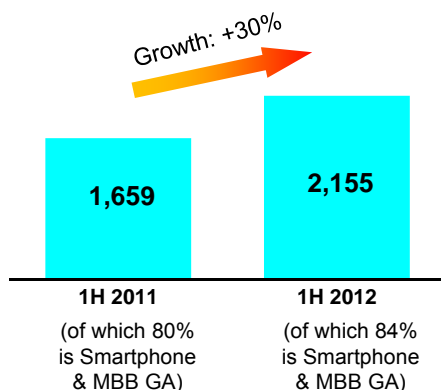
## Outlook

- All 3 Group Europe companies seek to maintain leadership in network quality of service, and in particular data service access and speeds - 3 UK and 3 Austria ranked number 1 in network quality in respective countries
- Benefits from further lowering mobile termination rates in the UK and Italy are expected to have a favourable impact in the second half of 2012
- Further improvements in underlying performances are expected pending the completion of the transition to a non-subsidised handset model in the customer base
- Commercially, 3 Group Europe remains focused on the acquisitions of high value and high margin contract customers. Operationally, the Group maintains strict cost and spending disciplines with a view to achieving maximum operating leverage.

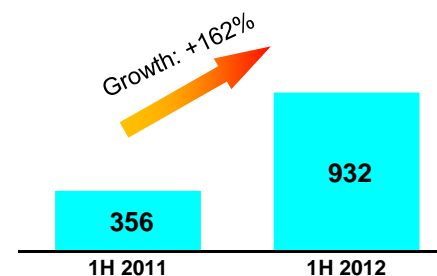
# Telecommunications – 3 Group Europe



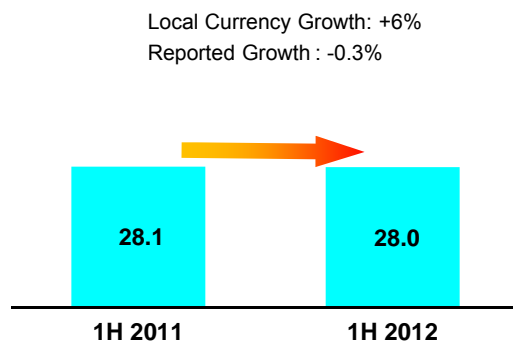
## Gross Additions – Postpaid ('000)



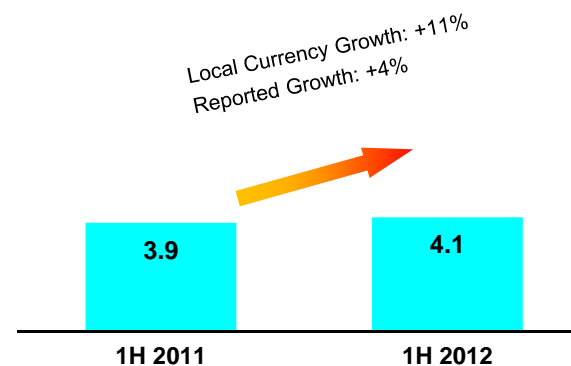
## Net Additions – Postpaid ('000)



## Revenue (HK\$ billion)



## EBITDA (HK\$ billion)



# Telecommunications – 3 Group Europe



<i>(in millions)</i>	UK	Italy	Sweden	Denmark	Austria	Ireland	3 Group Europe
	<i>GBP</i>	<i>EURO</i>	<i>SEK</i>	<i>DKK</i>	<i>EURO</i>	<i>EURO</i>	<i>HK\$</i>
<b>Total Revenue</b>	918	920	3,125	1,043	166	83	27,990
% Improvement (Reduction)	5%	6%	12%	(11%)	9%	17%	(0.3%)
						<i>Local currency change</i>	6%
<b>EBITDA (LBITDA)</b>	109	136	863	289	19	(15)	4,099
% Improvement (Reduction)	16%	28%	(14%)	(7%)	-	12%	4%
						<i>Local currency change</i>	11%
<b>Capex (excluding licence)</b>	95	331	507	154	11	16	5,457
<b>Licence</b>	-	147	-	-	-	-	1,443
<b>EBITDA less Capex</b>	14	(195)	356	135	8	(31)	(1,358)
<b>EBITDA less Capex and licence</b>	14	(342)	356	135	8	(31)	(2,801)
<b>EBIT</b>	26	2	588	159	2	17	1,371
% Improvement (Reduction)	117%	100%	(21%)	(12%)	100%	157%	51%
						<i>Local currency change</i>	66%

# Telecommunications – 3 Group Europe

## Key Business Indicators



### Key Business Indicators

	UK	Italy	Sweden	Denmark	Austria	Ireland <sup>(2)</sup>	3 Group Europe
<b>Customer Base - Registered Customers at 30 June 2012 ('000)</b>							
<b>Prepaid</b>	3,610	5,485	161	189	435	367	<b>10,247</b>
% Variance (June 2012 vs December 2011)	(2%)	(5%)	1%	24%	20%	(23%)	(3%)
<b>Postpaid</b>	4,837	3,783	1,314	640	1,061	348	<b>11,983</b>
% Variance (June 2012 vs December 2011)	9%	10%	9%	2%	8%	7%	8%
<b>Total</b>	<b>8,447</b>	<b>9,268</b>	<b>1,475</b>	<b>829</b>	<b>1,496</b>	<b>715</b>	<b>22,230</b>
% Variance (June 2012 vs December 2011)	4%	1%	8%	6%	11%	(11%)	3%

	UK	Italy	Sweden	Denmark	Austria	Ireland	3 Group Europe Average	3 Group Europe Average (Without FX impact)
<b>12-month Trailing Average Revenue per Active User ("ARPU")<sup>(1)</sup> to 30 June 2012</b>								
<b>Prepaid</b>	£7.66	€7.57	SEK 102.92	DKK 153.68	€11.38	€16.47	€8.77	€8.69
<b>Postpaid</b>	£28.29	€29.68	SEK 317.42	DKK 266.09	€23.98	€38.58	€31.93	€31.53
<b>Blended Total</b>	<b>£21.66</b>	<b>€19.02</b>	<b>SEK 302.09</b>	<b>DKK 245.13</b>	<b>€22.77</b>	<b>€31.86</b>	<b>€23.99</b>	<b>€23.70</b>
% Variance compared to 31 December 2011	(1%)	(4%)	(2%)	(7%)	2%	3%	(1%)	(2%)
<b>Non-voice ARPU</b>	<b>£10.40</b>	<b>€9.95</b>	<b>SEK 127.83</b>	<b>DKK 131.29</b>	<b>€11.20</b>	<b>€18.16</b>	<b>€11.07</b>	<b>€10.94</b>
% of total ARPU	48%	42%	42%	54%	49%	57%	46%	46%

(1) ARPU equals total monthly tariff revenue divided by the average number of active customers during the period, where an active customer is one that has generated revenue from an outgoing call, incoming call or 3G service in the preceeding three months.

(2) 3 Ireland's number of prepaid customers has reduced by 23% due to the removal of inactive customers from its registered customer base. This has resulted in the percentage of active customers increasing from 50% as at 31 December 2011 to 60% as at 30 June 2012.

# Telecommunications – 3 Group Europe

## Key Business Indicators

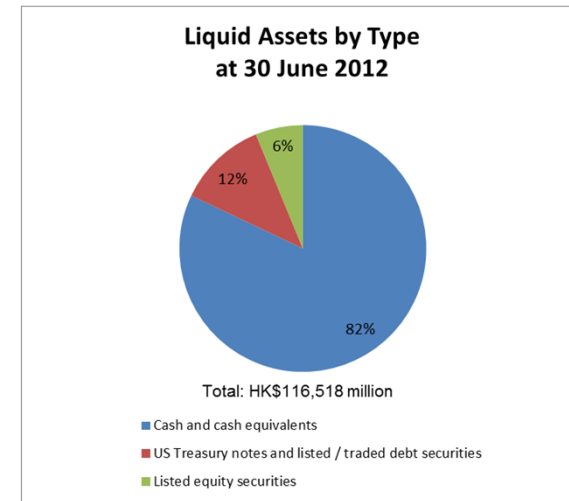
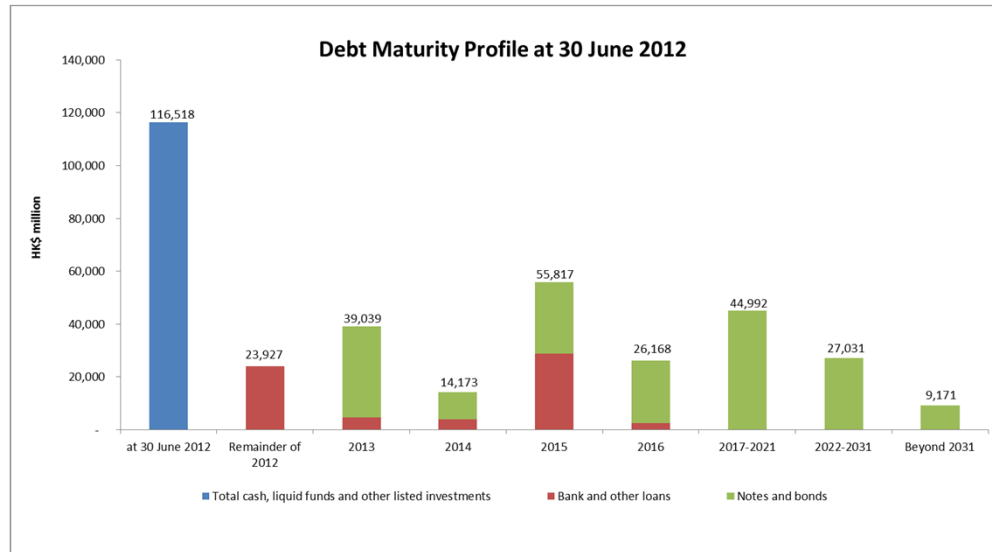


<i>1H 2012</i>	UK	Italy	Sweden	Denmark	Austria	Ireland	3 Group Europe Average
Contract customers as a % of total registered customer base	57%	41%	89%	77%	71%	49%	54%
Contract customers contribution to the customer services revenue base (%)	86%	82%	97%	85%	93%	81%	86%
Average monthly churn rate of total contract registered customer base (%)	1.4%	2.4%	1.4%	3.2%	0.2%	1.3%	1.7%
Active contract customers as a % of total contract registered customer base	97%	95%	100%	100%	99%	83%	97%
Active customers as a % of total registered customer base	81%	71%	96%	98%	78%	60%	77%
Weighted average per customer acquisition cost, on a 12-month trailing basis							€133

<i>1H 2011</i>	UK	Italy	Sweden	Denmark	Austria	Ireland	3 Group Europe Average
Contract customers as a % of total registered customer base	54%	36%	87%	83%	75%	42%	50%
Contract customers contribution to the customer services revenue base (%)	86%	79%	97%	93%	95%	81%	85%
Average monthly churn rate of total contract registered customer base (%)	1.9%	2.7%	1.7%	3.0%	0.3%	1.4%	2.0%
Active contract customers as a % of total contract registered customer base	97%	97%	100%	100%	99%	86%	97%
Active customers as a % of total registered customer base	77%	69%	95%	99%	81%	50%	74%
Weighted average per customer acquisition cost, on a 12-month trailing basis							€ 95

# Financial profile

Net Debt Ratio not exceeding 25%



1H 2012 Group EBITDA less Capex of company & subsidiaries (by division)

