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## UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

### HIGHLIGHTS

	<b>For the six months ended 30 June 2016 HK\$ millions</b>	<b>Pro forma results for the six months ended 30 June 2015 <sup>(1)</sup> HK\$ millions</b>	<b>Change</b>	<b>Local currency change</b>
Total Revenue <sup>(2)</sup>	<b>180,511</b>	197,019	-8%	-5%
Total EBITDA <sup>(2)</sup>	<b>44,256</b>	46,165	-4%	-
Total EBIT <sup>(2)</sup>	<b>29,469</b>	30,677	-4%	-
Profit attributable to ordinary shareholders before profits on disposal of investments & others	<b>15,228</b>	14,938	+2%	+6%
Profits on disposal of investments & others	<b>(307)</b>	(482)	+36%	
Profit attributable to ordinary shareholders	<b>14,921</b>	14,456	+3%	
Recurring earnings per share <sup>(3)</sup>	<b>HK\$3.95</b>	HK\$3.87	+2%	
Earnings per share <sup>(4)</sup>	<b>HK\$3.87</b>	HK\$3.75	+3%	
Interim dividend per share	<b>HK\$0.735</b>	HK\$0.700	+5%	

- (1) Unaudited CKHH Pro forma results for the six months ended 30 June 2015 assume that the Reorganisation was effective as at 1 January 2015. Pro forma 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") by operating segments for the six months ended 30 June 2015 have been reclassified to include the respective additional contributions as a result of the Reorganisation to enable a like-for-like comparison with CKHH actual results for the six months ended 30 June 2016. The CKHH statutory results for the six months ended 30 June 2015 reflects the impact of Reorganisation that occurred on 3 June 2015 and the total revenue and profit attributable to ordinary shareholders for the six months ended 30 June 2015 reported on that basis was HK\$117,250 million and HK\$101,858 million respectively. See the Condensed Consolidated Income Statement included in this Announcement and CKHH 2015 Interim Report for Reconciliation from CKHH Statutory Results to CKHH Pro forma Results for the six months ended 30 June 2015.
- (2) Total revenue, EBITDA and EBIT include the Group's proportionate share of associated companies and joint ventures' respective items.
- (3) Recurring earnings per share is calculated based on profit attributable to ordinary shareholders before profits on disposal of investments and others, after tax. For the six months ended 30 June 2015, recurring earnings per share on a pro forma basis was calculated based on profit attributable to ordinary shareholders before exceptional items of HK\$14,938 million and on CKHH's issued shares outstanding as at 30 June 2015 of 3,859,678,500.
- (4) Earnings per share is calculated based on profit attributable to ordinary shareholders. For the six months ended 30 June 2015, earnings per share on a pro forma basis was calculated based on profit attributable to ordinary shareholders of HK\$14,456 million and on CKHH's issued shares outstanding as at 30 June 2015 of 3,859,678,500 and the earnings per share on a statutory basis of HK\$39.87 as at 30 June 2015 was calculated based on the profit attributable to ordinary shareholders of HK\$101,858 million and on CKHH's weighted average number of shares outstanding during the six months ended 30 June 2015 of 2,554,940,009.

## CHAIRMAN'S STATEMENT

In the first half of 2016, the Group continued to face challenges ranging from low oil and gas prices to translation of adverse foreign currency movements and general global market uncertainty and volatility. Despite these headwinds, the Group demonstrated its resilience and delivered modest growth in recurring earnings year on year, both in reported currency and local currencies. This steady performance was supported by sustainable growth in the Group's Telecommunication and Infrastructure divisions as well as steady contribution from the Group's Retail division, partly offset by reduced profitability of Husky Energy.

Although EBITDA and EBIT in the first half of 2016 both decreased by 4% compared to the same period last year in reported currency, both were flat against last year in local currencies. The adverse variances were fully offset by the reduction in interest expenses and taxation and recurring profit attributable to ordinary shareholders in the first half of 2016, before profits on disposal of investments and others, was HK\$15,228 million, a 2% increase in reported currency and 6% increase in local currencies. Recurring earnings per share in the first half of 2016 was HK\$3.95, compared to HK\$3.87 in the same period last year.

Profits on disposal of investments and others, after tax in the first half of 2016 was a charge of HK\$307 million comprising an impairment charge on certain non-core investments held by the ports operation of HK\$577 million and the Group's subsidiary Hutchison Telecommunications (Australia) ("HTAL")'s 50% share of Vodafone Hutchison Australia ("VHA")'s operating losses<sup>1</sup> of HK\$328 million, partly offset by a marked-to-market gain upon acquisition of additional interest in an existing port operation of HK\$598 million. This is compared to the HK\$482 million of HTAL's losses recorded in the first half of 2015.

Profit attributable to ordinary shareholders for the period ended 30 June 2016 increased 3% to HK\$14,921 million from HK\$14,456 million for the first half of 2015.

### Dividend

The Board recommends the payment of an interim dividend of HK\$0.735 per share (30 June 2015 – HK\$0.700 per share), payable on Thursday, 22 September 2016 to those persons registered as shareholders of the Company on Monday, 12 September 2016, being the record date for determining shareholders' entitlement to the proposed interim dividend.

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<sup>1</sup> VHA's operating losses continued to be included as a P&L charge under "Others" of the Group's profits on disposal of investments and others line as VHA continues to operate under the leadership of Vodafone under the applicable terms of our shareholders' agreement since the second half of 2012.

## Ports and Related Services

The ports and related services division's throughput of 40 million twenty-foot equivalent units ("TEU") in the first six months of 2016 was 4% lower compared to the same period in 2015, mainly due to weaker Intra-Asia and transshipment cargoes in Hong Kong and competition in Rotterdam. Total revenue of HK\$16,142 million and EBITDA of HK\$5,744 million were 7% and 6% lower than the same period last year respectively in reported currency, and 2% and 1% lower in local currencies respectively, mainly due to the deconsolidation impact of the Jakarta operations, which ceased to be a subsidiary and is accounted for as joint venture following the dilution of interests in the second half of 2015. EBIT of HK\$3,722 million for the first six months of 2016 was a 9% decrease compared to the same period last year in reported currency, and a 4% decrease in local currencies primarily reflecting from the decrease in EBITDA and due to higher amortisation charge on the renewed concession of the Jakarta operations.

The division had 274 operating berths as at 30 June 2016. As the outlook for global trade is likely to remain soft in the second half, this division will continue to focus on cost efficiency and margin growth to maintain a stable contribution in the second half of 2016.

## Retail

The retail division has over 12,600 stores across 25 markets as at 30 June 2016, representing net additions of 257 stores during the first half of 2016 and a 7% increase compared to first half of 2015. Total reported revenue, EBITDA and EBIT of HK\$73,413 million, HK\$6,562 million, and HK\$5,338 million respectively, were all 2% lower than the same period last year as these results were adversely affected by foreign currency translation to Hong Kong dollars. Despite strong growth in the Health and Beauty segment, the retail operations in Hong Kong experienced mounting pressure from the severely reduced tourist arrivals and spending in the first half, which dampened the growth in the overall retail division. In local currencies, revenue increased by 1%, while EBITDA and EBIT both increased by 2%.

Health and Beauty segment, which represents 94% of the division's EBITDA, reported strong growth rates, with EBITDA and EBIT both growing 6% in local currencies. In Europe, EBITDA and EBIT grew 9% and 11% in local currencies respectively, reflecting a 4% increase in store numbers, 3.6% comparable store sales growth and generally improving margins. In particular, Health and Beauty UK was a major growth contributor with an encouraging comparable store sales growth of 6.5% for the period.

In Asia, despite the comparable store sales growth being negative 3.1% for the period, the organic expansion of stores continued with a 15% increase in store numbers against the same period last year, resulting in EBITDA and EBIT growth of 4% and 3% in local currencies respectively. Watsons China's total revenue was flat against the same period last year in local currency against a 17% increase in stores numbers, as comparable store sales growth was negative 8.5% due to weak retail market sentiment and competition from the e-commerce segment. Despite these difficult conditions, EBITDA and EBIT growth for Watsons China in local currency were 4% and 3% respectively in the first half of 2016 from well-executed margin and cost management. Watsons China will continue to build up and expand its e-commerce platform to compete in the rapidly growing e-commerce segment.

Overall the retail division plans net openings of over 800 stores in the second half of 2016, with 65% under the Health and Beauty format in the Mainland and certain Asian countries.

## Infrastructure

The Infrastructure division comprises a 75.67%<sup>2</sup> interest in Cheung Kong Infrastructure Holdings Limited (“CKI”), a company listed on the Stock Exchange of Hong Kong (“SEHK”), the Group’s interests in six co-owned infrastructure investments with CKI, as well as the aircraft leasing business which currently holds a portfolio of 65 aircraft. Total revenue of this division of HK\$27,221 million was 2% lower than the same period last year due to adverse foreign currency translation impact. In local currencies, revenue increased by 3% mainly arising from the full six months contributions from UK Rails and Portugal Renewable Energy acquired in 2015. EBITDA and EBIT of HK\$16,691 million and HK\$12,291 million were 4% and 3% higher than the first half of 2015 respectively in reported currency and 9% and 8% higher in local currencies respectively. The strong performance is attributable to the division’s defensive portfolio of assets and expansion strategy, which will continue to generate steady growth in recurring earnings and cash flow for the Group.

### *CKI*

CKI announced profit attributable to shareholders of HK\$5,511 million was 5% higher than HK\$5,253 million reported for the same period last year due to the full six months contributions from UK Rails and Portugal Renewable Energy and a gain on disposal of Spark Infrastructure Group, as well as the inclusion of HK\$297 million loss on disposal by CKI and Power Assets of a combined 19.9% interest in HK Electric Investments and HK Electric Investments Limited to a strategic investor in first half 2015 results. These favourable variances were largely offset by the unfavourable translation impact arising from the weakness of the British Pound, as well as the unrealised exchange losses on foreign currency denominated deposits and borrowings. Included in the Group’s first six months results of 2016 was a gain of HK\$111 million representing the gain over the Group’s carrying cost on the full disposal by CKI of 6.7% interest in Spark Infrastructure Group.

## Husky Energy

Husky Energy, our associated company listed in Canada, announced net loss of C\$654 million in the first half of 2016, compared to net earnings of C\$311 million for the same period in 2015. The earnings shortfall is primarily due to the impact of a continued low oil and natural gas realised prices and a net loss on disposal of selected legacy oil and natural gas assets to transform its Western Canada portfolio to a lower cost and more efficient business.

Average production in first six months of 2016 was 328,600 barrels of oil equivalent per day, a 5% decrease when compared to the same period last year, mainly due to lower natural gas and natural gas liquids sales from the Liwan Gas Project, partly offset by the continued strong performance from the thermal projects and the ongoing ramp up of the Sunrise Energy Project.

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<sup>2</sup> In January 2015, CKI completed a share placement and share subscription transaction, which resulted in the Group’s interest in CKI reducing from 78.16% to 75.67%. In March 2016, CKI issued new shares in connection with an issue of perpetual capital securities. Subsequent to this transaction, the Group currently holds a 71.93% interest. As these new shares are currently disregarded for the purpose of determining the number of shares held by the public, the Group’s profit sharing in CKI continues to be 75.67%.

Husky Energy made significant progress in delivering its strategic objectives in the first six months, including strengthening its balance sheet and ongoing transition into a low sustaining capital business. This will continue in the second half of 2016 in order to maintain an annualised earnings break-even at sub-\$40 US WTI.

On 18 July 2016, Husky Energy announced the completion of the agreement on the formation of a new limited partnership with CKI and Power Assets, which will assume ownership of select midstream assets in the Lloydminster region of Alberta and Saskatchewan. Under the arrangement, Husky Energy disposed its ownership interest in the pipeline assets to this limited partnership for a gross cash proceeds of C\$1.7 billion. The Group has recognised an attributable after tax gain of approximately HK\$1,755 million, which will be reported in the Group's results in the second half. Husky Energy retained a 35% interest in the partnership and remained as the operator of the midstream assets, while CKI and Power Assets have 16.25% and 48.75% ownership interests respectively. This transaction has unlocked substantial value for Husky Energy in order to further strengthen its financial position.

### **3 Group Europe**

With approximately 26.8 million active customers as at 30 June 2016, **3** Group Europe is now one of the major earnings contributors to the Group. The European currency depreciation led to a 1% lower revenue in reported currency over same period last year to HK\$30,165 million, while EBITDA and EBIT in reported currency grew by 9% and 10% to HK\$8,492 million and HK\$5,410 million respectively. In local currencies, EBITDA and EBIT in the first half of 2016 increased by 12% and 13% respectively. Although total revenue grew by a slight 1% in local currencies, EBITDA and EBIT improvements primarily attributed to the increase in net customer service margin, continued cost synergies realised in **3** Ireland and good cost management in other operations. **3** Group Europe overall continue to achieve positive EBITDA less capital expenditure.

In August 2015, the Group announced agreement with VimpelCom Ltd to form an equal joint venture merging **3** Italy and VimpelCom's subsidiary Wind Telecomunicazioni S.p.A. ("Wind") in Italy. On a combined basis, **3** Italy and Wind will become the largest mobile operator in Italy by customer numbers. Completion of the transaction is subject to regulatory approval, which will be determined in the third quarter of this year.

### **Hutchison Telecommunications Hong Kong**

Hutchison Telecommunications Hong Kong Holdings ("HTHKH"), our Hong Kong listed telecommunications subsidiary operating in Hong Kong and Macau, announced profit attributable to shareholders of HK\$376 million and earnings per share of 7.80 HK cents, a decrease of 26% compared to same period last year due to lower hardware sales from the lack of popular handsets in the market, as well as the reduction in mobile roaming revenue. As of 30 June 2016, HTHKH had approximately 3.1 million active mobile customers in Hong Kong and Macau.

## **Hutchison Asia Telecommunications**

As of 30 June 2016, Hutchison Asia Telecommunications (“HAT”) had an active customer base of approximately 72.4 million, with Indonesia representing 88% of the base. For the first half of 2016, HAT reported total revenue, EBITDA and EBIT of HK\$4,007 million, HK\$1,248 million and HK\$1,197 million respectively, representing growth of 26%, 204% and 191% over the same period last year respectively.

The improved profitability reflects the continuing expansion in the customer base in the Indonesian operation, which grew 24% over same period last year, as well as improvements in service margins and effective cost control initiatives. Together with strong network coverage and performance through implementing efficient network enhancement measures, the Indonesian business is expected to continue with the growth momentum in the second half of 2016.

## **Finance & Investments and Others**

The contribution from this division mainly represents returns earned on the Group’s holdings of cash and liquid investments, Hutchison Whampoa (China) Limited, listed associate Tom Group, Hutchison Water, the Marionnaud business and listed associate CK Life Sciences Group. The decrease in EBIT contribution in the first half of 2016 was mainly due to the impact of foreign exchange movements on monetary assets and disposals of non-core investments in both periods.

At 30 June 2016, the Group’s consolidated cash and liquid investments totalled HK\$162,750 million and consolidated debt amounted to HK\$332,148 million, resulting in consolidated net debt of HK\$169,398 million and net debt to a net total capital ratio of 23.3%.

## **Outlook**

The withdrawal of the UK from the European Union (“Brexit”) will bring with it considerable challenge both for the UK and for Europe for at least the next two to three years. The Group’s sizable investments in the UK and Eurozone are predominately resilient operations relating to utilities and daily necessities with solid fundamentals. Despite the current economic environment, the Group’s current businesses both in the UK and in Europe are expected to continue to generate stable and reasonable returns.

From a global perspective, macroeconomic and geopolitical uncertainties, together with fragile market sentiment, could potentially lead to a less sustainable recovery as volatilities in the equity, commodity and currency markets are likely to persist in the second half of 2016. Despite these uncertainties, the key fundamentals of the Group as a whole remain solid and will enable the Group to increase profitability. Strict financial discipline in managing its core businesses and prudent capital management on all investment activities will allow the Group to pursue its growth strategy while maintaining its current healthy liquidity and debt profile.

Barring any further unforeseen material adverse external developments, the Group will continue to adhere to these principles in the second half of 2016. I am cautiously optimistic in the Group’s future prospects.

I would like to thank the Board of Directors and all our dedicated employees around the world for their continued loyalty, diligence, professionalism and contributions to the Group and in particular, expressing our sincere gratitude to Mrs Chow Woo Mo Fong Susan, Group Deputy Managing Director who has now retired, for her tremendous contributions during her 23 years of service to the Company.

**Li Ka-shing**

*Chairman*

Hong Kong, 11 August 2016

## Operations Highlights

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

	<b>30 June 2016 Actual HK\$ millions</b>	30 June 2015 Pro forma <sup>(2)</sup> HK\$ millions	Change	Change in local currency
Total Revenue	<b>16,142</b>	17,308	-7%	-2%
EBITDA	<b>5,744</b>	6,104	-6%	-1%
EBIT	<b>3,722</b>	4,111	-9%	-4%
Throughput	<b>40.0 million TEU</b>	41.5 million TEU	-4%	NA

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

Note 2: First half of 2015 pro forma total revenue, EBITDA and EBIT assumed that the Reorganisation was effective on 1 January 2015.

EBITDA and EBIT decreased by 6% and 9% respectively in reported currency and decreased 1% and 4% respectively in local currencies, primarily driven by the deconsolidation impact of the Jakarta operations, which ceased to be a subsidiary and is accounted for as a joint venture following the dilution of interests in the second half of 2015, as well as the 4% lower throughput.

Excluding the deconsolidation effect of the Jakarta operations, the division's EBITDA and EBIT decreased by 3% and 5% in reported currency respectively, whilst improved by 2% and 0.4% in local currencies respectively.

### Retail

	<b>30 June 2016 HK\$ millions</b>	30 June 2015 <sup>(3)</sup> HK\$ millions	Change	Change in local currency
Total Revenue	<b>73,413</b>	74,926	-2%	+1%
EBITDA	<b>6,562</b>	6,683	-2%	+2%
EBIT	<b>5,338</b>	5,453	-2%	+2%
Total Store Numbers	<b>12,657</b>	11,780	+7%	N/A

Note 3: The Reorganisation has no impact to the Retail division's results for the first half of 2015.



Total Revenue	30 June 2016 HK\$ millions	30 June 2015 HK\$ millions	Change	Change in local currency
Health & Beauty China	10,630	11,126	-4%	+0.4%
Health & Beauty Asia <sup>(4)</sup>	11,452	11,105	+3%	+8%
<b>Health &amp; Beauty China &amp; Asia Subtotal</b>	<b>22,082</b>	22,231	-1%	+4%
Health & Beauty Western Europe	28,962	28,024	+3%	+5%
Health & Beauty Eastern Europe <sup>(4)</sup>	6,155	5,842	+5%	+12%
<b>Health &amp; Beauty Europe Subtotal</b>	<b>35,117</b>	33,866	+4%	+6%
<b>Health &amp; Beauty Subtotal</b>	<b>57,199</b>	56,097	+2%	+6%
Other Retail <sup>(5)</sup>	16,214	18,829	-14%	-13%
<b>Total Retail</b>	<b>73,413</b>	74,926	-2%	+1%
- Asia	38,296	41,060	-7%	-4%
- Europe	35,117	33,866	+4%	+6%

Comparable Stores Sales Growth (%) <sup>(6)</sup>	30 June 2016	30 June 2015
Health & Beauty China	-8.5%	+0.1%
Health & Beauty Asia <sup>(4)</sup>	+2.2%	+2.8%
<b>Health &amp; Beauty China &amp; Asia Subtotal</b>	<b>-3.1%</b>	+1.5%
Health & Beauty Western Europe	+3.3%	+4.1%
Health & Beauty Eastern Europe <sup>(4)</sup>	+5.2%	+5.7%
<b>Health &amp; Beauty Europe Subtotal</b>	<b>+3.6%</b>	+4.4%
<b>Health &amp; Beauty Subtotal</b>	<b>+1.1%</b>	+3.4%
Other Retail <sup>(5)</sup>	-9.7%	+2.4%
<b>Total Retail</b>	<b>-1.2%</b>	+3.2%
- Asia	-5.9%	+1.9%
- Europe	+3.6%	+4.4%

Store Numbers	30 June 2016	30 June 2015	Change
Health & Beauty China	2,622	2,239	+17%
Health & Beauty Asia <sup>(4)</sup>	2,438	2,170	+12%
<b>Health &amp; Beauty China &amp; Asia Subtotal</b>	<b>5,060</b>	4,409	+15%
Health & Beauty Western Europe	5,075	4,945	+3%
Health & Beauty Eastern Europe <sup>(4)</sup>	2,048	1,923	+7%
<b>Health &amp; Beauty Europe Subtotal</b>	<b>7,123</b>	6,868	+4%
<b>Health &amp; Beauty Subtotal</b>	<b>12,183</b>	11,277	+8%
Other Retail <sup>(5)</sup>	474	503	-6%
<b>Total Retail</b>	<b>12,657</b>	11,780	+7%
- Asia	5,534	4,912	+13%
- Europe	7,123	6,868	+4%

## Retail (continued)

EBITDA	30 June 2016 HK\$ millions	30 June 2015 HK\$ millions	Change	Change in local currency
Health & Beauty China	2,349	2,382	-1%	+4%
Health & Beauty Asia <sup>(4)</sup>	909	940	-3%	+4%
<b>Health &amp; Beauty China &amp; Asia Subtotal</b>	<b>3,258</b>	<b>3,322</b>	<b>-2%</b>	<b>+4%</b>
Health & Beauty Western Europe	2,076	1,949	+7%	+8%
Health & Beauty Eastern Europe <sup>(4)</sup>	839	803	+4%	+11%
<b>Health &amp; Beauty Europe Subtotal</b>	<b>2,915</b>	<b>2,752</b>	<b>+6%</b>	<b>+9%</b>
<b>Health &amp; Beauty Subtotal</b>	<b>6,173</b>	<b>6,074</b>	<b>+2%</b>	<b>+6%</b>
Other Retail <sup>(5)</sup>	389	609	-36%	-36%
<b>Total Retail</b>	<b>6,562</b>	<b>6,683</b>	<b>-2%</b>	<b>+2%</b>
- Asia	3,647	3,931	-7%	-3%
- Europe	2,915	2,752	+6%	+9%

EBITDA Margin %	30 June 2016	30 June 2015
Health & Beauty China	22%	21%
Health & Beauty Asia <sup>(4)</sup>	8%	8%
<b>Health &amp; Beauty China &amp; Asia Subtotal</b>	<b>15%</b>	<b>15%</b>
Health & Beauty Western Europe	7%	7%
Health & Beauty Eastern Europe <sup>(4)</sup>	14%	14%
<b>Health &amp; Beauty Europe Subtotal</b>	<b>8%</b>	<b>8%</b>
<b>Health &amp; Beauty Subtotal</b>	<b>11%</b>	<b>11%</b>
Other Retail <sup>(5)</sup>	2%	3%
<b>Total Retail</b>	<b>9%</b>	<b>9%</b>
- Asia	10%	10%
- Europe	8%	8%

Note 4: Watsons Turkey had been reclassified to Health & Beauty Asia from Health & Beauty Eastern Europe.

Note 5: Other Retail includes PARKnSHOP, Fortress, Watsons Wine, and manufacturing operations for water and beverage businesses.

Note 6: Comparable store sales growth represents the percentage change in revenue contributed by stores which, as at the first day of the relevant financial year (a) have been operating for over 12 months and (b) have not undergone major resizing within the previous 12 months.

EBITDA of HK\$6,562 million was 2% lower than first half of 2015 from the adverse foreign currency translation impact. In local currencies, EBITDA was 2% higher mainly driven by a 7% increase in number of stores to 12,657 stores as at 30 June 2016, partly offset by a negative 1.2% comparable store sales growth. Health and Beauty segment, which represents 94% of the division's EBITDA, reported strong growth rates with EBITDA growing 6% in local currencies, driven by an 8% increase in stores to 12,183 stores as at 30 June 2016 and a 1.1% comparable store sales growth.

The Health & Beauty segment overall has a net opening of 277 new stores during first half of 2016, primarily in the Mainland and certain Asian countries, with a new store payback of less than 10 months in first half of 2016.

## Infrastructure

	<b>30 June 2016 Actual HK\$ millions</b>	30 June 2015 Pro forma <sup>(7)</sup> HK\$ millions	Change	Change in local currency
Total Revenue	<b>27,221</b>	27,690	-2%	+3%
EBITDA	<b>16,691</b>	16,045	+4%	+9%
EBIT	<b>12,291</b>	11,987	+3%	+8%

Note 7: First half of 2015 pro forma results assumed that the Reorganisation was effective on 1 January 2015.

EBITDA and EBIT were 4% and 3% higher than first half of 2015 respectively in reported currency, mainly driven by the full six months contributions from UK Rails and Portugal Renewal Energy acquired in 2015, the inclusion of HK\$297 million loss on disposal by CKI and Power Assets of a combined 19.9% interest in HK Electric Investments and HK Electric Investments Limited in first half of 2015 results, as well as a gain before non-controlling interest of HK\$147 million representing the gain over the Group's carrying cost on the full disposal by CKI of 6.7% interest in Spark Infrastructure Group, partly offset by the unrealised exchange loss on foreign currency denominated deposits and borrowings and the weakness of the British Pound that resulted in lower reported results on translation to Hong Kong dollars.

## Husky Energy

	<b>30 June 2016 Actual HK\$ millions</b>	30 June 2015 Pro forma <sup>(8)</sup> HK\$ millions	Change	Change in local currency
Total Revenue	<b>13,392</b>	21,101	-37%	-32%
EBITDA	<b>3,686</b>	5,496	-33%	-29%
EBIT	<b>612</b>	1,024	-40%	-42%

Note 8: First half of 2015 pro forma results assumed the Reorganisation was effective on 1 January 2015.

The Group's share of EBITDA and EBIT, after translation into Hong Kong dollars and consolidation adjustments, decreased 33% and 40% respectively, mainly due to the impact of low oil and natural gas realised prices, a loss on short term hedging program and lower contribution from the US refineries, partly offset by an approximately HK\$970 million attributable disposal gain on certain legacy oil and natural gas assets in Western Canada being recognised in the Group's results in the first half of 2016, which represented the gain over the Group's carrying cost of these assets, as well as a gain on sale of royalty interests in Western Canada. EBIT reflected the same factors impacting EBITDA, but was partly compensated by lower depletion, depreciation and amortisation expenses as the depletion base was reduced subsequent to the impairment of certain crude oil and natural gas assets located in Western Canada by Husky Energy during the third quarter of 2015.

### 3 Group Europe

	30 June 2016 Actual HK\$ millions	30 June 2015 Pro forma <sup>(9)</sup> HK\$ millions	Change	Change in local currency
<b>Total Revenue</b>	<b>30,165</b>	30,573	-1%	+1%
- Net customer service revenue	<b>23,283</b>	23,251	—	+2%
- Handset revenue	<b>5,456</b>	6,397	-15%	
- Other revenue	<b>1,426</b>	925	+54%	
<b>Net customer service margin <sup>(10)</sup></b>	<b>19,487</b>	19,249	+1%	+4%
<i>Net customer service margin %</i>	<b>84%</b>	83%		
<b>Other margin</b>	<b>619</b>	455	+36%	
Total CACs	<b>(8,577)</b>	(9,665)	+11%	
Less: Handset revenue	<b>5,456</b>	6,397	-15%	
<b>Total CACs (net of handset revenue)</b>	<b>(3,121)</b>	(3,268)	+4%	
<b>Operating expenses</b>	<b>(8,493)</b>	(8,658)	+2%	
<i>Opex as a % of Net customer service margin</i>	<b>44%</b>	45%		
<b>EBITDA</b>	<b>8,492</b>	7,778	+9%	+12%
<i>EBITDA margin % <sup>(11)</sup></i>	<b>34%</b>	32%		
Depreciation & Amortisation	<b>(3,082)</b>	(2,854)	-8%	
<b>EBIT</b>	<b>5,410</b>	4,924	+10%	+13%
Capex (excluding licence)	<b>(4,245)</b>	(5,056)	+16%	
<b>EBITDA less Capex</b>	<b>4,247</b>	2,722	+56%	
Licence <sup>(12)</sup>	—	(12)	+100%	

Note 9: Results for the six months ended 30 June 2015 assumed that the Reorganisation was effective on 1 January 2015.

Note 10: Net customer service margin represents net customer service revenue deducting direct variable costs (including interconnection charges and roaming costs).

Note 11: EBITDA margin % represents EBITDA as a % of total revenue excluding handset revenue.

Note 12: Licence in 2015 represent incidental costs in relation to licences acquired in prior years.

### 3 Group Europe Overall

	30 June 2016	30 June 2015
Contract customers as a percentage of the total registered customer base	<b>59%</b>	58%
Contract customers' contribution to the net customer service revenue base (%)	<b>86%</b>	84%
Average monthly churn rate of the total contract registered customer base (%)	<b>1.7%</b>	1.7%
Active contract customers as a percentage of the total contract registered customer base	<b>98%</b>	98%
Active customers as a percentage of the total registered customer base	<b>86%</b>	85%
Six months data usage per active customer (Gigabyte)	<b>24.7</b>	17.7

## Key Business Indicators

### Registered Customer Base

	Registered Customers at 30 June 2016 ('000)			Registered Customer Growth (%) from 31 December 2015 to 30 June 2016		
	Prepaid	Postpaid	Total	Prepaid	Postpaid	Total
United Kingdom	4,677	6,171	<b>10,848</b>	+2%	–	<b>+1%</b>
Italy	4,593	5,881	<b>10,474</b>	–	+7%	<b>+4%</b>
Sweden	275	1,806	<b>2,081</b>	+9%	+3%	<b>+3%</b>
Denmark	437	783	<b>1,220</b>	+6%	+3%	<b>+4%</b>
Austria	1,307	2,466	<b>3,773</b>	–	-1%	<b>–</b>
Ireland	1,669	1,173	<b>2,842</b>	+6%	–	<b>+4%</b>
<b>3 Group Europe Total</b>	<b>12,958</b>	<b>18,280</b>	<b>31,238</b>	<b>+2%</b>	<b>+2%</b>	<b>+2%</b>

### Active<sup>(13)</sup> Customer Base

	Active Customers at 30 June 2016 ('000)			Active Customer Growth (%) from 31 December 2015 to 30 June 2016		
	Prepaid	Postpaid	Total	Prepaid	Postpaid	Total
United Kingdom	3,096	6,061	<b>9,157</b>	+7%	–	<b>+2%</b>
Italy	3,799	5,728	<b>9,527</b>	+2%	+6%	<b>+4%</b>
Sweden	192	1,806	<b>1,998</b>	+18%	+3%	<b>+4%</b>
Denmark	407	783	<b>1,190</b>	+3%	+3%	<b>+3%</b>
Austria	436	2,457	<b>2,893</b>	-2%	-1%	<b>-1%</b>
Ireland	880	1,151	<b>2,031</b>	-1%	+1%	<b>–</b>
<b>3 Group Europe Total</b>	<b>8,810</b>	<b>17,986</b>	<b>26,796</b>	<b>+3%</b>	<b>+2%</b>	<b>+3%</b>

Note 13: An active customer is one that generated revenue from an outgoing call, incoming call or data / content service in the preceding three months.

### 12-month Trailing Average Revenue per Active User ("ARPU")<sup>(14)</sup> to 30 June 2016

	Prepaid	Postpaid	Blended Total	% Variance compared to 31 December 2015
United Kingdom	£5.43	£26.43	<b>£19.50</b>	-3%
Italy	€8.63	€17.59	<b>€13.91</b>	–
Sweden	SEK127.43	SEK306.39	<b>SEK290.91</b>	–
Denmark	DKK95.67	DKK170.29	<b>DKK145.32</b>	-1%
Austria	€9.78	€22.44	<b>€20.50</b>	–
Ireland	€16.48	€30.35	<b>€24.27</b>	-2%
<b>3 Group Europe Average</b>	<b>€9.31</b>	<b>€27.84</b>	<b>€21.16</b>	<b>-3%</b>

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

## Key Business Indicators (continued)

### 12-month Trailing Net Average Revenue per Active User ("Net ARPU")<sup>(15)</sup> to 30 June 2016

	Prepaid	Postpaid	Blended Total	% Variance compared to 31 December 2015
United Kingdom	£5.43	£19.23	<b>£14.68</b>	-2%
Italy	€8.63	€17.59	<b>€13.91</b>	–
Sweden	SEK127.43	SEK213.25	<b>SEK205.83</b>	-2%
Denmark	DKK95.67	DKK152.82	<b>DKK133.70</b>	-1%
Austria	€9.78	€19.17	<b>€17.73</b>	–
Ireland	€16.48	€25.77	<b>€21.70</b>	-4%
<b>3 Group Europe Average</b>	<b>€9.31</b>	<b>€21.81</b>	<b>€17.69</b>	<b>-2%</b>

### 12-month Trailing Net Average Margin per Active User ("Net AMPU")<sup>(16)</sup> to 30 June 2016

	Prepaid	Postpaid	Blended Total	% Variance compared to 31 December 2015
United Kingdom	£4.79	£16.76	<b>£12.81</b>	-1%
Italy	€6.89	€13.81	<b>€10.96</b>	+1%
Sweden	SEK107.16	SEK182.84	<b>SEK176.29</b>	-2%
Denmark	DKK82.13	DKK128.57	<b>DKK113.04</b>	-4%
Austria	€8.64	€16.21	<b>€15.05</b>	+2%
Ireland	€13.05	€21.37	<b>€17.72</b>	-4%
<b>3 Group Europe Average</b>	<b>€7.72</b>	<b>€18.34</b>	<b>€14.84</b>	<b>-2%</b>

Note 15: Net ARPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset / device in postpaid contract bundled plans, divided by the average number of active customers during the period.

Note 16: Net AMPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset / device in postpaid contract bundled plans, less direct variable costs (including interconnection charges and roaming costs) (i.e. net customer service margin), divided by the average number of active customers during the period.

## United Kingdom

	<b>30 June 2016</b> <b>Actual</b> <b>GBP millions</b>	30 June 2015 Pro forma GBP millions	Change
<b>Total Revenue</b>	<b>1,052</b>	1,071	-2%
- Net customer service revenue	771	755	+2%
- Handset revenue	216	294	-27%
- Other revenue	65	22	+195%
Net customer service margin	<b>671</b>	646	+4%
<i>Net customer service margin %</i>	<b>87%</b>	86%	
Other margin	15	8	+88%
Total CACs	<b>(316)</b>	(402)	+21%
Less: Handset revenue	216	294	-27%
Total CACs (net of handset revenue)	<b>(100)</b>	(108)	+7%
Operating expenses	<b>(238)</b>	(235)	-1%
<i>Opex as a % of Net customer service margin</i>	<b>36%</b>	36%	
<b>EBITDA</b>	<b>348</b>	311	+12%
<i>EBITDA margin %</i>	<b>42%</b>	40%	
Depreciation & Amortisation	<b>(117)</b>	(111)	-5%
<b>EBIT</b>	<b>231</b>	200	+16%
Capex (excluding licence)	<b>(154)</b>	(141)	-9%
EBITDA less Capex	<b>194</b>	170	+14%
Licence	-	(1)	+100%

	<b>30 June 2016</b>	30 June 2015
Total registered customer base (thousands)	<b>10,848</b>	10,492
Total active customer base (thousands)	<b>9,157</b>	8,805
Contract customers as a percentage of the total registered customer base	<b>57%</b>	59%
Contract customers' contribution to the net customer service revenue base (%)	<b>87%</b>	90%
Average monthly churn rate of the total contract registered customer base (%)	<b>1.4%</b>	1.5%
Active contract customers as a percentage of the total contract registered customer base	<b>98%</b>	98%
Active customers as a percentage of the total registered customer base	<b>84%</b>	84%

## Italy

	30 June 2016 Actual EUR millions	30 June 2015 Pro forma EUR millions	Change
<b>Total Revenue</b>	<b>906</b>	881	+3%
- Net customer service revenue	752	710	+6%
- Handset revenue	141	153	-8%
- Other revenue	13	18	-28%
Net customer service margin	593	548	+8%
<i>Net customer service margin %</i>	<i>79%</i>	<i>77%</i>	
Other margin	12	17	-29%
Total CACs	(277)	(288)	+4%
Less: Handset revenue	141	153	-8%
Total CACs (net of handset revenue)	(136)	(135)	-1%
Operating expenses	(334)	(332)	-1%
<i>Opex as a % of Net customer service margin</i>	<i>56%</i>	<i>61%</i>	
<b>EBITDA</b>	<b>135</b>	98	+38%
<i>EBITDA margin %</i>	<i>18%</i>	<i>13%</i>	
Depreciation & Amortisation	(72)	(59)	-22%
<b>EBIT</b>	<b>63</b>	39	+62%
Capex (excluding licence)	(158)	(219)	+28%
EBITDA less Capex	(23)	(121)	+81%

	30 June 2016	30 June 2015
Total registered customer base (thousands)	<b>10,474</b>	10,196
Total active customer base (thousands)	<b>9,527</b>	8,880
Contract customers as a percentage of the total registered customer base	<b>56%</b>	51%
Contract customers' contribution to the net customer service revenue base (%)	<b>75%</b>	74%
Average monthly churn rate of the total contract registered customer base (%)	<b>2.5%</b>	2.7%
Active contract customers as a percentage of the total contract registered customer base	<b>97%</b>	97%
Active customers as a percentage of the total registered customer base	<b>91%</b>	87%



## Sweden

	30 June 2016 Actual SEK millions	30 June 2015 Pro forma SEK millions	Change
<b>Total Revenue</b>	<b>3,569</b>	3,377	+6%
- Net customer service revenue	<b>2,390</b>	2,295	+4%
- Handset revenue	<b>1,038</b>	961	+8%
- Other revenue	<b>141</b>	121	+17%
Net customer service margin	<b>2,044</b>	1,968	+4%
<i>Net customer service margin %</i>	<b>86%</b>	86%	
Other margin	<b>56</b>	41	+37%
Total CACs	<b>(1,405)</b>	(1,316)	-7%
Less: Handset revenue	<b>1,038</b>	961	+8%
Total CACs (net of handset revenue)	<b>(367)</b>	(355)	-3%
Operating expenses	<b>(712)</b>	(674)	-6%
<i>Opex as a % of Net customer service margin</i>	<b>35%</b>	34%	
<b>EBITDA</b>	<b>1,021</b>	980	+4%
<i>EBITDA margin %</i>	<b>40%</b>	41%	
Depreciation & Amortisation	<b>(295)</b>	(261)	-13%
<b>EBIT</b>	<b>726</b>	719	+1%
Capex (excluding licence)	<b>(458)</b>	(400)	-15%
EBITDA less Capex	<b>563</b>	580	-3%

	30 June 2016	30 June 2015
Total registered customer base (thousands)	<b>2,081</b>	1,950
Total active customer base (thousands)	<b>1,998</b>	1,855
Contract customers as a percentage of the total registered customer base	<b>87%</b>	87%
Contract customers' contribution to the net customer service revenue base (%)	<b>94%</b>	95%
Average monthly churn rate of the total contract registered customer base (%)	<b>1.6%</b>	1.5%
Active contract customers as a percentage of the total contract registered customer base	<b>100%</b>	100%
Active customers as a percentage of the total registered customer base	<b>96%</b>	95%

## Denmark

	30 June 2016 Actual DKK millions	30 June 2015 Pro forma DKK millions	Change
<b>Total Revenue</b>	<b>1,019</b>	1,011	+1%
- Net customer service revenue	929	885	+5%
- Handset revenue	31	89	-65%
- Other revenue	59	37	+59%
Net customer service margin	775	783	-1%
<i>Net customer service margin %</i>	<b>83%</b>	88%	
Other margin	36	17	+112%
Total CACs	(147)	(218)	+33%
Less: Handset revenue	31	89	-65%
Total CACs (net of handset revenue)	(116)	(129)	+10%
Operating expenses	(367)	(333)	-10%
<i>Opex as a % of Net customer service margin</i>	<b>47%</b>	43%	
<b>EBITDA</b>	<b>328</b>	338	-3%
<i>EBITDA margin %</i>	<b>33%</b>	37%	
Depreciation & Amortisation	(127)	(129)	+2%
<b>EBIT</b>	<b>201</b>	209	-4%
Capex (excluding licence)	(69)	(50)	-38%
EBITDA less Capex	259	288	-10%

	30 June 2016	30 June 2015
Total registered customer base (thousands)	1,220	1,148
Total active customer base (thousands)	1,190	1,115
Contract customers as a percentage of the total registered customer base	64%	66%
Contract customers' contribution to the net customer service revenue base (%)	76%	76%
Average monthly churn rate of the total contract registered customer base (%)	2.2%	3.0%
Active contract customers as a percentage of the total contract registered customer base	100%	100%
Active customers as a percentage of the total registered customer base	98%	97%

## Austria

	30 June 2016 Actual EUR millions	30 June 2015 Pro forma EUR millions	Change
<b>Total Revenue</b>	<b>373</b>	355	+5%
- Net customer service revenue	<b>307</b>	303	+1%
- Handset revenue	<b>54</b>	39	+38%
- Other revenue	<b>12</b>	13	-8%
Net customer service margin	<b>261</b>	251	+4%
<i>Net customer service margin %</i>	<b>85%</b>	83%	
Other margin	<b>10</b>	8	+25%
Total CACs	<b>(72)</b>	(53)	-36%
Less: Handset revenue	<b>54</b>	39	+38%
Total CACs (net of handset revenue)	<b>(18)</b>	(14)	-29%
Operating expenses	<b>(90)</b>	(98)	+8%
<i>Opex as a % of Net customer service margin</i>	<b>34%</b>	39%	
<b>EBITDA</b>	<b>163</b>	147	+11%
<i>EBITDA margin %</i>	<b>51%</b>	47%	
Depreciation & Amortisation	<b>(47)</b>	(40)	-18%
<b>EBIT</b>	<b>116</b>	107	+8%
Capex (excluding licence)	<b>(28)</b>	(42)	+33%
EBITDA less Capex	<b>135</b>	105	+29%

	30 June 2016	30 June 2015
Total registered customer base (thousands)	<b>3,773</b>	3,705
Total active customer base (thousands)	<b>2,893</b>	2,894
Contract customers as a percentage of the total registered customer base	<b>65%</b>	67%
Contract customers' contribution to the net customer service revenue base (%)	<b>92%</b>	92%
Average monthly churn rate of the total contract registered customer base (%)	<b>0.3%</b>	0.5%
Active contract customers as a percentage of the total contract registered customer base	<b>100%</b>	99%
Active customers as a percentage of the total registered customer base	<b>77%</b>	78%

## Ireland

	30 June 2016 Actual EUR millions	30 June 2015 Pro forma EUR millions	Change
<b>Total Revenue</b>	<b>330</b>	335	-1%
- Net customer service revenue	<b>256</b>	277	-8%
- Handset revenue	<b>42</b>	31	+35%
- Other revenue	<b>32</b>	27	+19%
Net customer service margin	<b>209</b>	226	-8%
<i>Net customer service margin %</i>	<b>82%</b>	82%	
Other margin	<b>20</b>	11	+82%
Total CACs	<b>(65)</b>	(58)	-12%
Less: Handset revenue	<b>42</b>	31	+35%
Total CACs (net of handset revenue)	<b>(23)</b>	(27)	+15%
Operating expenses	<b>(124)</b>	(133)	+7%
<i>Opex as a % of Net customer service margin</i>	<b>59%</b>	59%	
<b>EBITDA</b>	<b>82</b>	77	+6%
<i>EBITDA margin %</i>	<b>28%</b>	25%	
Depreciation & Amortisation	<b>(37)</b>	(34)	-9%
<b>EBIT</b>	<b>45</b>	43	+5%
Capex (excluding licence)	<b>(55)</b>	(73)	+25%
EBITDA less Capex	<b>27</b>	4	+575%

	30 June 2016	30 June 2015
Total registered customer base (thousands)	<b>2,842</b>	2,611
Total active customer base (thousands)	<b>2,031</b>	1,993
Contract customers as a percentage of the total registered customer base	<b>41%</b>	44%
Contract customers' contribution to the net customer service revenue base (%)	<b>66%</b>	68%
Average monthly churn rate of the total contract registered customer base (%)	<b>1.6%</b>	1.4%
Active contract customers as a percentage of the total contract registered customer base	<b>98%</b>	97%
Active customers as a percentage of the total registered customer base	<b>71%</b>	76%

## Hutchison Telecommunications Hong Kong Holdings <sup>(17)</sup>

	<b>30 June 2016 Actual HK\$ millions</b>	30 June 2015 Pro forma <sup>(18)</sup> HK\$ millions	Change
Total Revenue	<b>5,369</b>	11,058	-51%
EBITDA	<b>1,316</b>	1,515	-13%
EBIT	<b>553</b>	785	-30%

Note 17: After the Group's consolidation and reclassification adjustments.

Note 18: First half of 2015 pro forma total revenue, EBITDA and EBIT assumed that the Reorganisation was effective on 1 January 2015.

EBITDA and EBIT of HK\$1,316 million and HK\$553 million were 13% and 30% lower respectively as compared to the same period last year, mainly due to lower hardware sales from the lack of popular handsets in the market, as well as the reduction in mobile roaming revenue.

## Hutchison Asia Telecommunications

	<b>30 June 2016 Actual HK\$ millions</b>	30 June 2015 Pro forma <sup>(19)</sup> HK\$ millions	Change
Total Revenue	<b>4,007</b>	3,179	+26%
EBITDA	<b>1,248</b>	411	+204%
EBIT	<b>1,197</b>	411	+191%

Note 19: First half of 2015 pro forma total revenue, EBITDA and EBIT assumed that the Reorganisation was effective on 1 January 2015.

EBITDA of HK\$1,248 million and EBIT of HK\$1,197 million in the first half of 2016 represent a growth of 204% and 191% over the same period last year respectively, reflecting the continuing expansion in the customer base in the Indonesian operation, which grew 24% over the same period last year, as well as the improvement in service margins and effective cost control initiatives.

## Hutchison Telecommunications (Australia) ("HTAL")

	<b>30 June 2016 AUD millions</b>	30 June 2015 AUD millions	Change
Announced Total Revenue	<b>802</b>	887	-10%
Announced Loss Attributable to Shareholders	<b>(66)</b>	(90)	+27%

HTAL, a subsidiary listed on the Australian Securities Exchange, owns 50% of VHA and announced total revenue of A\$802 million, a 10% decrease over the same period last year, due to the reduction in regulated mobile termination rate for all carriers from 1 January 2016. However, this has minimal impact to the net customer services margin which improved by 2% against the first half of 2015. EBITDA of A\$206 million represented an 8% increase over last year driven by growth in the customer base and good cost controls, correspondingly with lower depreciation and amortisation, reported loss reduced by 27% over the same period last year.

VHA's customer base increased to approximately 5.5 million (including MVNOS) at 30 June 2016.

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

**CK Hutchison Holdings Limited**  
**Condensed Consolidated Income Statement**  
for the six months ended 30 June 2016

Unaudited 2016 US\$ millions	Note	Unaudited 2016 HK\$ millions	2015 HK\$ millions
<b>Continuing operations</b>			
16,476	3	128,512	26,046
(6,288)		(49,044)	(11,067)
(2,090)		(16,301)	(3,291)
(1,228)		(9,575)	(1,804)
(1,051)	3	(8,201)	(1,540)
(3,461)		(26,995)	(3,755)
(44)	4	(346)	14,158
Share of profits less losses of:			
Associated companies before profits on disposal of investments			
278		2,167	4,283
531		4,142	1,431
Associated company's profits on disposal of investments and			
-	4	-	(196)
<b>3,123</b>		<b>24,359</b>	<b>24,265</b>
(450)	5	(3,508)	(771)
<b>2,673</b>		<b>20,851</b>	<b>23,494</b>
(186)	6	(1,450)	(340)
(3)	6	(25)	(558)
<b>2,484</b>		<b>19,376</b>	<b>22,596</b>
<b>Discontinued operations</b>			
-	7	-	80,514
<b>2,484</b>		<b>19,376</b>	<b>103,110</b>
<b>Profit attributable to non-controlling interests and holders of perpetual capital securities arises from:</b>			
(571)		(4,455)	(1,119)
-	7	-	(133)
<b>(571)</b>		<b>(4,455)</b>	<b>(1,252)</b>
<b>Profit attributable to ordinary shareholders arises from:</b>			
1,913	3	14,921	21,477
-	7	-	80,381
<b>1,913</b>		<b>14,921</b>	<b>101,858</b>
<b>Earnings per share for profit attributable to ordinary shareholders arises from:</b>			
US 49.6 cents	8	HK\$ 3.87	HK\$ 8.41
-	8	-	HK\$ 31.46
<b>US 49.6 cents</b>		<b>HK\$ 3.87</b>	<b>HK\$ 39.87</b>

Details of distribution paid to the holders of perpetual capital securities and interim dividend payable to the ordinary shareholders of the Company are set out in note 9(a) and (b), respectively.

**CK Hutchison Holdings Limited**  
**Condensed Consolidated Statement of Comprehensive Income**  
for the six months ended 30 June 2016

Unaudited 2016 US\$ millions		Unaudited 2016 HK\$ millions	2015 HK\$ millions
2,484	<b>Profit after tax</b>	19,376	103,110
	<b>Other comprehensive income (losses)</b>		
	<b>Items that will not be reclassified to profit or loss:</b>		
	Remeasurement of defined benefit obligations recognised directly		
(20)	in reserves	(153)	85
(25)	Share of other comprehensive income (losses) of associated companies	(195)	339
(28)	Share of other comprehensive income (losses) of joint ventures	(218)	211
3	Tax relating to items that will not be reclassified to profit or loss	19	(2)
(70)		(547)	633
	<b>Items that have been reclassified or may be subsequently reclassified to profit or loss:</b>		
	Available-for-sale investments		
(40)	Valuation gains (losses) recognised directly in reserves	(315)	504
71	Valuation losses (gains) previously in reserves recognised in income statement	556	(1,145)
	Cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts		
(227)	Gains (losses) recognised directly in reserves	(1,766)	539
(1)	Gains previously in reserves recognised in initial cost of non-financial items	(12)	-
439	Gains (losses) on net investment hedges arising from forward foreign currency contracts recognised directly in reserves	3,428	(82)
(984)	Losses on translating overseas subsidiaries' net assets recognised directly in reserves	(7,679)	(738)
-	Losses previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the period recognised in income statement	-	13,973
298	Share of other comprehensive income (losses) of associated companies	2,324	(7,386)
(401)	Share of other comprehensive income (losses) of joint ventures	(3,124)	(502)
32	Tax relating to items that have been reclassified or may be subsequently reclassified to profit or loss	247	(1)
(813)		(6,341)	5,162
(883)	<b>Other comprehensive income (losses) after tax</b>	(6,888)	5,795
1,601	<b>Total comprehensive income</b>	12,488	108,905
	<b>Total comprehensive income attributable to non-controlling interests and holders of perpetual capital securities arises from:</b>		
(394)	Continuing operations	(3,071)	(531)
-	Discontinued operations	-	(130)
(394)		(3,071)	(661)
	<b>Total comprehensive income attributable to ordinary shareholders arises from:</b>		
1,207	Continuing operations	9,417	34,562
-	Discontinued operations	-	73,682
1,207		9,417	108,244

**CK Hutchison Holdings Limited**  
**Condensed Consolidated Statement of Financial Position**  
at 30 June 2016

Unaudited 30 June 2016 US\$ millions		Note	Unaudited 30 June 2016 HK\$ millions	Audited 31 December 2015 HK\$ millions
<b>ASSETS</b>				
<b>Non-current assets</b>				
22,704	Fixed assets	10	177,090	179,855
43	Investment properties		334	334
1,140	Leasehold land		8,897	7,215
4,260	Telecommunications licences		33,227	32,608
10,369	Brand names and other rights		80,881	82,233
33,240	Goodwill		259,270	261,449
19,195	Associated companies		149,721	148,372
11,478	Interests in joint ventures		89,534	92,425
2,660	Deferred tax assets	11	20,746	20,986
858	Other non-current assets	12	6,692	4,238
1,070	Liquid funds and other listed investments	13	8,343	10,255
<b>107,017</b>			<b>834,735</b>	<b>839,970</b>
<b>Current assets</b>				
19,796	Cash and cash equivalents	14	154,407	121,171
6,883	Trade and other receivables	15	53,687	52,042
2,550	Inventories		19,888	19,761
<b>29,229</b>			<b>227,982</b>	<b>192,974</b>
<b>Current liabilities</b>				
11,721	Trade and other payables	16	91,422	94,849
8,679	Bank and other debts	17	67,696	33,016
263	Current tax liabilities		2,051	2,438
<b>20,663</b>			<b>161,169</b>	<b>130,303</b>
<b>8,566</b>	<b>Net current assets</b>		<b>66,813</b>	<b>62,671</b>
<b>115,583</b>	<b>Total assets less current liabilities</b>		<b>901,548</b>	<b>902,641</b>
<b>Non-current liabilities</b>				
33,818	Bank and other debts	17	263,783	270,536
557	Interest bearing loans from non-controlling shareholders		4,341	4,827
3,289	Deferred tax liabilities	11	25,654	26,062
449	Pension obligations		3,502	4,066
6,552	Other non-current liabilities	18	51,102	48,039
<b>44,665</b>			<b>348,382</b>	<b>353,530</b>
<b>70,918</b>	<b>Net assets</b>		<b>553,166</b>	<b>549,111</b>
<b>CAPITAL AND RESERVES</b>				
495	Share capital	19 (a)	3,860	3,860
31,370	Share premium	19 (a)	244,691	244,691
4,471	Perpetual capital securities	19 (b)	34,874	35,153
18,851	Reserves		147,037	144,884
<b>55,187</b>	<b>Total ordinary shareholders' funds and perpetual capital securities</b>		<b>430,462</b>	<b>428,588</b>
15,731	Non-controlling interests		122,704	120,523
<b>70,918</b>	<b>Total equity</b>		<b>553,166</b>	<b>549,111</b>



**CK Hutchison Holdings Limited**  
**Condensed Consolidated Statement of Changes in Equity**  
for the six months ended 30 June 2016

	Attributable to							
	Ordinary shareholders				Total ordinary shareholders'			
	Share capital and share premium <sup>(a)</sup>	Other reserves <sup>(b)</sup>	Retained profit	Sub-total	Holders of perpetual capital securities	funds and perpetual capital securities	Non-controlling interests	Unaudited Total equity
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
At 1 January 2016	248,551	(356,025)	500,909	393,435	35,153	428,588	120,523	549,111
Profit for the period	-	-	14,921	14,921	749	15,670	3,706	19,376
Other comprehensive income (losses)								
Available-for-sale investments								
Valuation losses recognised directly in reserves	-	(313)	-	(313)	-	(313)	(2)	(315)
Valuation losses previously in reserves recognised in income statement	-	477	-	477	-	477	79	556
Remeasurement of defined benefit obligations recognised directly in reserves	-	-	(127)	(127)	-	(127)	(26)	(153)
Cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts								
Losses recognised directly in reserves	-	(1,515)	-	(1,515)	-	(1,515)	(251)	(1,766)
Gains previously in reserves recognised in initial cost of non-financial items	-	(12)	-	(12)	-	(12)	-	(12)
Gains on net investment hedges arising from forward foreign currency contracts recognised directly in reserves	-	2,881	-	2,881	-	2,881	547	3,428
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	-	(6,900)	-	(6,900)	-	(6,900)	(779)	(7,679)
Share of other comprehensive income (losses) of associated companies	-	2,545	(146)	2,399	-	2,399	(270)	2,129
Share of other comprehensive income (losses) of joint ventures	-	(2,479)	(170)	(2,649)	-	(2,649)	(693)	(3,342)
Tax relating to components of other comprehensive income (losses)	-	239	16	255	-	255	11	266
Other comprehensive income (losses)	-	(5,077)	(427)	(5,504)	-	(5,504)	(1,384)	(6,888)
Total comprehensive income (losses)	-	(5,077)	14,494	9,417	749	10,166	2,322	12,488
Dividends paid relating to 2015	-	-	(7,140)	(7,140)	-	(7,140)	-	(7,140)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(2,989)	(2,989)
Distribution paid on perpetual capital securities	-	-	-	-	(1,028)	(1,028)	-	(1,028)
Equity contribution from non-controlling interests	-	-	-	-	-	-	10,111	10,111
Equity redemption to non-controlling interests	-	-	-	-	-	-	(7,800)	(7,800)
Transaction costs in relation to equity contribution from non-controlling interests	-	-	(87)	(87)	-	(87)	(28)	(115)
Share option schemes and long term incentive plans of subsidiary companies	-	(2)	-	(2)	-	(2)	(1)	(3)
Relating to purchase of subsidiary companies	-	-	-	-	-	-	531	531
Relating to purchase of non-controlling interests	-	(2)	-	(2)	-	(2)	2	-
Relating to deemed disposal of subsidiary companies	-	(26)	(7)	(33)	-	(33)	33	-
	-	(30)	(7,234)	(7,264)	(1,028)	(8,292)	(141)	(8,433)
At 30 June 2016	248,551	(361,132)	508,169	395,588	34,874	430,462	122,704	553,166

**CK Hutchison Holdings Limited**  
**Condensed Consolidated Statement of Changes in Equity**  
for the six months ended 30 June 2016

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

**CK Hutchison Holdings Limited**  
**Condensed Consolidated Statement of Changes in Equity**  
for the six months ended 30 June 2016

- (a) As at 30 June 2016, 1 January 2016 and 30 June 2015, share capital and share premium comprise share capital of HK\$3,860 million and share premium of HK\$244,691 million (1 January 2015 - share capital of HK\$10,489 million).
- (b) Other reserves are comprised of:

	<b>30 June 2016 HK\$ millions</b>	<b>1 January 2016 HK\$ millions</b>	30 June 2015 HK\$ millions	1 January 2015 HK\$ millions
Exchange reserve	(16,977)	(13,986)	(2,443)	(10,334)
Revaluation reserve	(604)	(763)	175	2,918
Hedging reserve	(1,568)	673	412	(35)
Others	(341,983)	(341,949)	(341,331)	19,242
	<b>(361,132)</b>	<b>(356,025)</b>	(343,187)	11,791

Revaluation surplus (deficit) arising from revaluation to market value of listed debt securities and listed equity securities which are available for sale are included in the revaluation reserve. Fair value changes arising from the effective portion of hedging instruments designated as cash flow hedges are included in the hedging reserve.

- (c) Under the Reorganisation Proposal completed during the comparative six months ended 30 June 2015, the share capital and the other reserves accounts were reduced by HK\$10,489 million and HK\$341,336 million, respectively, totaling HK\$351,825 million, representing the fair value of Cheung Kong (Holdings) Limited (“Cheung Kong”) shares cancelled, and at the same time the share capital and the share premium account were increased by HK\$2,316 million and HK\$349,509 million, respectively, totaling HK\$351,825 million, representing the fair value of new CK Hutchison Holdings Limited (“CK Hutchison”) shares issued.
- (d) Under the Merger Proposal completed during the comparative six months ended 30 June 2015, the share capital and the share premium account were increased by HK\$1,544 million and HK\$258,693 million, respectively, totaling HK\$260,237 million, representing the fair value of new CK Hutchison shares issued.

**CK Hutchison Holdings Limited**  
**Condensed Consolidated Statement of Cash Flows**  
for the six months ended 30 June 2016

Unaudited 2016 US\$ millions	Note	Unaudited 2016 HK\$ millions	2015 HK\$ millions
<b>Operating activities</b>			
4,030			
Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital			
(605)	20 (a)	31,433	15,736
Interest expenses and other finance costs paid			
(224)		(4,720)	(878)
Tax paid			
		(1,744)	(457)
<b>3,201</b>		<b>24,969</b>	<b>14,401</b>
<b>Funds from operations</b>			
(781)	20 (b)	(6,095)	3,251
Changes in working capital			
<b>2,420</b>		<b>18,874</b>	<b>17,652</b>
<b>Net cash from operating activities</b>			
<b>Investing activities</b>			
(1,215)		(9,475)	(7,680)
Purchase of fixed assets			
(232)		(1,808)	(12)
Additions to telecommunications licences			
(6)		(52)	(45)
Additions to brand names and other rights			
(36)	20 (c)	(278)	109,803
Purchase of subsidiary companies			
(2)		(19)	(9)
Additions to other unlisted investments			
146		1,140	931
Repayments from associated companies and joint ventures			
(28)		(225)	(14,139)
Purchase of and advances to associated companies and joint ventures			
32		250	46
Proceeds on disposal of fixed assets			
-	20 (d)	-	(16)
Proceeds on disposal of subsidiary companies			
-		-	2,401
Proceeds on disposal of joint ventures			
11		89	240
Proceeds on disposal of other unlisted investments			
(1,330)		(10,378)	91,520
Cash flows from (used in) investing activities before additions to / disposal of liquid funds and other listed investments			
221		1,726	2,335
Disposal of liquid funds and other listed investments			
(3)		(21)	(97)
Additions to liquid funds and other listed investments			
<b>(1,112)</b>		<b>(8,673)</b>	<b>93,758</b>
<b>Cash flows from (used in) investing activities</b>			
<b>1,308</b>		<b>10,201</b>	<b>111,410</b>
<b>Net cash inflow before financing activities</b>			
<b>Financing activities</b>			
5,290		41,260	7,696
New borrowings			
(1,142)		(8,906)	(18,488)
Repayment of borrowings			
246		1,920	(490)
Issue of shares by subsidiary companies to non-controlling shareholders and net loans from (to) non-controlling shareholders			
-		-	19
Proceeds on partial disposal of subsidiary company			
(915)		(7,140)	(6,985)
Dividends paid to ordinary shareholders			
(394)		(3,071)	(965)
Dividends paid to non-controlling interests			
(132)		(1,028)	(221)
Distribution paid on perpetual capital securities			
-	20 (e)	-	40,649
Distribution In Specie			
<b>2,953</b>		<b>23,035</b>	<b>21,215</b>
<b>Cash flows from financing activities</b>			
4,261		33,236	132,625
Increase in cash and cash equivalents			
15,535		121,171	29,437
Cash and cash equivalents at 1 January			
<b>19,796</b>		<b>154,407</b>	<b>162,062</b>
<b>Cash and cash equivalents at 30 June</b>			

**CK Hutchison Holdings Limited**  
**Condensed Consolidated Statement of Cash Flows**  
for the six months ended 30 June 2016

Unaudited 2016 US\$ millions	Note	Unaudited 2016 HK\$ millions	2015 HK\$ millions
<b>Analysis of net cash flows for the six months ended 30 June</b>			
Operating net cash inflows arises from:			
2,420		18,874	13,577
-		-	4,075
<b>2,420</b>		<b>18,874</b>	<b>17,652</b>
Investing net cash inflows (outflows) arises from:			
(1,112)		(8,673)	98,840
-		-	(5,082)
<b>(1,112)</b>		<b>(8,673)</b>	<b>93,758</b>
Financing net cash inflows (outflows) arises from:			
2,953		23,035	21,415
-		-	(200)
<b>2,953</b>		<b>23,035</b>	<b>21,215</b>
Total net cash inflows (outflows) arises from:			
4,261		33,236	133,832
-		-	(1,207)
<b>4,261</b>		<b>33,236</b>	<b>132,625</b>
<b>Analysis of cash, liquid funds and other listed investments at 30 June</b>			
19,796	14	154,407	162,062
1,070	13	8,343	11,793
<b>20,866</b>		<b>162,750</b>	<b>173,855</b>
Total principal amount of bank and other debts and unamortised			
42,583	17	332,148	336,382
557		4,341	5,440
<b>22,274</b>		<b>173,739</b>	<b>167,967</b>
(557)		(4,341)	(5,440)
<b>21,717</b>		<b>169,398</b>	<b>162,527</b>

# Notes to the Interim Financial Statements

## 1 Basis of preparation

These unaudited consolidated financial statements of the Company (the “Interim Financial Statements”) are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The Interim Financial Statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended 31 December 2015 (the “2015 Annual Financial Statements”), which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

## 2 Significant accounting policies

The Interim Financial Statements have been prepared under the historical cost convention except for certain properties and financial instruments which are stated at fair values.

The accounting policies applied and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in the 2015 Annual Financial Statements, except for the adoption of the new and revised standards, amendments and interpretations issued by the HKICPA that are relevant to the Group’s operations and mandatory for annual accounting periods beginning 1 January 2016. 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 2016 and 2015. Save as disclosed in the notes below, the column headed as Company and Subsidiaries refers to the holding company of the Group and subsidiary companies’ respective items and the column headed as Associates and JV refers to the Group’s share of associated companies (including Hutchison Whampoa Limited (“Hutchison”))’s respective items before the completion of the Hutchison Proposal in the comparative six months ended 30 June 2015) and joint ventures’ respective items.

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

Revenue from external customers is after elimination of inter-segment revenue. The amounts eliminated for the six months ended 30 June 2016 mainly attributable to Retail of HK\$24 million (30 June 2015 - for the month of June 2015 of HK\$4 million), Hutchison Telecommunications Hong Kong Holdings of HK\$129 million (30 June 2015 - for the month of June 2015 of HK\$17 million) and Hutchison Asia Telecommunications of HK\$6 million (30 June 2015 - for the month of June 2015 of HK\$1 million).

### 3 Operating segment information (continued)

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

	Revenue							
	Six months ended 30 June 2016				Six months ended 30 June 2015			
	Company and Subsidiaries	Associates and JV	Total	%	Company and Subsidiaries	Associates and JV	Total	%
	HK\$ millions	HK\$ millions	HK\$ millions		HK\$ millions	HK\$ millions	HK\$ millions	
Ports and related services <sup>#</sup>	12,081	4,061	16,142	9%	2,308	7,965	10,273	9%
Retail	59,578	13,835	73,413	41%	12,016	32,721	44,737	38%
Infrastructure	10,071	17,150	27,221	15%	2,429	15,686	18,115	15%
Husky Energy	-	13,392	13,392	7%	-	10,692	10,692	9%
3 Group Europe	30,160	5	30,165	17%	5,296	12,630	17,926	15%
Hutchison Telecommunications Hong Kong Holdings	5,369	-	5,369	3%	1,893	4,563	6,456	6%
Hutchison Asia Telecommunications	4,007	-	4,007	2%	539	1,232	1,771	2%
Finance & Investments and Others	7,246	3,556	10,802	6%	1,565	5,715	7,280	6%
	<b>128,512</b>	<b>51,999</b>	<b>180,511</b>	<b>100%</b>	<b>26,046</b>	<b>91,204</b>	<b>117,250</b>	<b>100%</b>
Non-controlling interests' share of HPH Trust's revenue	-	478	478		-	89	89	
	<b>128,512</b>	<b>52,477</b>	<b>180,989</b>		<b>26,046</b>	<b>91,293</b>	<b>117,339</b>	

# includes the Group's attributable share of HPH Trust's revenue based on the effective shareholdings in HPH Trust during 2016. Revenue reduced by HK\$478 million for the six months ended 30 June 2016 (30 June 2015 - for the month of June 2015 of HK\$89 million), being adjustments to exclude non-controlling interests' share of revenue of HPH Trust.

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

	EBITDA (LBITDA) <sup>(m)</sup>							
	Six months ended 30 June 2016				Six months ended 30 June 2015			
	Company and Subsidiaries	Associates and JV	Total	%	Company and Subsidiaries	Associates and JV	Total	%
	HK\$ millions	HK\$ millions	HK\$ millions		HK\$ millions	HK\$ millions	HK\$ millions	
Ports and related services <sup>#</sup>	3,798	1,946	5,744	13%	752	2,864	3,616	13%
Retail	5,457	1,105	6,562	15%	1,280	2,823	4,103	15%
Infrastructure	6,325	10,366	16,691	38%	2,047	8,389	10,436	37%
Husky Energy	-	3,686	3,686	8%	-	3,020	3,020	11%
3 Group Europe	8,492	-	8,492	19%	1,556	3,078	4,634	16%
Hutchison Telecommunications Hong Kong Holdings	1,285	31	1,316	3%	232	640	872	3%
Hutchison Asia Telecommunications	1,248	-	1,248	3%	104	-	104	-
Finance & Investments and Others	(8)	525	517	1%	158	1,160	1,318	5%
EBITDA before profits on disposal of investments and others	<b>26,597</b>	<b>17,659</b>	<b>44,256</b>	<b>100%</b>	<b>6,129</b>	<b>21,974</b>	<b>28,103</b>	<b>100%</b>
Non-controlling interests' share of HPH Trust's EBITDA	-	329	329		-	61	61	
<b>EBITDA (see note 20(a))</b>	<b>26,597</b>	<b>17,988</b>	<b>44,585</b>		<b>6,129</b>	<b>22,035</b>	<b>28,164</b>	
Depreciation and amortisation	(8,201)	(6,712)	(14,913)		(1,540)	(8,624)	(10,164)	
Profits on disposal of investments and others (see note 4)	27	(373)	(346)		14,260	(325)	13,935	
Interest expenses and other finance costs	(3,508)	(2,679)	(6,187)		(771)	(3,721)	(4,492)	
Current tax	(1,450)	(1,268)	(2,718)		(340)	(1,355)	(1,695)	
Deferred tax	(25)	(868)	(893)		(558)	(667)	(1,225)	
Non-controlling interests	(4,455)	(152)	(4,607)		(1,119)	(1,927)	(3,046)	
	<b>8,985</b>	<b>5,936</b>	<b>14,921</b>		<b>16,061</b>	<b>5,416</b>	<b>21,477</b>	

# includes the Group's attributable share of HPH Trust's EBITDA based on the effective shareholdings in HPH Trust during 2016. EBITDA reduced by HK\$329 million for the six months ended 30 June 2016 (30 June 2015 - for the month of June 2015 of HK\$61 million), being adjustments to exclude non-controlling interests' share of EBITDA of HPH Trust.

### 3 Operating segment information (continued)

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

	EBIT (LBIT) <sup>(n)</sup>							
	Six months ended 30 June 2016				Six months ended 30 June 2015			
	Company and Subsidiaries	Associates and JV	Total	%	Company and Subsidiaries	Associates and JV	Total	%
	HK\$ millions	HK\$ millions	HK\$ millions		HK\$ millions	HK\$ millions	HK\$ millions	
Ports and related services <sup>#</sup>	2,472	1,250	3,722	13%	522	1,874	2,396	13%
Retail	4,511	827	5,338	18%	1,098	2,273	3,371	19%
Infrastructure	4,343	7,948	12,291	42%	1,558	6,122	7,680	43%
Husky Energy	-	612	612	2%	-	591	591	3%
<b>3 Group Europe</b>								
EBITDA before the following non-cash items:	8,492	-	8,492		1,556	3,078	4,634	
Depreciation	(2,517)	-	(2,517)		(419)	(1,436)	(1,855)	
Amortisation of licence fees and other rights	(565)	-	(565)		(91)	(240)	(331)	
EBIT - 3 Group Europe	5,410	-	5,410	18%	1,046	1,402	2,448	14%
Hutchison Telecommunications Hong Kong Holdings	544	9	553	2%	115	340	455	3%
Hutchison Asia Telecommunications	1,197	-	1,197	4%	104	(248)	(144)	-1%
Finance & Investments and Others	(81)	427	346	1%	146	1,016	1,162	6%
EBIT before profits on disposal of investments and others	18,396	11,073	29,469	100%	4,589	13,370	17,959	100%
Profits on disposal of investments and others (see note 4)	27	(373)	(346)		14,260	(325)	13,935	
Non-controlling interests' share of HPH Trust's EBIT	-	203	203		-	41	41	
Interest expenses and other finance costs	(3,508)	(2,679)	(6,187)		(771)	(3,721)	(4,492)	
Current tax	(1,450)	(1,268)	(2,718)		(340)	(1,355)	(1,695)	
Deferred tax	(25)	(868)	(893)		(558)	(667)	(1,225)	
Non-controlling interests	(4,455)	(152)	(4,607)		(1,119)	(1,927)	(3,046)	
	<b>8,985</b>	<b>5,936</b>	<b>14,921</b>		<b>16,061</b>	<b>5,416</b>	<b>21,477</b>	

# includes the Group's attributable share of HPH Trust's EBIT based on the effective shareholdings in HPH Trust during 2016. EBIT reduced by HK\$203 million for the six months ended 30 June 2016 (30 June 2015 - for the month of June 2015 of HK\$41 million), being adjustments to exclude non-controlling interests' share of EBIT of HPH Trust.



### 3 Operating segment information (continued)

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

	<b>Depreciation and amortisation</b>					
	<b>Six months ended 30 June 2016</b>			<b>Six months ended 30 June 2015</b>		
	<b>Company and Subsidiaries HK\$ millions</b>	<b>Associates and JV HK\$ millions</b>	<b>Total HK\$ millions</b>	<b>Company and Subsidiaries HK\$ millions</b>	<b>Associates and JV HK\$ millions</b>	<b>Total HK\$ millions</b>
Ports and related services #	1,326	696	2,022	230	990	1,220
Retail	946	278	1,224	182	550	732
Infrastructure	1,982	2,418	4,400	489	2,267	2,756
Husky Energy	-	3,074	3,074	-	2,429	2,429
3 Group Europe	3,082	-	3,082	510	1,676	2,186
Hutchison Telecommunications Hong Kong Holdings	741	22	763	117	300	417
Hutchison Asia Telecommunications	51	-	51	-	248	248
Finance & Investments and Others	73	98	171	12	144	156
	<b>8,201</b>	<b>6,586</b>	<b>14,787</b>	<b>1,540</b>	<b>8,604</b>	<b>10,144</b>
Non-controlling interests' share of HPH Trust's depreciation and amortisation	-	126	126	-	20	20
	<b>8,201</b>	<b>6,712</b>	<b>14,913</b>	<b>1,540</b>	<b>8,624</b>	<b>10,164</b>

# includes the Group's attributable share of HPH Trust's depreciation and amortisation based on the effective shareholdings in HPH Trust during 2016. Depreciation and amortisation reduced by HK\$126 million for the six months ended 30 June 2016 (30 June 2015 - for the month of June 2015 of HK\$20 million), being adjustments to exclude non-controlling interests' share of depreciation and amortisation of HPH Trust.

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

	<b>Capital expenditure</b>							
	<b>Six months ended 30 June 2016</b>				<b>Six months ended 30 June 2015</b>			
	<b>Fixed assets, investment properties and leasehold land HK\$ millions</b>	<b>Telecom- munications licences HK\$ millions</b>	<b>Brand names and other rights HK\$ millions</b>	<b>Total HK\$ millions</b>	<b>Fixed assets, investment properties and leasehold land HK\$ millions</b>	<b>Telecom- munications licences HK\$ millions</b>	<b>Brand names and other rights HK\$ millions</b>	<b>Total HK\$ millions</b>
Ports and related services	598	-	-	598	326	-	-	326
Retail	578	-	-	578	173	-	-	173
Infrastructure	3,390	-	3	3,393	5,618	-	2	5,620
Husky Energy	-	-	-	-	-	-	-	-
3 Group Europe <sup>(o)</sup>	4,235	-	10	4,245	1,266	12	1	1,279
Hutchison Telecommunications Hong Kong Holdings	434	1	22	457	59	-	-	59
Hutchison Asia Telecommunications	153	1,807	-	1,960	66	-	-	66
Finance & Investments and Others	87	-	17	104	36	-	42	78
	<b>9,475</b>	<b>1,808</b>	<b>52</b>	<b>11,335</b>	<b>7,544</b>	<b>12</b>	<b>45</b>	<b>7,601</b>
Reconciliation item <sup>@</sup>	-	-	-	-	136	-	-	136
	<b>9,475</b>	<b>1,808</b>	<b>52</b>	<b>11,335</b>	<b>7,680</b>	<b>12</b>	<b>45</b>	<b>7,737</b>

@ the reconciliation item represents the capital expenditure of the discontinued operation, Property and hotels in the comparative six months ended 30 June 2015.

### 3 Operating segment information (continued)

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

	Total assets							
	30 June 2016				31 December 2015			
	Company and Subsidiaries		Investments in associated companies and interests in joint ventures		Company and Subsidiaries		Investments in associated companies and interests in joint ventures	
	Segment assets <sup>(p)</sup>	Deferred tax assets	HK\$ millions	HK\$ millions	Segment assets <sup>(p)</sup>	Deferred tax assets	HK\$ millions	HK\$ millions
Ports and related services	75,676	189	26,626	102,491	74,765	440	27,309	102,514
Retail	193,055	943	12,452	206,450	193,879	902	12,409	207,190
Infrastructure	181,970	724	128,083	310,777	188,413	490	131,495	320,398
Husky Energy	-	-	57,596	57,596	-	-	54,434	54,434
3 Group Europe <sup>(q)</sup>	130,109	18,772	3	148,884	127,309	19,001	3	146,313
Hutchison Telecommunications								
Hong Kong Holdings	25,888	94	510	26,492	26,406	128	433	26,967
Hutchison Asia Telecommunications	4,890	-	-	4,890	2,615	-	-	2,615
Finance & Investments and Others	191,125	24	7,858	199,007	157,770	25	7,885	165,680
	<b>802,713</b>	<b>20,746</b>	<b>233,128</b>	<b>1,056,587</b>	<b>771,157</b>	<b>20,986</b>	<b>233,968</b>	<b>1,026,111</b>
Reconciliation item <sup>@</sup>	3	-	6,127	6,130	4	-	6,829	6,833
	<b>802,716</b>	<b>20,746</b>	<b>239,255</b>	<b>1,062,717</b>	<b>771,161</b>	<b>20,986</b>	<b>240,797</b>	<b>1,032,944</b>

<sup>@</sup> the reconciliation item comprises total assets of HTAL.

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

	Total liabilities							
	30 June 2016				31 December 2015			
	Current & non-current borrowings <sup>(s)</sup> and other non-current liabilities <sup>(r)</sup>		Current & deferred tax liabilities		Current & non-current borrowings <sup>(s)</sup> and other non-current liabilities <sup>(r)</sup>		Current & deferred tax liabilities	
	Segment liabilities <sup>(r)</sup>	HK\$ millions	HK\$ millions	HK\$ millions	Segment liabilities <sup>(r)</sup>	HK\$ millions	HK\$ millions	HK\$ millions
Ports and related services	16,558	16,605	4,685	37,848	17,166	17,085	4,900	39,151
Retail	22,797	13,151	10,570	46,518	24,366	12,832	11,008	48,206
Infrastructure	13,581	86,801	7,587	107,969	14,883	79,748	7,826	102,457
Husky Energy	-	-	-	-	-	-	-	-
3 Group Europe	27,053	65,966	95	93,114	26,360	66,791	4	93,155
Hutchison Telecommunications								
Hong Kong Holdings	3,527	4,614	550	8,691	4,038	4,590	508	9,136
Hutchison Asia Telecommunications	4,100	17,602	2	21,704	4,248	16,711	1	20,960
Finance & Investments and Others	7,307	182,183	4,216	193,706	7,852	158,661	4,253	170,766
	<b>94,923</b>	<b>386,922</b>	<b>27,705</b>	<b>509,550</b>	<b>98,913</b>	<b>356,418</b>	<b>28,500</b>	<b>483,831</b>
Reconciliation item <sup>@</sup>	1	-	-	1	2	-	-	2
	<b>94,924</b>	<b>386,922</b>	<b>27,705</b>	<b>509,551</b>	<b>98,915</b>	<b>356,418</b>	<b>28,500</b>	<b>483,833</b>

<sup>@</sup> the reconciliation item comprises total liabilities of HTAL.

### 3 Operating segment information (continued)

Additional information in respect of geographical locations

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

	Revenue							
	Six months ended 30 June 2016				Six months ended 30 June 2015			
	Company and Subsidiaries	Associates and JV	Total	%	Company and Subsidiaries	Associates and JV	Total	%
HK\$ millions	HK\$ millions	HK\$ millions		HK\$ millions	HK\$ millions	HK\$ millions		
Hong Kong	21,638	2,469	24,107	13%	5,231	13,652	18,883	16%
Mainland China	14,797	3,298	18,095	10%	2,984	9,465	12,449	11%
Europe	64,005	24,091	88,096	49%	12,514	40,772	53,286	45%
Canada <sup>(1)</sup>	244	12,774	13,018	7%	66	10,066	10,132	9%
Asia, Australia and others	20,582	5,811	26,393	15%	3,686	11,534	15,220	13%
Finance & Investments and Others	7,246	3,556	10,802	6%	1,565	5,715	7,280	6%
	<b>128,512</b>	<b>51,999</b>	<b>180,511</b> <sup>(1)</sup>	<b>100%</b>	<b>26,046</b>	<b>91,204</b>	<b>117,250</b> <sup>(1)</sup>	<b>100%</b>

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

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

	EBITDA (LBITDA) <sup>(m)</sup>							
	Six months ended 30 June 2016				Six months ended 30 June 2015			
	Company and Subsidiaries	Associates and JV	Total	%	Company and Subsidiaries	Associates and JV	Total	%
HK\$ millions	HK\$ millions	HK\$ millions		HK\$ millions	HK\$ millions	HK\$ millions		
Hong Kong	1,483	1,146	2,629	6%	501	1,230	1,731	6%
Mainland China	2,802	1,983	4,785	11%	762	2,898	3,660	13%
Europe	16,775	7,743	24,518	55%	3,593	10,567	14,160	50%
Canada <sup>(1)</sup>	194	3,036	3,230	7%	48	2,285	2,333	8%
Asia, Australia and others	5,351	3,226	8,577	20%	1,067	3,834	4,901	18%
Finance & Investments and Others	(8)	525	517	1%	158	1,160	1,318	5%
EBITDA before profits on disposal of investments and others	<b>26,597</b>	<b>17,659</b>	<b>44,256</b> <sup>(2)</sup>	<b>100%</b>	<b>6,129</b>	<b>21,974</b>	<b>28,103</b> <sup>(2)</sup>	<b>100%</b>

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

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

	EBIT (LBIT) <sup>(n)</sup>							
	Six months ended 30 June 2016				Six months ended 30 June 2015			
	Company and Subsidiaries	Associates and JV	Total	%	Company and Subsidiaries	Associates and JV	Total	%
HK\$ millions	HK\$ millions	HK\$ millions		HK\$ millions	HK\$ millions	HK\$ millions		
Hong Kong	562	632	1,194	4%	342	534	876	5%
Mainland China	2,332	1,196	3,528	12%	627	2,045	2,672	15%
Europe	11,268	6,171	17,439	59%	2,630	6,954	9,584	54%
Canada <sup>(1)</sup>	145	420	565	2%	29	231	260	1%
Asia, Australia and others	4,170	2,227	6,397	22%	815	2,590	3,405	19%
Finance & Investments and Others	(81)	427	346	1%	146	1,016	1,162	6%
EBIT before profits on disposal of investments and others	<b>18,396</b>	<b>11,073</b>	<b>29,469</b> <sup>(3)</sup>	<b>100%</b>	<b>4,589</b>	<b>13,370</b>	<b>17,959</b> <sup>(3)</sup>	<b>100%</b>

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

### 3 Operating segment information (continued)

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

	Capital expenditure							
	Six months ended 30 June 2016				Six months ended 30 June 2015			
	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	507	1	22	530	119	-	2	121
Mainland China	220	-	-	220	58	-	-	58
Europe	7,823	-	10	7,833	3,129	12	1	3,142
Canada	9	-	-	9	-	-	-	-
Asia, Australia and others	829	1,807	3	2,639	4,338	-	-	4,338
Finance & Investments and Others	87	-	17	104	36	-	42	78
	<b>9,475</b>	<b>1,808</b>	<b>52</b>	<b>11,335</b>	<b>7,680</b>	<b>#</b>	<b>12</b>	<b>45</b>
								<b>7,737</b>

# included in the balance for the comparative six months ended 30 June 2015 is an amount relating to the discontinued operation, Property and hotels of HK\$136 million.

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

	Total assets							
	30 June 2016				31 December 2015			
	Company and Subsidiaries	Deferred tax assets	Investments in associated companies and interests in joint ventures	Total assets	Company and Subsidiaries	Deferred tax assets	Investments in associated companies and interests in joint ventures	Total assets
	Segment assets <sup>(p)</sup>	HK\$ millions	HK\$ millions	HK\$ millions	Segment assets <sup>(p)</sup>	HK\$ millions	HK\$ millions	HK\$ millions
Hong Kong	63,064	135	38,705	101,904	74,107	169	42,209	116,485
Mainland China	53,754	574	29,037	83,365	54,277	566	27,132	81,975
Europe	391,172	19,786	70,658	481,616	392,250	19,984	72,039	484,273
Canada <sup>(i)</sup>	7,389	8	51,192	58,589	4,371	5	47,485	51,861
Asia, Australia and others	96,212	219	41,805	138,236	88,386	237	44,047	132,670
Finance & Investments and Others	191,125	24	7,858	199,007	157,770	25	7,885	165,680
	<b>802,716</b>	<b>20,746</b>	<b>239,255</b>	<b>1,062,717</b>	<b>771,161</b>	<b>20,986</b>	<b>240,797</b>	<b>1,032,944</b>

(m) EBITDA (LBITDA) represents the EBITDA (LBITDA) of the Company and subsidiary companies as well as the Group's share of the EBITDA (LBITDA) of associated companies and joint ventures except for HPH Trust which are included based on the Group's effective share of EBITDA for this operation. EBITDA (LBITDA) is defined as earnings (losses) before interest expenses and other finance costs, tax, depreciation and amortisation, and includes profits on disposal of investments, and other earnings of a cash nature. 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 HKFRS and the EBITDA (LBITDA) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBITDA (LBITDA) should not necessarily be construed as an alternative to cash flows or results from operations as determined in accordance with HKFRS.

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

### 3 Operating segment information (continued)

- (o) Included in capital expenditures of 3 Group Europe for the six months ended 30 June 2016 is the effect of foreign exchange translation of overseas subsidiaries' fixed assets balances at 30 June 2016 which has an effect of decreasing total expenditures by HK\$245 million (30 June 2015 - for the month of June 2015 of HK\$211 million).
- (p) Segment assets comprise fixed assets, investment properties, leasehold land, telecommunications licences, goodwill, brand names and other rights, other non-current assets, liquid funds and other listed investments, cash and cash equivalents and other current assets. As additional information, non-current assets (excluding financial instruments, deferred tax assets, post-employment benefits assets and assets from insurance contracts) for Hong Kong, Mainland China, Europe, Canada, and Asia, Australia and others amounted to HK\$113,843 million (31 December 2015 - HK\$129,905 million), HK\$90,843 million (31 December 2015 - HK\$88,208 million), HK\$415,062 million (31 December 2015 - HK\$419,494 million), HK\$57,116 million (31 December 2015 - HK\$51,711 million) and HK\$122,090 million (31 December 2015 - HK\$115,173 million) respectively.
- (q) Included in total assets of 3 Group Europe is an unrealised foreign currency exchange losses arising on 30 June 2016 of HK\$1,755 million (31 December 2015 - HK\$3,275 million) from the translation of overseas subsidiaries accounts to Hong Kong dollars with an offsetting amount recorded in other reserves.
- (r) Segment liabilities comprise trade and other payables and pension obligations.
- (s) Current and non-current borrowings comprise bank and other debts and interest bearing loans from non-controlling shareholders.
- (t) Include contribution from the United States of America for Husky Energy.

### 4 Profits on disposal of investments and others

	Attributable to			Total HK\$ millions
	Ordinary shareholders HK\$ millions	Holders of perpetual capital securities HK\$ millions	Non-controlling interests HK\$ millions	
<b>Six months ended 30 June 2016</b>				
Profits on disposal of investments	-	-	-	-
Others				
Impairment of certain ports assets <sup>(a)</sup>	(577)	-	(144)	(721)
Remeasurement gain on interest in a port operation <sup>(b)</sup>	598	-	150	748
HTAL - share of operating losses of joint venture VHA <sup>(c)</sup>	(328)	-	(45)	(373)
	<b>(307)</b>	-	<b>(39)</b>	<b>(346)</b>
<b>Six months ended 30 June 2015</b>				
Profits on disposal of investments				
Net gain on remeasurement of the Group's previously held equity interest in Hutchison and certain interests in co-owned assets	14,260	-	-	14,260
Others				
HTAL - share of operating losses of joint venture VHA <sup>(c)</sup>	(90)	-	(12)	(102)
	<b>14,170</b>	-	<b>(12)</b>	<b>14,158</b>
Share of former associated company, Hutchison's profits on disposal of investments and others <sup>(d)</sup>	(196)	-	-	(196)

- (a) In 2016, the Group recognised impairment charge on certain non-core investments held by ports operation.
- (b) It represents a marked-to-market gain realised upon acquisition of additional interest in an existing port operation.
- (c) It represents the Group's indirect subsidiary, Hutchison Telecommunications (Australia) Limited ("HTAL")'s share of operating losses of a joint venture, Vodafone Hutchison Australia Pty Limited ("VHA").
- (d) It represents the Group's share of former associated company, Hutchison's share of operating losses of HK\$223 million net of non-controlling interests of HK\$27 million of a joint venture VHA.

## 5 Interest expenses and other finance costs

	Six months ended 30 June	
	2016	2015
	HK\$ millions	HK\$ millions
Interest on borrowings	4,882	1,151
Amortisation of loan facilities fees and premiums or discounts relating to borrowings	35	22
Notional non-cash interest adjustments	(1,247)	(253)
Other finance costs	(20)	(133)
	<u>3,650</u>	<u>787</u>
Less: interest capitalised	(142)	(16)
	<u>3,508</u>	<u>771</u>

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

## 6 Tax

	Six months ended 30 June	
	2016	2015
	HK\$ millions	HK\$ millions
Current tax charge		
Hong Kong	136	10
Outside Hong Kong	1,314	330
	<u>1,450</u>	<u>340</u>
Deferred tax charge (credit)		
Hong Kong	47	17
Outside Hong Kong	(22)	541
	<u>25</u>	<u>558</u>
	<u>1,475</u>	<u>898</u>

Hong Kong profits tax has been provided for at the rate of 16.5% (30 June 2015 - 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 Discontinued operations

As disclosed in the Company's 2015 Interim Report and 2015 Annual Report, all of the Group's former interests in the Cheung Kong Property Holdings Limited ("Cheung Kong Property") had been distributed to shareholders pursuant to the Distribution In Specie under the Spin-off Proposal completed in the first half of 2015. Accordingly, the results of the Property and hotels operations are presented as discontinued operations separately from continuing operations in the Company's consolidated income statement and consolidated statement of comprehensive income for the six months ended 30 June 2015. Set out below is the financial information relating to the results of these discontinued operations, including the results recognised on the remeasurement of assets of these disposal groups.

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

(a) Analysis of gain on remeasurement of assets

	Arising from		
	Remeasurement of assets <sup>(b)</sup> HK\$ millions	Distribution In Specie <sup>(c)</sup> HK\$ millions	Total HK\$ millions
One-off non-cash gains before reclassification adjustments (see note 20(e))	18,351	48,004	66,355
Reclassification adjustments	3,578	2,926	6,504
One-off non-cash gains after reclassification adjustments	21,929	50,930	72,859

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

(c) See note 9(c).

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

	Six months ended 30 June	
	2016	2015
<b>Earnings per share for profit attributable to ordinary shareholders arises from:</b>		
Continuing operations	HK\$ 3.87	HK\$ 8.41
Discontinued operations	-	HK\$ 31.46
	<b>HK\$ 3.87</b>	<b>HK\$ 39.87</b>

The calculation of earnings per share is based on profit attributable to ordinary shareholders and on weighted average number of shares outstanding during the six months ended 30 June 2016 and 2015 as follows:

	Six months ended 30 June	
	2016	2015
<b>Profit attributable to ordinary shareholders arises from:</b>		
Continuing operations	14,921	21,477
Discontinued operations	-	80,381
	<b>14,921</b>	<b>101,858</b>
Weighted average number of shares in issue during the six months ended 30 June 2016 and 2015	<b>3,859,678,500</b>	<b>2,554,940,009</b>

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 2016. The employee share options of these subsidiary and associated companies outstanding as at 30 June 2016 did not have a dilutive effect on earnings per share.

## 9 Distributions and dividends

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

	Six months ended 30 June	
	2016	2015
	HK\$ millions	HK\$ millions
Distribution paid on perpetual capital securities	<b>1,028</b>	221

### (b) Dividends

	Six months ended 30 June	
	2016	2015
	HK\$ millions	HK\$ millions
Interim dividend, declared of HK\$0.735 per share (30 June 2015 - HK\$0.7 per share)	<b>2,837</b>	2,702

In addition, final dividend in respect of the year 2015 of HK\$1.85 per share totalling HK\$7,140 million (30 June 2015 - second interim dividend in lieu of final dividend in respect of year 2014 of HK\$3.016 per share totalling HK\$6,985 million) was approved and paid during the current period.

### (c) Other distributions

	Six months ended 30 June	
	2016	2015
	HK\$ millions	HK\$ millions
Distribution In Specie	-	363,511

During the comparative six months ended 30 June 2015, the Group's entire interest in Cheung Kong Property was distributed to shareholders pursuant to the Distribution In Specie under the Spin-off Proposal and Cheung Kong Property became a separate listed company on the Main Board of the Stock Exchange. The Distribution In Specie was accounted for as a distribution of non-cash assets to shareholders, where the difference between the distribution liability measured at fair value and the book value of the disposal group (after netting off HK\$55,000 million received) was recognised in the consolidated financial statements of the Company upon settlement of the distribution liability. This resulted in an one-off non-cash gain of approximately HK\$50,930 million recognised and reported as part of the results from discontinued operations (see note 7(a)).



## 10 Fixed assets

During the six months ended 30 June 2016, the Group acquired fixed assets with a cost of HK\$9,475 million (30 June 2015 - HK\$7,680 million). Fixed assets with a net book value of HK\$348 million (30 June 2015 - HK\$45 million) were disposed of during the period, resulting in a loss of HK\$109 million (30 June 2015 - gain of HK\$1 million).

## 11 Deferred tax

	<b>30 June 2016</b>	31 December 2015
	<b>HK\$ millions</b>	HK\$ millions
Deferred tax assets	<b>20,746</b>	20,986
Deferred tax liabilities	<b>25,654</b>	26,062
Net deferred tax assets (liabilities)	<b>(4,908)</b>	(5,076)

Analysis of net deferred tax assets (liabilities):

	<b>30 June 2016</b>	31 December 2015
	<b>HK\$ millions</b>	HK\$ millions
Unused tax losses	<b>17,813</b>	18,110
Accelerated depreciation allowances	<b>(10,275)</b>	(10,749)
Fair value adjustments arising from acquisitions	<b>(9,606)</b>	(9,665)
Revaluation of investment properties and other investments	<b>109</b>	86
Withholding tax on undistributed earnings	<b>(556)</b>	(499)
Other temporary differences	<b>(2,393)</b>	(2,359)
	<b>(4,908)</b>	(5,076)

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

At 30 June 2016, the Group has recognised accumulated deferred tax assets amounting to HK\$20,746 million (31 December 2015 - HK\$20,986 million) of which HK\$18,772 million (31 December 2015 - HK\$19,001 million) relates to 3 Group Europe.

Unutilised tax losses, tax credits and other deductible temporary differences for which the Group has not recognised deferred tax assets totalling HK\$95,012 million (31 December 2015 - HK\$99,244 million). Their potential tax effect amounted to HK\$21,047 million at 30 June 2016 (31 December 2015 - HK\$22,037 million).

## 12 Other non-current assets

	<b>30 June 2016</b>	31 December 2015
	<b>HK\$ millions</b>	HK\$ millions
Other unlisted investments		
Loans and receivables		
Unlisted debt securities	359	436
Available-for-sale investments		
Unlisted equity securities	1,204	1,518
Fair value hedges		
Interest rate swaps	670	256
Cash flow hedges		
Interest rate swaps	28	76
Forward foreign exchange contracts	172	-
Net investment hedges	4,212	1,902
Other derivative financial instruments	47	50
	<b>6,692</b>	<b>4,238</b>

## 13 Liquid funds and other listed investments

	<b>30 June 2016</b>	31 December 2015
	<b>HK\$ millions</b>	HK\$ millions
Available-for-sale investments		
Managed funds, outside Hong Kong	4,816	4,773
Listed / traded debt securities, outside Hong Kong	1,176	1,177
Listed equity securities, Hong Kong	1,797	2,029
Listed equity securities, outside Hong Kong	440	2,181
	<b>8,229</b>	<b>10,160</b>
Financial assets at fair value through profit or loss	114	95
	<b>8,343</b>	<b>10,255</b>

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

	<b>30 June 2016</b>	31 December 2015
	<b>HK\$ millions</b>	HK\$ millions
Listed debt securities	4,657	4,606
Listed equity securities	140	153
Cash and cash equivalents	19	14
	<b>4,816</b>	<b>4,773</b>

Included in listed / traded debt securities outside Hong Kong are notes issued by listed associated company, Husky at a principal amount of US\$25 million mature in 2019.

The fair value of the available-for-sale investments and financial assets designated as “at fair value through profit or loss” are based on quoted market prices.

## 14 Cash and cash equivalents

	<b>30 June 2016</b>	31 December 2015
	<b>HK\$ millions</b>	HK\$ millions
Cash at bank and in hand	23,758	28,107
Short term bank deposits	130,649	93,064
	<b>154,407</b>	<b>121,171</b>

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

## 15 Trade and other receivables

	<b>30 June 2016</b>	31 December 2015
	<b>HK\$ millions</b>	HK\$ millions
Trade receivables	19,033	19,165
Less: provision for estimated impairment losses for bad debts	<b>(3,946)</b>	<b>(3,767)</b>
Trade receivables - net	<b>15,087</b>	15,398
Other receivables and prepayments	<b>37,792</b>	35,672
Fair value hedges		
Interest rate swaps	227	547
Cash flow hedges		
Forward foreign exchange contracts	1	2
Net investment hedges	<b>536</b>	423
Other derivative financial instruments	<b>44</b>	-
	<b>53,687</b>	<b>52,042</b>

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

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

	<b>30 June 2016</b>	31 December 2015
	<b>HK\$ millions</b>	HK\$ millions
Less than 31 days	9,472	10,262
Within 31 to 60 days	1,856	1,843
Within 61 to 90 days	860	673
Over 90 days	<b>6,845</b>	6,387
	<b>19,033</b>	<b>19,165</b>

## 16 Trade and other payables

	<b>30 June 2016</b>	31 December 2015
	<b>HK\$ millions</b>	HK\$ millions
Trade payables	21,623	20,393
Other payables and accruals	67,775	72,366
Provisions	946	1,017
Interest free loans from non-controlling shareholders	973	951
Cash flow hedges		
Forward foreign exchange contracts	-	1
Net investment hedges	<b>105</b>	121
	<b>91,422</b>	<b>94,849</b>

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

	<b>30 June 2016</b>	31 December 2015
	<b>HK\$ millions</b>	HK\$ millions
Less than 31 days	12,807	12,948
Within 31 to 60 days	3,382	3,234
Within 61 to 90 days	1,651	2,067
Over 90 days	<b>3,783</b>	2,144
	<b>21,623</b>	<b>20,393</b>

## 17 Bank and other debts

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

	30 June 2016			31 December 2015		
	Current portion HK\$ millions	Non-current portion HK\$ millions	Total HK\$ millions	Current portion HK\$ millions	Non-current portion HK\$ millions	Total HK\$ millions
Bank loans	22,418	77,500	99,918	9,663	75,410	85,073
Other loans	721	1,862	2,583	214	2,573	2,787
Notes and bonds	43,963	171,147	215,110	22,357	177,386	199,743
Total principal amount of bank and other debts	67,102	250,509	317,611	32,234	255,369	287,603
Unamortised fair value adjustments arising from acquisitions	1,084	13,453	14,537	1,020	15,383	16,403
Total bank and other debts before the following items	68,186	263,962	332,148	33,254	270,752	304,006
Unamortised loan facilities fees and premiums or discounts related to debts	(7)	(479)	(486)	-	(197)	(197)
Unrealised loss (gain) on bank and other debts pursuant to interest rate swap contracts	(483)	300	(183)	(238)	(19)	(257)
	67,696	263,783	331,479	33,016	270,536	303,552

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

	30 June 2016			
	Bank loans HK\$ millions	Other loans HK\$ millions	Notes and bonds HK\$ millions	Total HK\$ millions
2016, remainder of year	5,142	156	22,889	28,187
2017	23,426	747	52,706	76,879
2018	13,193	248	2,349	15,790
2019	13,379	246	19,753	33,378
2020	21,385	246	4,521	26,152
2021 to 2025	22,349	468	70,111	92,928
2026 to 2035	1,044	243	32,554	33,841
2036 and thereafter	-	229	10,227	10,456
	99,918	2,583	215,110	317,611
Less: current portion	(22,418)	(721)	(43,963)	(67,102)
	77,500	1,862	171,147	250,509

	31 December 2015			
	Bank loans HK\$ millions	Other loans HK\$ millions	Notes and bonds HK\$ millions	Total HK\$ millions
2016	9,663	214	22,357	32,234
2017	22,594	790	52,750	76,134
2018	14,153	237	2,286	16,676
2019	12,103	247	19,721	32,071
2020	20,300	251	4,800	25,351
2021 to 2025	5,136	458	57,143	62,737
2026 to 2035	1,124	254	29,415	30,793
2036 and thereafter	-	336	11,271	11,607
	85,073	2,787	199,743	287,603
Less: current portion	(9,663)	(214)	(22,357)	(32,234)
	75,410	2,573	177,386	255,369

## 18 Other non-current liabilities

	<b>30 June 2016</b>	31 December 2015
	<b>HK\$ millions</b>	HK\$ millions
Cash flow hedges		
Interest rate swaps	804	160
Other contracts	339	433
Net investment hedges	-	19
Other derivative financial instruments	2,787	1,172
Obligations for telecommunications licences and other rights	8,234	6,588
Other non-current liabilities	4,617	4,617
Provisions	34,321	35,050
	<b>51,102</b>	<b>48,039</b>

## 19 Share capital, share premium and perpetual capital securities

### (a) Share capital and share premium

	<b>30 June 2016</b>	31 December 2015	<b>30 June 2016</b>	31 December 2015
	<b>Number of shares</b>	Number of shares	<b>HK\$ millions</b>	HK\$ millions
Issued and fully paid:				
Ordinary shares	<b>3,859,678,500</b>	3,859,678,500	<b>3,860</b>	3,860
Share capital			<b>3,860</b>	3,860
Share premium			<b>244,691</b>	244,691
			<b>248,551</b>	248,551

### (b) Perpetual capital securities

	<b>30 June 2016</b>	31 December 2015
	<b>HK\$ millions</b>	HK\$ millions
SGD730 million issued in 2011	4,644	4,643
US\$1,000 million issued in 2012	7,870	7,870
HK\$1,000 million issued in 2012	1,025	1,025
US\$425.3 million issued in 2013	3,373	3,373
EUR1,750 million issued in 2013	17,962	18,242
	<b>34,874</b>	<b>35,153</b>

In September 2011, May 2012, July 2012, January 2013 and May 2013, wholly owned subsidiary companies of the Group issued perpetual capital securities with nominal amount of SGD730 million (approximately HK\$4,578 million), US\$1,000 million (approximately HK\$7,800 million), HK\$1,000 million, US\$500 million (approximately HK\$3,875 million), and EUR1,750 million (approximately HK\$17,879 million) respectively for cash.

These securities are perpetual, subordinated and the coupon payment is optional in nature. Therefore, perpetual capital securities are classified as equity instruments and recorded in equity in the consolidated statement of financial position.

## 20 Notes to condensed consolidated statement of cash flows

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

	Six months ended 30 June	
	2016	2015
	HK\$ millions	HK\$ millions
<b>Profit after tax</b>	<b>19,376</b>	<b>103,110</b>
Less: share of profits less losses of		
Associated companies before profits on disposal of investments and others	(2,167)	(7,449)
Joint ventures	(4,142)	(1,273)
Associated company's profits on disposal of investments and others	-	196
	<b>13,067</b>	<b>94,584</b>
Adjustments for:		
Current tax charge	1,450	1,074
Deferred tax charge	25	569
Interest expenses and other finance costs	3,508	647
Change in fair value of investment properties	-	(526)
Depreciation and amortisation	8,201	1,662
Profits on disposal of investments and others (see notes 4 and 7)	346	(87,017)
<b>EBITDA of Company and subsidiaries</b> <sup>(i)</sup>	<b>26,597</b>	<b>10,993</b>
Loss (profit) on disposal of other unlisted investments	25	(71)
Loss (profit) on disposal of fixed assets	109	(1)
Dividends received from associated companies and joint ventures	4,490	6,674
Profit on disposal of joint ventures	-	(1,397)
Other non-cash items	212	(462)
	<b>31,433</b>	<b>15,736</b>

	Six months ended 30 June	
	2016	2015
	HK\$ millions	HK\$ millions
(i) Reconciliation of EBITDA from continuing operations:		
EBITDA of Company and subsidiaries from continuing and discontinued operations	26,597	10,993
Less: EBITDA of Company and subsidiaries from discontinued operations	-	(4,864)
EBITDA of Company and subsidiaries from continuing operations	<b>26,597</b>	<b>6,129</b>
Share of EBITDA of associated companies and joint ventures		
Share of profits less losses:		
Associated companies before profits on disposal of investments and others	2,167	4,283
Joint ventures	4,142	1,431
Associated company's profits on disposal of investments and others	-	(196)
Adjustments for:		
Depreciation and amortisation	6,712	8,624
Interest expenses and other finance costs	2,679	3,721
Current tax charge	1,268	1,355
Deferred tax charge	868	667
Non-controlling interests	152	1,927
Others (see note 4)	-	223
	<b>17,988</b>	<b>22,035</b>
EBITDA (see notes 3(b) and 3(m))	<b>44,585</b>	<b>28,164</b>

### (b) Changes in working capital

	Six months ended 30 June	
	2016	2015
	HK\$ millions	HK\$ millions
Decrease (increase) in inventories	(318)	2,966
Decrease (increase) in debtors and prepayments	(1,512)	4,167
Decrease in creditors	(3,885)	(3,685)
Other non-cash items	(380)	(197)
	<b>(6,095)</b>	<b>3,251</b>

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

### (c) Purchase of subsidiary companies

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

	Six months ended 30 June	
	2016 HK\$ millions	2015 HK\$ millions
Fair value		
Fixed assets	2,089	165,102
Investment properties	-	305
Leasehold land	1,877	8,086
Telecommunications licences	-	31,571
Brand names and other rights	-	103,200
Associated companies	-	144,037
Interests in joint ventures	-	86,883
Deferred tax assets	-	22,901
Other non-current assets	-	3,485
Cash and cash equivalents	541	109,803
Liquid funds and other listed investments	-	11,970
Assets held for distribution	-	191,122
Trade and other receivables	2,476	51,899
Inventories	72	21,008
Creditors and current tax liabilities	(4,316)	(101,509)
Bank and other debts	(39)	(310,229)
Interest bearing loans from non-controlling shareholders	-	(5,688)
Deferred tax liabilities	-	(30,809)
Pension obligations	-	(4,372)
Other non-current liabilities	-	(46,053)
Liabilities held for distribution	-	(14,286)
Net identifiable assets acquired	2,700	438,426
Non-controlling interests	(531)	(116,584)
Perpetual capital securities	-	(39,116)
	2,169	282,726
Goodwill	-	261,139
Total consideration	2,169	543,865
Purchase consideration transferred:		
Cash payment	819	-
Shares issued, at fair value	-	260,236
Fair value of investment held by the Company prior to acquisition	1,350	264,639
Cost of investment held by Hutchison prior to acquisition	-	18,990
	2,169	543,865
Net cash outflow (inflow) arising from acquisition:		
Cash payment	819	-
Cash and cash equivalents acquired	(541)	(109,803)
Total net cash outflow (inflow)	278	(109,803)

The assets acquired and liabilities assumed are recognised at the acquisition date fair value and are recorded at the consolidation level.

Amounts disclosed for the comparative six months ended 30 June 2015 mainly related to the acquisition of the remaining 50.03% (which the Group did not previously own) of the issued and outstanding ordinary share capital of Hutchison.

Acquisition related costs of approximately HK\$5 million (30 June 2015 - HK\$640 million) had been charged to income statement during the period and included in the line item titled other operating expenses (30 June 2015 - profits on disposal of investments and others of HK\$500 million and profit after tax from discontinued operations of HK\$140 million).

The contribution to the Group's revenue and profit before tax from these subsidiaries acquired during the six months ended 30 June 2016 since the respective date of acquisition is not material.

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

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

For the comparative six months ended 30 June 2015, the subsidiaries contributed HK\$24,877 million to the Group's revenue and HK\$3,587 million to the Group's profit before tax since the respective date of acquisition. If the combinations had been effective on 1 January 2015, the operations would have contributed additional revenue of HK\$110,557 million and an increase in profit before tax from continuing operations for the Group of HK\$12,715 million for the six months ended 30 June 2015.

### (d) Disposal of subsidiary companies

	Six months ended 30 June	
	2016	2015
	HK\$ millions	HK\$ millions
Aggregate net assets disposed at date of disposal (excluding cash and cash equivalents):		
Trade and other receivables	-	21
Inventories	-	5
Creditors and current tax liabilities	-	(33)
Other non-current liabilities	-	(3)
Reserves	-	(6)
	-	(16)
Satisfied by:		
Cash and cash equivalents received as consideration	-	-
Less: Cash and cash equivalents sold	-	(16)
Total net cash consideration	-	(16)

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

### (e) Distribution In Specie to shareholders

During the comparative six months ended 30 June 2015, the Group distributed the Group's entire interests in Cheung Kong Property to the shareholders pursuant to the Spin-off Proposal. Details are set out below.

	Six months ended 30 June	
	2016	2015
	HK\$ millions	HK\$ millions
Breakdown of net assets disposed of:		
Assets acquired net of liabilities assumed arising from acquisition of Hutchison (see note 20(c))	-	176,836
Fixed assets	-	9,853
Investment properties	-	33,811
Associated companies	-	3
Interests in joint ventures	-	51,074
Liquid funds and other listed investments	-	7,823
Current assets (including bank balances and cash of HK\$14,351 million)	-	88,523
Current liabilities	-	(12,047)
Deferred tax liabilities	-	(1,013)
Non-controlling interests	-	(2,707)
Book value of net assets distributed	-	352,156
Deduct cash received	-	(55,000)
	-	297,156
One-off non-cash gain recognised on remeasurement of assets (see note 7(a))	-	18,351
One-off non-cash gain recognised on Distribution In Specie (see note 7(a) and 9(c))	-	48,004
Distribution In Specie	-	363,511
Analysis of net cash inflow arising from Distribution In Specie:		
Intercompany loans repaid	-	55,000
Bank balances and cash disposed	-	(14,351)
	-	40,649



## 21 Contingent liabilities

At 30 June 2016, CK Hutchison Holdings Limited, and its subsidiaries provide guarantees in respect of bank and other borrowing facilities to its associated companies and joint ventures of HK\$4,968 million (31 December 2015 - HK\$3,797 million).

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

	<b>30 June 2016</b>	31 December 2015
	<b>HK\$ millions</b>	HK\$ millions
To associated companies		
Other businesses	<b>2,460</b>	2,355
To joint ventures		
Other businesses	<b>1,366</b>	533

At 30 June 2016, the Group had provided performance and other guarantees of HK\$3,922 million (31 December 2015 - HK\$3,557 million).

## 22 Commitments

There have been no material changes in the total amount of capital commitments since 31 December 2015 except for the amounts taken up during the period in the normal course of business and the amount cancelled following the termination of Hutchison's agreement with Telefónica SA to acquire O<sub>2</sub> UK.

## 23 Related parties transactions

There have been no material changes in the total amount of outstanding balances with associated companies and joint ventures since 31 December 2015.

Transactions between the Company and its subsidiaries have been eliminated on consolidation. Transactions between the Group and other related parties during the period are not significant to the Group. No transactions have been entered with the directors of the Company (being the key management personnel) during the period other than the emoluments paid to them (being the key management personnel compensation).

## 24 Legal proceedings

At 30 June 2016, the Group is not engaged in any material litigation or arbitration proceedings, and no material litigation or claim is known by the Group to be pending or threatened against it.

## 25 Subsequent events

On 18 July 2016, listed associated company, Husky Energy Inc. ("Husky Energy") announced the completion of the agreement on the formation of a new limited partnership with listed subsidiary, Cheung Kong Infrastructure ("CKI") and listed associated company, Power Assets Holdings ("PAH"), which will assume ownership of select midstream assets in the Lloydminster region of Alberta and Saskatchewan, Canada. Under the arrangement, Husky Energy disposed its ownership interest in the pipeline assets to this limited partnership for a gross cash proceeds of C\$1.7 billion (approximately HK\$10.1 billion). The Group has recognised an attributable after tax gain of approximately HK\$1,755 million, which will be reported in the Group's results in the second half. Husky Energy retained a 35% interest in the partnership and remained as the operator of the midstream assets, while CKI and PAH have 16.25% and 48.75% ownership interests respectively.

## 26 US dollar equivalents

Amounts in these financial statements are stated in Hong Kong dollars (HK\$), the functional currency of the Company. The translation into US dollars of these financial statements as of, and for the six months ended, 30 June 2016, is for convenience only and has been made at the rate of HK\$7.80 to US\$1. This translation should not be construed as a representation that the Hong Kong dollar amounts actually represented have been, or could be, converted into US dollars at this or any other rate.

## 27 Fair value measurement

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

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

	30 June 2016		31 December 2015	
	Carrying amounts	Fair values	Carrying amounts	Fair values
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
<b>Financial assets</b>				
Loans and receivables *				
Trade receivables (see note 15)	15,087	15,087	15,398	15,398
Other receivables and prepayments (see note 15)	37,792	37,792	35,672	35,672
Unlisted debt securities (see note 12)	359	359	436	436
	<b>53,238</b>	<b>53,238</b>	<b>51,506</b>	<b>51,506</b>
Available-for-sale investments #				
Unlisted equity securities (see note 12)	1,204	1,204	1,518	1,518
Managed funds, outside Hong Kong (see note 13)	4,816	4,816	4,773	4,773
Listed / traded debt securities, outside Hong Kong (see note 13)	1,176	1,176	1,177	1,177
Listed equity securities, Hong Kong (see note 13)	1,797	1,797	2,029	2,029
Listed equity securities, outside Hong Kong (see note 13)	440	440	2,181	2,181
Financial assets at fair value through profit or loss # (see note 13)	114	114	95	95
	<b>9,547</b>	<b>9,547</b>	<b>11,773</b>	<b>11,773</b>
Fair value hedges #				
Interest rate swaps (see notes 12 and 15)	897	897	803	803
Cash flow hedges #				
Interest rate swaps (see note 12)	28	28	76	76
Forward foreign exchange contracts (see notes 12 and 15)	173	173	2	2
Net investment hedges # (see notes 12 and 15)	4,748	4,748	2,325	2,325
Other derivative financial instruments # (see notes 12 and 15)	91	91	50	50
	<b>5,937</b>	<b>5,937</b>	<b>3,256</b>	<b>3,256</b>
	<b>68,722</b>	<b>68,722</b>	<b>66,535</b>	<b>66,535</b>
<b>Financial liabilities</b>				
Financial liabilities *				
Trade payables (see note 16)	21,623	21,623	20,393	20,393
Other payables and accruals (see note 16)	67,775	67,775	72,366	72,366
Bank and other debts (see note 17) <sup>(i)</sup>	331,479	343,109	303,552	307,074
Interest free loans from non-controlling shareholders (see note 16)	973	973	951	951
Interest bearing loans from non-controlling shareholders	4,341	4,341	4,827	4,827
Obligations for telecommunications licences and other rights (see note 18)	8,234	8,234	6,588	6,588
	<b>434,425</b>	<b>446,055</b>	<b>408,677</b>	<b>412,199</b>
Cash flow hedges #				
Interest rate swaps (see note 18)	804	804	160	160
Forward foreign exchange contracts (see note 16)	-	-	1	1
Other contracts (see note 18)	339	339	433	433
Net investment hedges # (see notes 16 and 18)	105	105	140	140
Other derivative financial instruments # (see note 18)	2,787	2,787	1,172	1,172
	<b>4,035</b>	<b>4,035</b>	<b>1,906</b>	<b>1,906</b>
	<b>438,460</b>	<b>450,090</b>	<b>410,583</b>	<b>414,105</b>

\* carried at amortised costs

# carried at fair value

(i) The fair value of the bank and other debts are based on market quotes or estimated using discounted cash flow calculations based upon the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued.

## 27 Fair value measurement (continued)

### (b) Financial assets and financial liabilities measured at fair value

#### Fair value hierarchy

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

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

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

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

	Level 1	Level 2	Level 3	Total
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
<b>At 30 June 2016</b>				
Available-for-sale investments				
Unlisted equity securities (see note 12)	-	-	1,204	1,204
Managed funds, outside Hong Kong (see note 13)	4,816	-	-	4,816
Listed / traded debt securities, outside Hong Kong (see note 13)	326	850	-	1,176
Listed equity securities, Hong Kong (see note 13)	1,797	-	-	1,797
Listed equity securities, outside Hong Kong (see note 13)	440	-	-	440
Financial assets at fair value through profit or loss (see note 13)	54	60	-	114
	<b>7,433</b>	<b>910</b>	<b>1,204</b>	<b>9,547</b>
Fair value hedges				
Interest rate swaps (see notes 12 and 15)	-	897	-	897
Cash flow hedges				
Interest rate swaps (see note 12)	-	28	-	28
Forward foreign exchange contracts (see notes 12 and 15)	-	173	-	173
Net investment hedges (see notes 12 and 15)	-	4,748	-	4,748
Other derivative financial instruments (see notes 12 and 15)	-	91	-	91
	<b>-</b>	<b>5,937</b>	<b>-</b>	<b>5,937</b>
Cash flow hedges				
Interest rate swaps (see note 18)	-	(804)	-	(804)
Other contracts (see note 18)	-	(339)	-	(339)
Net investment hedges (see note 16)	-	(105)	-	(105)
Other derivative financial instruments (see note 18)	-	(2,787)	-	(2,787)
	<b>-</b>	<b>(4,035)</b>	<b>-</b>	<b>(4,035)</b>
	Level 1	Level 2	Level 3	Total
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
<b>At 31 December 2015</b>				
Available-for-sale investments				
Unlisted equity securities (see note 12)	-	-	1,518	1,518
Managed funds, outside Hong Kong (see note 13)	4,773	-	-	4,773
Listed / traded debt securities, outside Hong Kong (see note 13)	323	854	-	1,177
Listed equity securities, Hong Kong (see note 13)	2,029	-	-	2,029
Listed equity securities, outside Hong Kong (see note 13)	2,181	-	-	2,181
Financial assets at fair value through profit or loss (see note 13)	-	95	-	95
	<b>9,306</b>	<b>949</b>	<b>1,518</b>	<b>11,773</b>
Fair value hedges				
Interest rate swaps (see notes 12 and 15)	-	803	-	803
Cash flow hedges				
Interest rate swaps (see note 12)	-	76	-	76
Forward foreign exchange contracts (see note 15)	-	2	-	2
Net investment hedges (see notes 12 and 15)	-	2,325	-	2,325
Other derivative financial instruments (see note 12)	-	50	-	50
	<b>-</b>	<b>3,256</b>	<b>-</b>	<b>3,256</b>
Cash flow hedges				
Interest rate swaps (see note 18)	-	(160)	-	(160)
Forward foreign exchange contracts (see note 16)	-	(1)	-	(1)
Other contracts (see note 18)	-	(433)	-	(433)
Net investment hedges (see notes 16 and 18)	-	(140)	-	(140)
Other derivative financial instruments (see note 18)	-	(1,172)	-	(1,172)
	<b>-</b>	<b>(1,906)</b>	<b>-</b>	<b>(1,906)</b>

## 27 Fair value measurement (continued)

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

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

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

During the six months ended 30 June 2016 and 2015, there were no transfers between the Level 1 and Level 2 fair value measurements and no transfers into or out of Level 3 from or to Level 1 or Level 2 fair value measurements.

#### *Level 3 fair values*

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

	Six months ended 30 June	
	2016	2015
	HK\$ millions	HK\$ millions
At 1 January	1,518	164
Total gains (losses) recognised in		
Income statement	(26)	(1)
Other comprehensive income	(228)	(27)
Additions	19	5
Relating to subsidiaries acquired	-	1,771
Disposals	(37)	(7)
Exchange translation differences	(42)	1
At 30 June	<u>1,204</u>	<u>1,906</u>
Total losses recognised in income statement relating to those financial assets and financial liabilities held at the end of the reporting period	<u>(26)</u>	<u>(1)</u>

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

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

## Group Capital Resources and Liquidity

### Treasury Management

The Group's treasury function sets financial risk management policies in accordance with policies and procedures that are approved by the Executive Directors, and which are also subject to periodic review by the Group's internal audit function. The Group's treasury policies are designed to mitigate the impact of fluctuations in interest rates and exchange rates on the Group's overall financial position and to minimise the Group's financial risks. The Group's treasury function operates as a centralised service for managing financial risks, including interest rate and foreign exchange risks, and for providing cost-efficient funding to the Group and its companies. It manages the majority of the Group's funding needs, interest rate, foreign currency and credit risk exposures. It is the Group's policy not to have credit rating triggers that would accelerate the maturity dates of the Group's borrowings. The Group uses interest rate and foreign currency swaps and forward contracts as appropriate for risk management purposes only, for hedging transactions and for managing the Group's exposure to interest rate and foreign exchange rate fluctuations. In limited circumstances, the Group also enters into swaps and forward contracts relating to oil and gas prices to hedge earnings and cash flow in Husky Energy. 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 associated companies to meet their funding requirements and provide more cost-efficient financing. These borrowings include a range of capital market issues and bank borrowings, for which the proportions will change depending upon financial market conditions and projected interest rates. The Group regularly and closely monitors its overall debt position and reviews its funding costs and maturity profile to facilitate refinancing.

### 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 2016, approximately 34% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 66% were at fixed rates. The Group has entered into various interest rate agreements with major financial institution counterparties to swap approximately HK\$48,295 million principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK\$13,021 million principal amount of floating interest rate borrowings that were used to finance long term infrastructure investments have been swapped to fixed interest rate borrowings. After taking into consideration these interest rate swaps, approximately 45% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 55% were at fixed rates at 30 June 2016. All of the aforementioned interest rate derivatives are designated as hedges and these hedges are considered highly effective.

### Foreign Currency Exposure

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

The Group has operations in over 50 countries and conducts businesses in over 45 currencies. The Group's functional currency for reporting purposes is Hong Kong Dollars and the Group's reported results in Hong Kong Dollars are exposed to exchange translation gains or losses on its foreign currency earnings. The Group generally does not enter into foreign currency hedges in respect of its foreign currency earnings. At times of significant exchange rate volatility and where appropriate opportunities arise, the Group may prudently enter into forward foreign currency contracts and currency swaps for selective foreign currencies for a portion of its budgeted foreign currency earnings to limit potential downside foreign currency exposure on its earnings.

The Group's total principal amount of bank and other debts are denominated as follows: 31% in Euro, 35% in US dollars, 7% in HK dollars, 21% in British Pounds and 6% in other currencies.

### Credit Exposure

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

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

### Credit Profile

The Group aims to maintain a capital structure that is appropriate for long-term investment grade ratings of A3 on the Moody's Investor Service scale, A- on the Standard & Poor's Rating Services scale and A- on the Fitch Ratings scale. Actual credit ratings may depart from these levels from time to time due to economic circumstances. At 30 June 2016, our long-term credit ratings were A3 from Moody's, A- from Standard & Poor's and A- from Fitch, with all three agencies maintaining stable outlooks on the Group's ratings.

### 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 described in "Interest Rate Exposure" above. The Group's holding of listed/traded debt and equity securities represented approximately 5% 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 maintain a robust financial position. Liquid assets amounted to HK\$162,750 million at 30 June 2016, an increase of 24% from the balance of HK\$131,426 million at 31 December 2015, mainly reflecting the cash arising from positive funds from operations from the Group's businesses and cash from new borrowings, including the issuance of EUR1,350 million (approximately HK\$11,894 million) and EUR650 million (approximately HK\$5,726 million) fixed rate notes in April 2016, the issuance of US\$1,200 million (approximately HK\$9,360 million) of perpetual capital securities in March 2016 by listed subsidiary CKI, partly offset by the redemption of US\$1,000 million (approximately HK\$7,800 million) by CKI, dividend payments to ordinary and non-controlling shareholders as well as distributions to perpetual capital securities holders, the repayment and early repayment of certain borrowings and capex and investment spendings. Liquid assets were denominated as to 19% in HK dollars, 41% in US dollars, 6% in Renminbi, 19% in Euro, 6% in British Pounds and 9% in other currencies.

Cash and cash equivalents represented 95% of the liquid assets, US Treasury notes and listed/traded debt securities 4% and listed equity securities 1%. The US Treasury notes and listed/traded debt securities, including those held under managed funds, consisted of US Treasury notes of 61%, government and government guaranteed notes of 18%, notes issued by the Group's associated company, Husky Energy of 4%, notes issued by financial institutions of 2%, and others of 15%. Of these US Treasury notes and listed/traded debt securities, 78% are rated at Aaa/AAA or Aa1/AA+ with an average maturity of 1.5 years on the overall portfolio. The Group has no exposure in mortgage-backed securities, collateralised debt obligations or similar asset classes.

### Cash Flow

Reported EBITDA<sup>(1)</sup> amounted to HK\$44,256 million for the first half of 2016. Consolidated funds from operations ("FFO") before cash profits from disposals, capital expenditures, investments and changes in working capital amounts to HK\$24,969 million for the period.

The Group's capital expenditures for the first half of 2016 amounted to HK\$11,335 million. Capital expenditures on fixed assets for the ports and

Note 1: Reported EBITDA excludes the non-controlling interests' share of HPH Trust's EBITDA and profits on disposals of investments and others.

related services division amounted to HK\$598 million; for the retail division HK\$578 million; for the infrastructure division HK\$3,390 million; for 3 Group Europe HK\$4,235 million; for HTHKH HK\$434 million; for HAT HK\$153 million; and for the finance and investments and others segment HK\$87 million. Capital expenditures for licences, brand names and other rights were HK\$3 million for the infrastructure division; for 3 Group Europe HK\$10 million; for HTHKH HK\$23 million; for HAT HK\$1,807 million; and for the finance and investments and others segment HK\$17 million.

During the first half of 2016, the Group spent HK\$278 million on new investments.

Purchases of and advances to associated companies and joint ventures, net of repayments from associated companies and joint ventures, resulted in a net cash inflow of HK\$915 million.

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

For further information of the Group's capital expenditures by division and cash flow, please see Note 3(e) and the "Condensed Consolidated Statement of Cash flows" section of this Announcement.

### Debt Maturity and Currency Profile

The Group's total bank and other debts, including unamortised fair value adjustments from acquisitions, at 30 June 2016 amounted to HK\$332,148 million (31 December 2015 - HK\$304,006 million) which comprises principal amount of bank and other debts of HK\$317,611 million (31 December 2015 - HK\$287,603 million), and unamortised fair value adjustments arising from acquisitions of HK\$14,537 million (31 December 2015 - HK\$16,403 million). The Group's total principal amount of bank and other debts at 30 June 2016 consist of 68% notes and bonds (31 December 2015 - 69%) and 32% bank and other loans (31 December 2015 - 31%). The Group's weighted average cost of debt for the period ended 30 June 2016 is 2.1%. Interest bearing loans from non-controlling shareholders, which are viewed as quasi-equity, totalled HK\$4,341 million as at 30 June 2016 (31 December 2015 - HK\$4,827 million).

The maturity profile of the Group's total principal amount of bank and other debts at 30 June 2016 is set out below:

	HK\$	US\$	Euro	GBP	Others	Total
In remainder of 2016	1%	—	8%	—	—	9%
In 2017	1%	12%	6%	3%	2%	24%
In 2018	2%	1%	2%	—	—	5%
In 2019	1%	7%	—	1%	2%	11%
In 2020	1%	1%	1%	4%	1%	8%
In 2021 - 2025	1%	11%	12%	5%	—	29%
In 2026 - 2035	—	3%	2%	5%	1%	11%
Beyond 2035	—	—	—	3%	—	3%
<b>Total</b>	<b>7%</b>	<b>35%</b>	<b>31%</b>	<b>21%</b>	<b>6%</b>	<b>100%</b>

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

## Changes in Debt Financing and Perpetual Capital Securities

The significant financing activities for the Group in the first half of 2016 were as follows:

- In January, repaid a floating rate loan facility of HK\$1,000 million on maturity;
- In February, obtained a seven-year floating rate loan facility of US\$1,200 million (approximately HK\$9,360 million);
- In March, listed subsidiary CKI issued US\$1,200 million (approximately HK\$9,360 million) perpetual capital securities;
- In March, listed subsidiary CKI redeemed US\$1,000 million (approximately HK\$7,800 million) perpetual capital securities that were originally issued in 2010;
- In March, May and June, prepaid a floating rate loan facility of US\$223 million (approximately HK\$1,739 million) maturing in June 2016;
- In March, obtained a five-year floating rate loan facility of US\$196 million (approximately HK\$1,529 million);
- In March, obtained two five-year floating rate term loan facilities of HK\$1,000 million each;
- In April, issued seven-year, EUR1,350 million (approximately HK\$11,894 million) fixed rate notes;
- In April, issued twelve-year, EUR650 million (approximately HK\$5,726 million) fixed rate notes;
- In April, repaid HK\$150 million principal amount of fixed rate notes on maturity;
- In May, obtained a five-year floating rate loan facility of EUR1,000 million (approximately HK\$8,740 million);
- In May, prepaid a floating rate loan facility of HK\$250 million maturing in June 2016;
- In May, prepaid a floating rate loan facility of HK\$750 million maturing in June 2016;
- In May, prepaid a floating rate loan facility of HK\$500 million maturing in August 2016; and
- In May, prepaid two floating rate loan facilities of EUR98 million each (approximately HK\$850 million each) maturing in August 2018.

Furthermore, the significant debt financing activities undertaken by the Group following the period ended 30 June 2016 were as follows:

- In July, repaid S\$180 million (approximately HK\$1,037 million) principal amount of fixed rate notes on maturity; and
- In July, repaid two floating rate loan facilities of HK\$300 million each on maturity.

## Capital, Net Debt and Interest Coverage Ratios

The Group's total ordinary shareholders' funds and perpetual capital securities increased to HK\$430,462 million as at 30 June 2016, compared to HK\$428,588 million as at 31 December 2015, reflecting the profits for the first half of 2016, partly offset by the net exchange losses on translation of the Group's overseas operations' net asset to the Group's Hong Kong dollar reporting currency including the Group's share of the translation gains and losses of associated companies and joint ventures, 2015 final dividend and distributions paid and other items recognised directly in reserves.

As at 30 June 2016, the consolidated net debt of the Group, excluding interest bearing loans from non-controlling shareholders which are viewed as quasi-equity, was HK\$169,398 million (31 December 2015 - HK\$172,580 million, a 2% reduction compared to the net debt at the beginning of the year, resulting in the Group's net debt to net total capital ratio being reduced to 23.3% as at 30 June 2016 (31 December 2015 - 23.7%). The Group's consolidated cash and liquid investments as at 30 June 2016 were sufficient to repay all outstanding consolidated Group's principal amount of debt maturing before 2020.



The Group's consolidated gross interest expenses and other finance costs of subsidiaries, before capitalisation in the first half of 2016 was HK\$3,650 million.

Reported EBITDA of HK\$44,256 million and FFO of HK\$24,969 million for the period covered consolidated net interest expenses and other finance costs 19.9 times and 13.1 times respectively.

### Secured Financing

At 30 June 2016, assets of the Group totalling HK\$40,767 million (31 December 2015 - HK\$28,828 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 2016 amounted to the equivalent of HK\$10,621 million (31 December 2015 - HK\$12,183 million).

### Contingent Liabilities

At 30 June 2016, the Group provided guarantees in respect of bank and other borrowing facilities to its associated companies and joint ventures totalling HK\$4,968 million (31 December 2015 - HK\$3,797 million), of which HK\$3,826 million (31 December 2015 - HK\$2,888 million) has been drawn down as at 30 June 2016, and also provided performance and other guarantees of HK\$3,922 million (31 December 2015 - HK\$3,557 million).

### Purchase, Sale or Redemption of Shares

During the six months ended 30 June 2016, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares. In addition, the Company has not redeemed any of its shares during the period.

### Compliance with the Corporate Governance Code

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

The Company has complied throughout the six months ended 30 June 2016 with all code provisions of the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), other than those in respect of the nomination committee and attendance of the Chairman of the Board of Directors (the "Board") at the 2016 annual general meeting of the Company (the "2016 AGM").

### Nomination Committee

The Company has considered the merits of establishing a nomination committee but is of the view that it is in the best interests of the Company that the Board collectively reviews, deliberates on and approves the structure, size and composition of the Board as well as the appointment of any new Director, as and when appropriate. The Board is tasked with ensuring that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Group and that appropriate individuals with the relevant expertise and leadership qualities are appointed to the Board to complement the capabilities of existing Directors. In addition, the Board as a whole is also responsible for reviewing the succession plan for Directors, including the Chairman of the Board and the Group Co-Managing Directors.

### Attendance of Chairpersons and Auditor at Annual General Meeting

The Chairman of the Board was not in a position to attend the 2016 AGM due to health reasons; the Chairmen of the Audit Committee and the Remuneration Committee, and the external auditor attended the 2016 AGM.

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

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules as the code of conduct regulating Directors' dealings in securities of the Company. In response to specific enquiries made, all Directors have confirmed compliance with such code in their securities dealings throughout the accounting period covered by the interim report.

## Review of Interim Financial Statements

The unaudited condensed consolidated financial statements of the Company and its subsidiary companies for the six months ended 30 June 2016 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 Company's 2016 Interim Report to the shareholders. The unaudited condensed consolidated financial statements of the Company and its subsidiary companies for the six months ended 30 June 2016 have also been reviewed by the Audit Committee of the Company.

## Assurance Report on Pro Forma Results for the Comparative Six Months Ended 30 June 2015

The unaudited pro forma financial results of the Company and its subsidiary companies for the comparative six months ended 30 June 2015 set out in the section headed Financial Performance Summary as comparative figures, prepared for illustrative purposes as if the Reorganisation was effective on 1 January 2015, have been reported on by PricewaterhouseCoopers in accordance with Hong Kong Standard on Assurance Engagement 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. PricewaterhouseCoopers' independent assurance report is set out on pages 134 and 135 of the Company's 2015 Interim Report. The unaudited pro forma financial results of the Company and its subsidiary companies for the comparative six months ended 30 June 2015 have been reviewed by the Audit Committee of the Company.

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

## Record Date for Interim Dividend

The record date for the purpose of determining shareholders' entitlement to the interim dividend is Monday, 12 September 2016.

In order to qualify for the interim dividend payable on Thursday, 22 September 2016, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Share Registrar (Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) for registration no later than 4:30 pm on Monday, 12 September 2016.

## Corporate Strategy

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

## Pro Forma Results for the Comparative Six Months Ended 30 June 2015

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

## Past Performance and Forward Looking Statements

The performance and the results of the operations of the Group contained in the 2016 interim results announcement are historical in nature, and past performance is no guarantee of the future results of the Group. Any forward-looking statements and opinions contained within the 2016 interim results announcement are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in the 2016 interim results announcement; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

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

### **Executive Directors:**

Mr LI Ka-shing (*Chairman*)

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

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

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

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

Mr KAM Hing Lam  
(*Deputy Managing Director*)

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

### **Non-executive Directors:**

Mr CHOW Kun Chee, Roland

Mr LEE Yeh Kwong, Charles

Mr LEUNG Siu Hon

Mr George Colin MAGNUS

### **Independent Non-executive Directors:**

Mr KWOK Tun-li, Stanley

Mr CHENG Hoi Chuen, Vincent

The Hon Sir Michael David KADOORIE

Ms LEE Wai Mun, Rose

Mr William Elkin MOCATTA  
(*Alternate to The Hon Sir Michael David Kadoorie*)

Mr William SHURNIAK

Mr WONG Chung Hin

Dr WONG Yick-ming, Rosanna



長江和記實業有限公司

CK HUTCHISON HOLDINGS LIMITED

Stock code: 1

# 2016 Interim Results

## Operations Analysis



(Incorporated in the Cayman Islands with limited liability)

# 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 for the six months period ended 30 June 2016, and of certain comparative pro forma financial information of the Group for the six months period ended 30 June 2015. The information included is solely for the use in this Presentation and certain information has not been independently verified. No representations or warranties, expressed or implied, are made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions presented or contained in this Presentation. Potential Investors and Shareholders should refer to the 2016 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.

# Performance in 1H 2016

	1H 2016	Change vs 1H 2015 Pro forma <sup>(1)</sup>	Change in local currency
Total Revenue <sup>(2)</sup>	HK\$180.5 billion	-8%	-5%
Reported EBITDA <sup>(2)</sup>	HK\$44.3 billion	-4%	Flat
Reported EBIT <sup>(2)</sup>	HK\$29.5 billion	-4%	Flat
Recurring Earnings <sup>(3)</sup>	HK\$15.2 billion	+2%	+6%
Reported Earnings <sup>(4)</sup>	HK\$14.9 billion	+3%	
Recurring Earnings per share <sup>(3)</sup>	HK\$3.95	+2%	
Reported Earnings per share <sup>(4)</sup>	HK\$3.87	+3%	
Interim Dividend per share	HK\$0.735	+5%	

Note (1): Unaudited CKHH Pro forma results for the six months ended 30 June 2015 assumed that the Reorganisation was effective as at 1 January 2015. Pro forma revenue, EBITDA and EBIT by operating segments for the six months ended 30 June 2015 have been reclassified to include the respective additional contributions as a result of the Reorganisation to enable a like-for-like comparison with CKHH actual results for the six months ended 30 June 2016.

Note (2): Total revenue, EBITDA and EBIT include the Group's proportionate share of associated companies and joint ventures' respective items.

Note (3): Recurring earnings and recurring EPS are calculated based on profit attributable to ordinary shareholders before profits on disposal of investments and others, after tax.

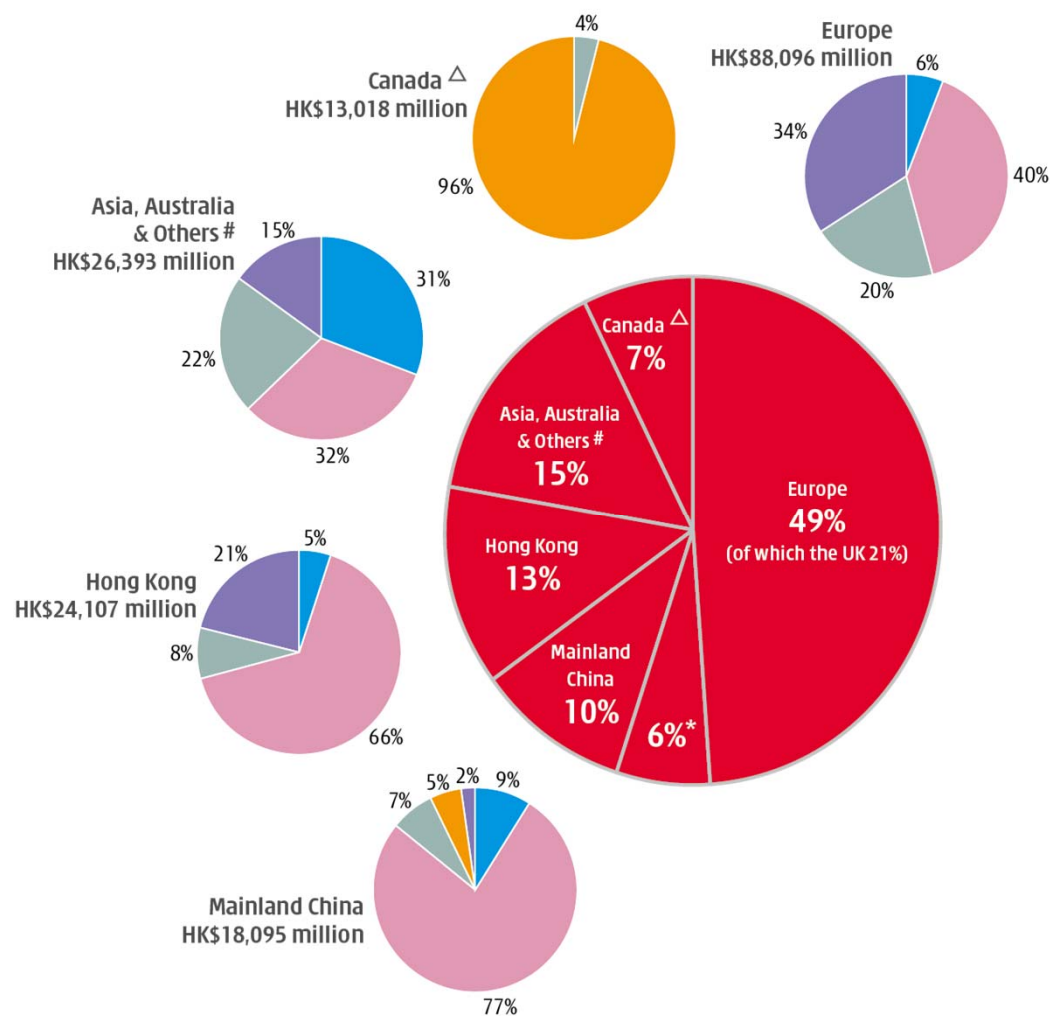
Note (4): 1H 2016 profit on disposal of investments & others, after tax was a charge of HK\$307 million comprising an impairment charge on certain non-core investments held by the ports operation of HK\$577 million and the Group's subsidiary HTAL's 50% share of VHA's operating losses of HK\$328 million, partly offset by a marked-to-market gain upon acquisition of additional interest in an existing port operation of HK\$598 million. This is compared to the HK\$482 million of HTAL's losses recorded in 1H 2015.

# Business & Geographical Diversification

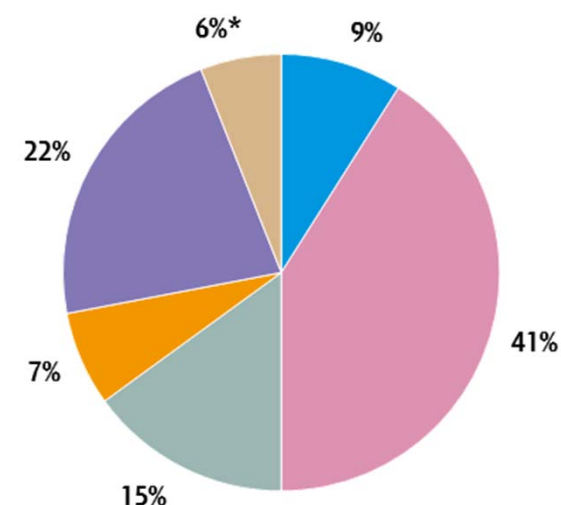
1H 2016 Total Revenue: HK\$ 180,511 million

Decrease 8% in reported currency (Decrease 5% in local currencies)

## By Geographical Location



## By Division



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

\* Represents contributions from Finance & Investments and Others

# Includes Panama, Mexico and the Middle East

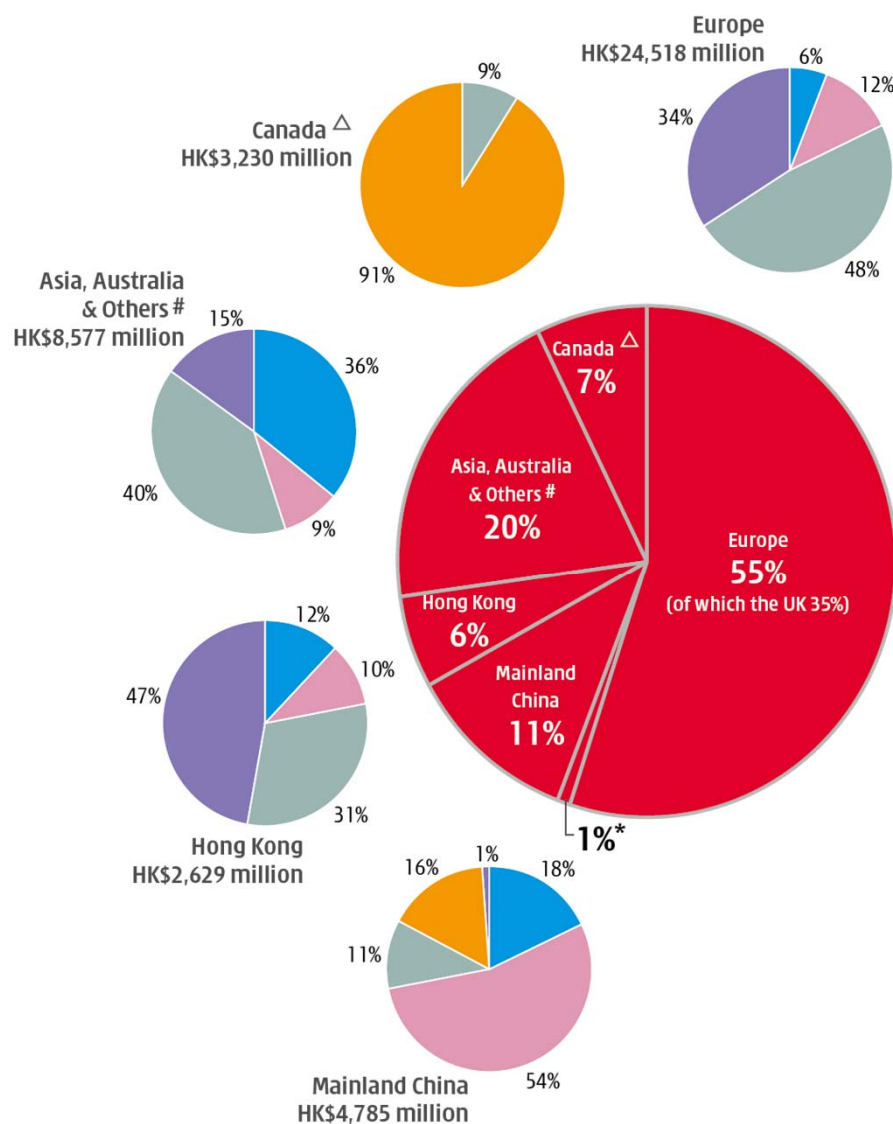
△ Includes contribution from the USA for Husky Energy

# Business & Geographical Diversification

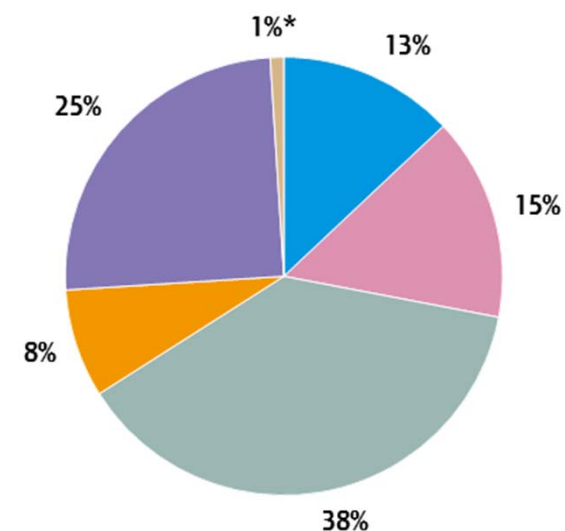
1H 2016 Reported EBITDA: HK\$ 44,256 million

Decrease 4% in reported currency (Flat in local currencies)

## By Geographical Location



## By Division



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

\* Represents contributions from Finance & Investments and Others

# Includes Panama, Mexico and the Middle East

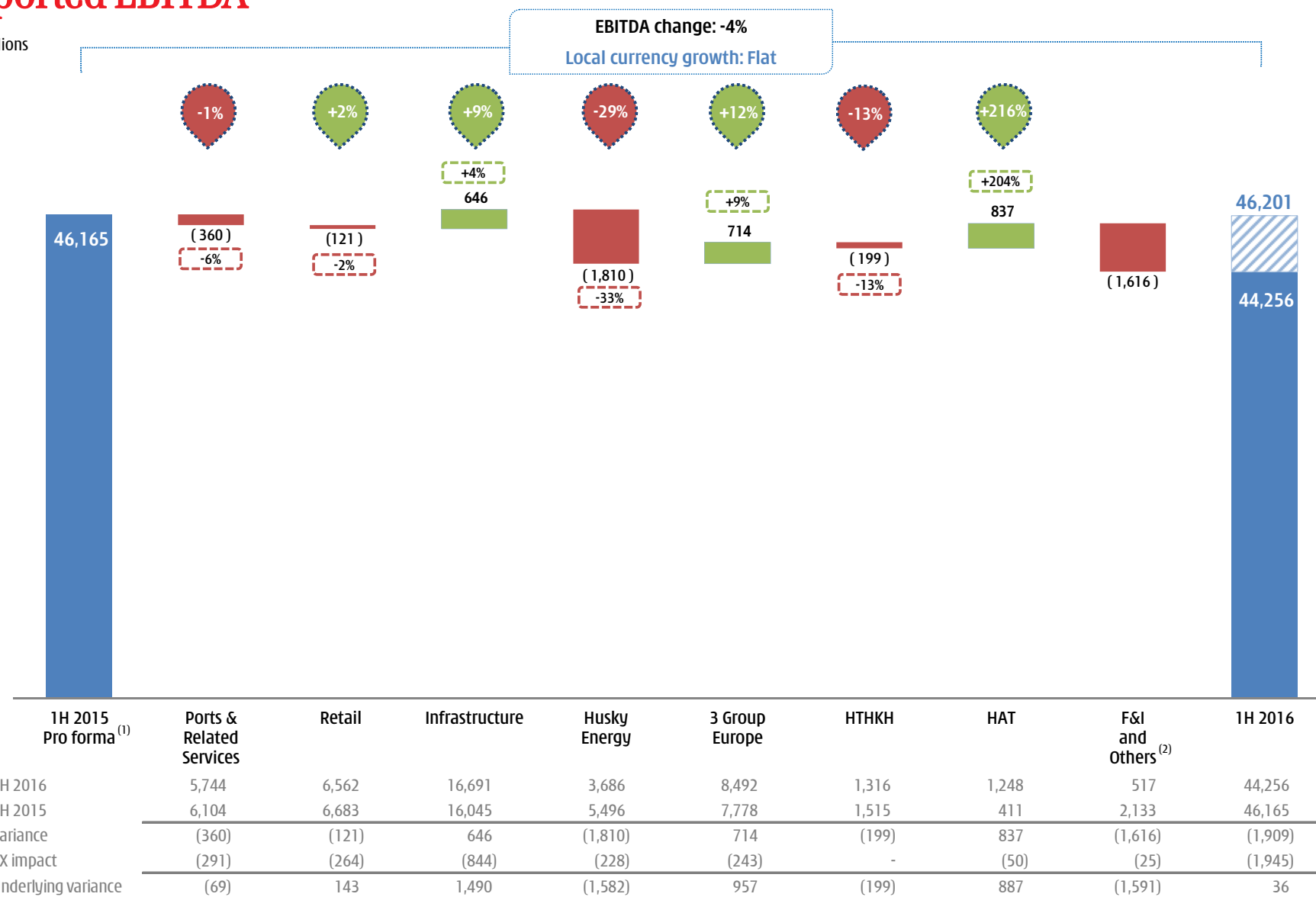
$\Delta$  Includes contribution from the USA for Husky Energy



# Business & Geographical Diversification

## Reported EBITDA

HK\$ millions



Note (1): 1H 2015 pro forma results assumed that the Reorganisation was effective on 1 January 2015.

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

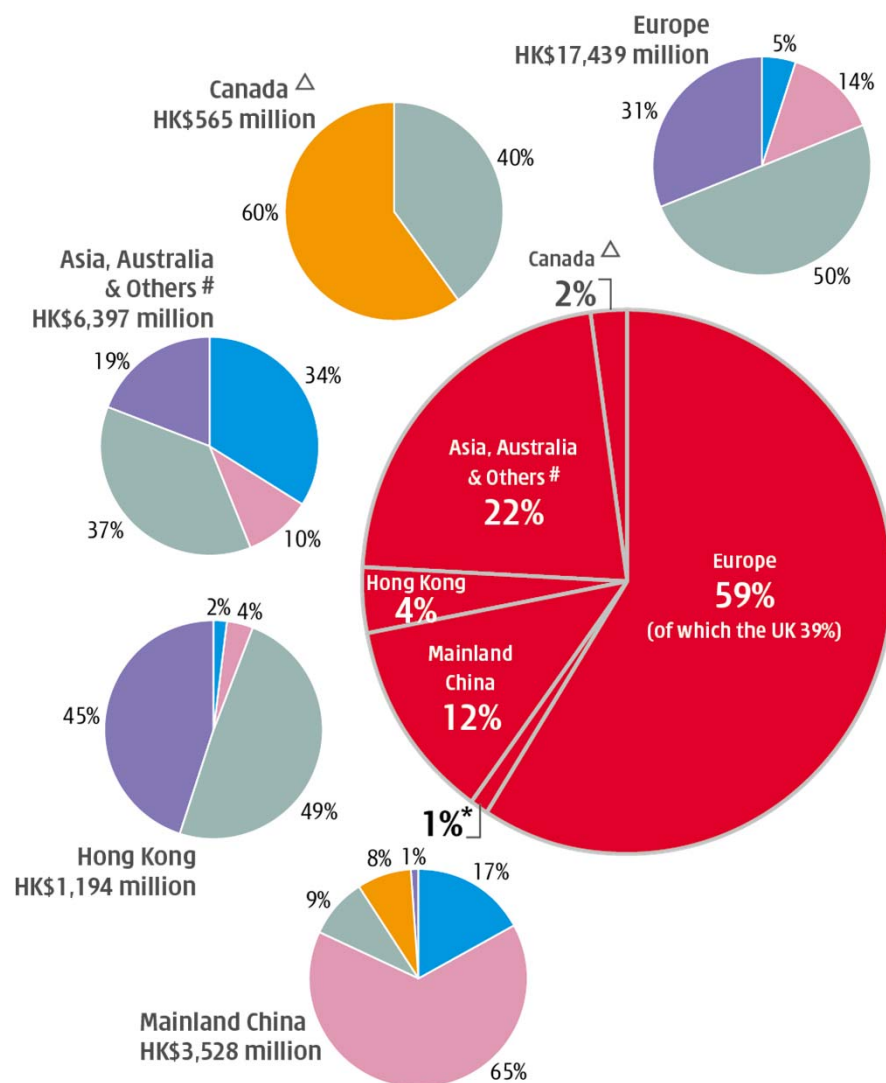
- represents local currency change %  
 - represents adverse foreign exchange translation impact

# Business & Geographical Diversification

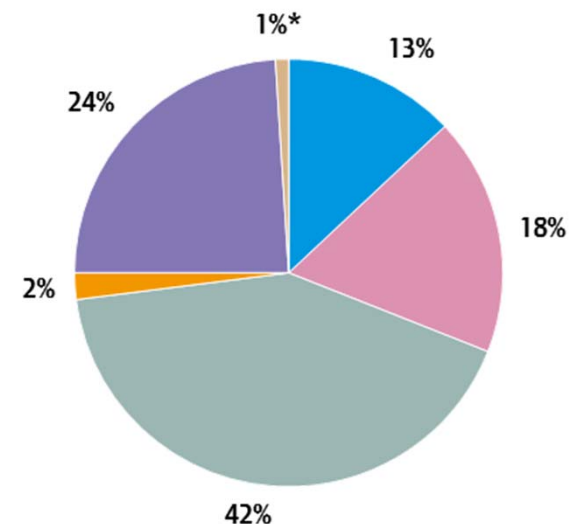
1H 2016 Reported EBIT: HK\$ 29,469 million

Decrease 4% in reported currency (Flat in local currencies)

## By Geographical Location



## By Division



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

\* Represents contributions from Finance & Investments and Others

# Includes Panama, Mexico and the Middle East

△ Includes contribution from the USA for Husky Energy

# Business & Geographical Diversification

## Reported EBIT

HK\$ millions



Note (1): 1H 2015 pro forma results assumed that the Reorganisation was effective on 1 January 2015.

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

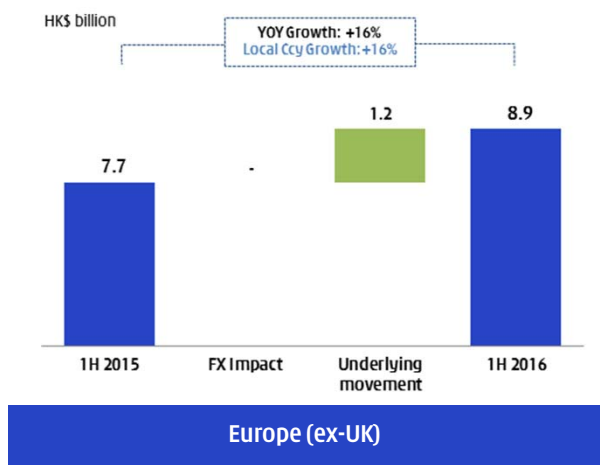
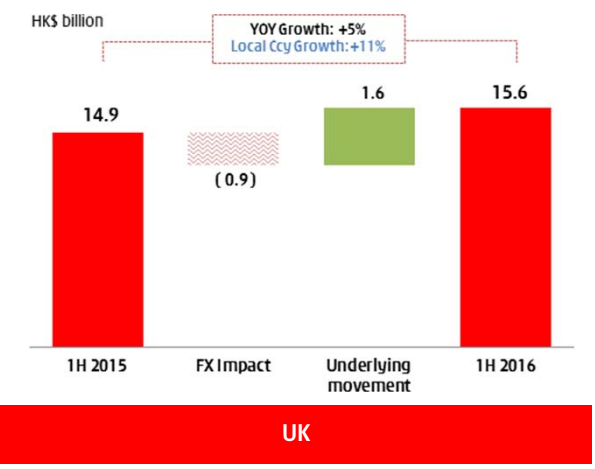
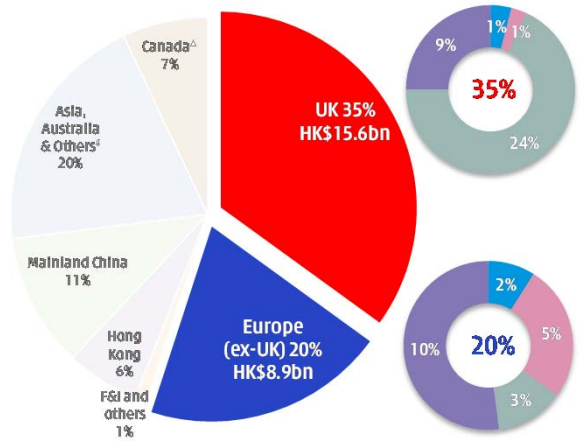
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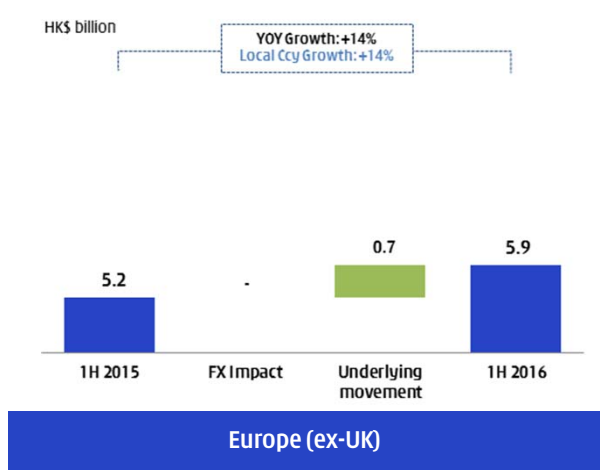
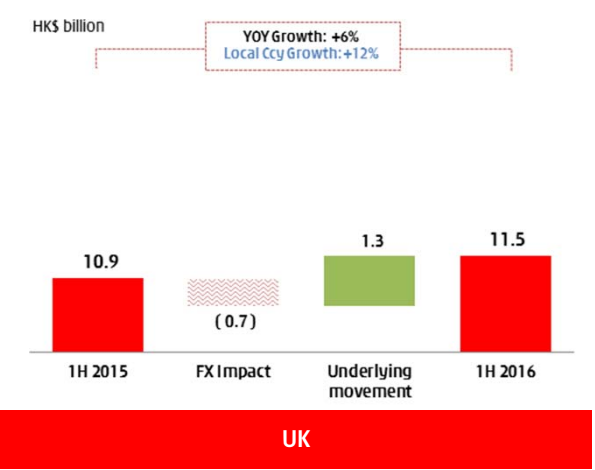
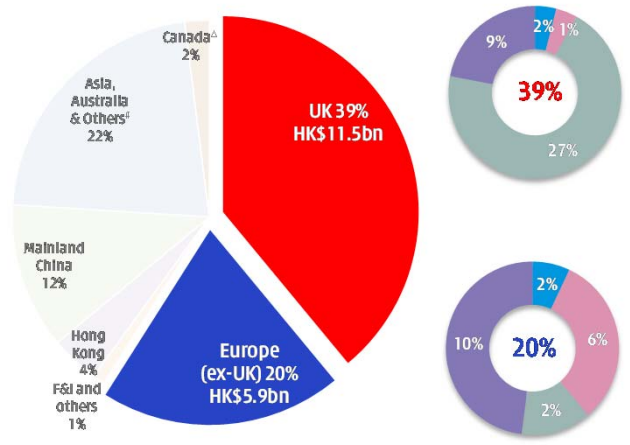
# European Contribution

## EBITDA and EBIT

### Total EBITDA<sup>(1)</sup>: HK\$44.3 billion



### Total EBIT<sup>(1)</sup>: HK\$29.5 billion



- Ports & Related Services
- Retail
- Infrastructure
- Telecommunications

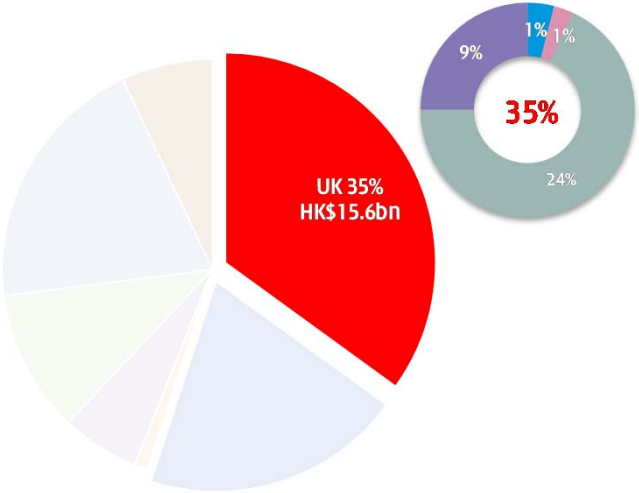
# Includes Panama, Mexico and the Middle East  
△ Includes contribution from the USA for Husky Energy

Note (1): EBITDA and EBIT excludes (i) non-controlling interests' share of results of HPH Trust and (ii) profits on disposal of investments & others.  
Note (2): All percentages in the pie charts represent % of the Group's total amount.

# European Contribution

## UK Focus

Total EBITDA<sup>(1)</sup>: HK\$44.3 billion



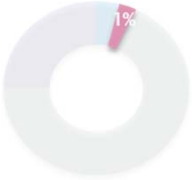
- Ports & Related Services
- Retail
- Infrastructure
- Telecommunications

### Ports



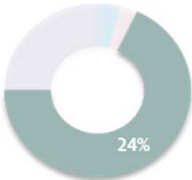
- Over 90% of containerised cargo is gateway traffic
- Approximately 90% of containerised cargo relates to non-European trade
- Currently 15 out of 17 Asia-North Europe loops call at UK port and this trend is expected to continue

### Retail



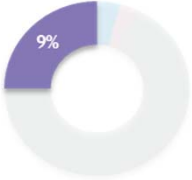
- In 1H 2016, the UK businesses achieved 6.5% comparable store sales growth
- The first month trading post-Brexit referendum maintains this growth momentum
- The H&B format proved to be resilient in market downswing
- The two main H&B formats in the UK of Superdrug and Savers continue to gain market share
- Key growth drivers are well-executed store segmentation and strong value proposition to local UK customers

### Infrastructure



- Majority of the earnings contribution from regulated utility businesses
- Next tariff resets post-2019
- Defensive business relating to daily utilities consumption in local UK market

### Telecommunications



- Strong value proposition in the domestic consumer market
- Consumer segment represents over 99% of 3UK's revenue
- Postpaid customers represents 66% of total active customers, with an average contract length of 17 months

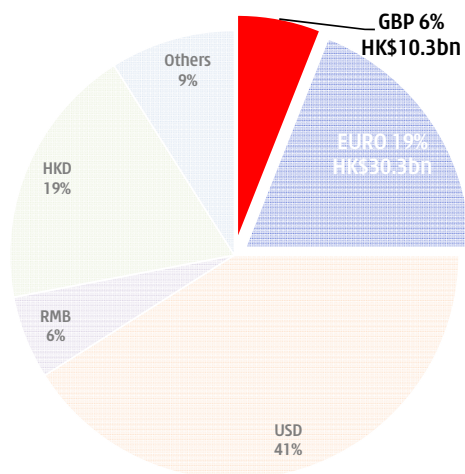
Note (1): EBITDA excludes (i) non-controlling interests' share of results of HPH Trust and (ii) profits on disposal of investments & others.

Note (2): All percentages in the pie charts represent % of the Group's total amount.

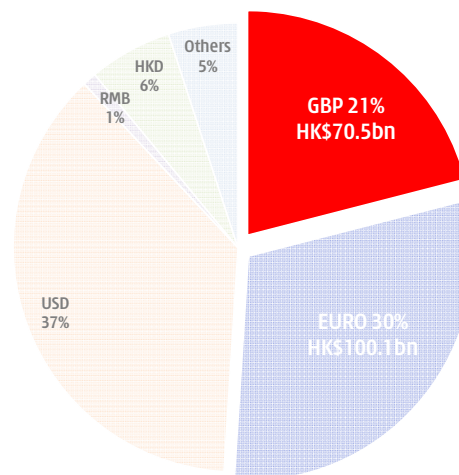
# European Contribution

## UK Focus

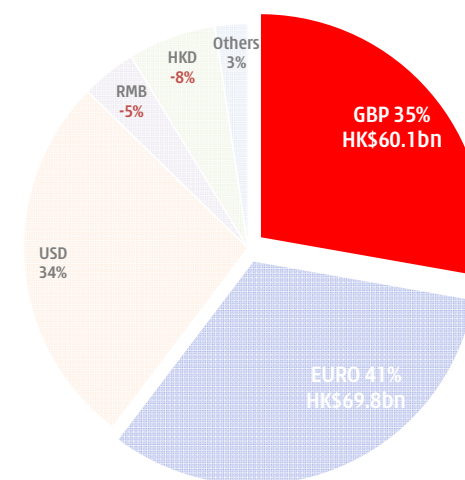
Cash & Cash Equivalent: HK\$162.7 billion



Gross Debt: HK\$332.1 billion



Net Debt: HK\$169.4 billion



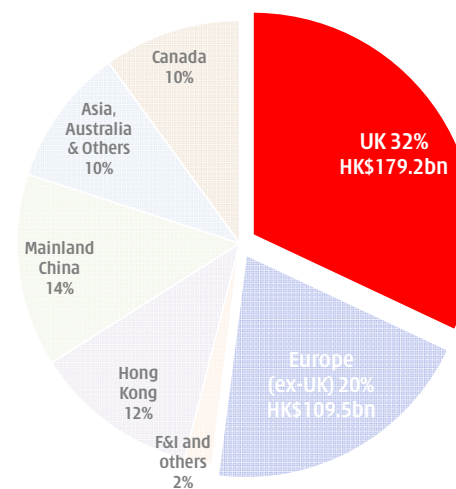
### GBP Currency Sensitivity

10% depreciation against HKD<sup>(2)</sup>

HK\$ billion

EBITDA	↓ 1.6
Cash & Cash Equivalent	↓ 1.0
Gross Debt	↓ 7.0
Net Debt	↓ 6.0
Net Assets	↓ 12.7
Gross Debt / Annualised EBITDA (times)	Flat
Net Debt Ratio (%-point)	↓ 0.2%

Net Assets: HK\$553.2 billion



Note (1): All percentages in the pie charts represent % of the Group's total amount.

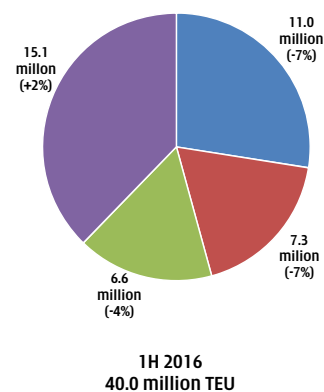
Note (2): Impact on the Group's 2016 first six months results.

# Ports and Related Services

	1H 2016 <sup>(1)</sup> HK\$ millions	1H 2015 <sup>(1)</sup> HK\$ millions	Change %	Change % in local currency
Total Revenue	16,142	17,308	-7%	-2%
EBITDA	5,744	6,104	-6%	-1%
EBIT	3,722	4,111	-9%	-4%
Throughput	40.0 million TEU	41.5 million TEU	-4%	NA

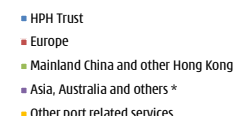
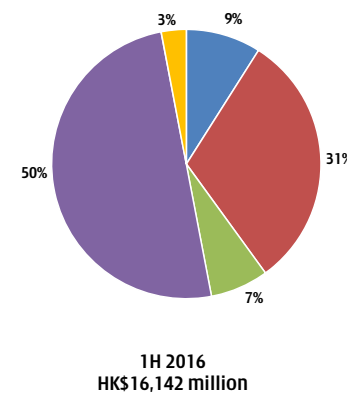
- Throughput declined by 4% to 40.0 million TEU in 1H 2016, mainly due to weaker Intra-Asia and transshipment cargoes in Hong Kong and competition in Rotterdam.
- In local currencies, EBITDA and EBIT decreased by 1% and 4% respectively, primarily driven by the deconsolidation impact of the Jakarta operations, which ceased to be a subsidiary and is accounted for as a joint venture following the dilution of interests in 2H 2015. The lower EBIT was also due to higher amortisation charge on the renewed concession of the Jakarta operations.
- Excluding the deconsolidation effect of the Jakarta operations, the division's EBITDA and EBIT decreased by 3% and 5% in reported currency respectively, whilst improved by 2% and 0.4% in local currencies respectively.
- The division had 274 operating berths<sup>(2)</sup> as at 30 June 2016, representing an increase of 5 berths during 1H 2016, mainly due to new berths commencing operations in Yantian (4) and Malaysia (1).

**Total Container Throughput (-4%)**  
by Subdivision

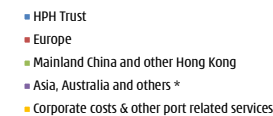
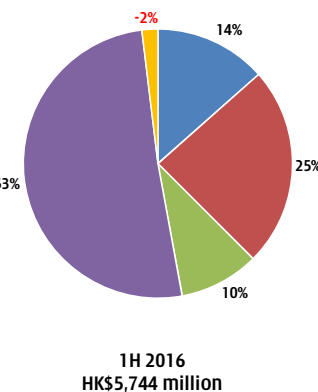


\* Asia, Australia and Others includes Panama, Mexico and the Middle East.

**Total Revenue (-7% in reported currency)**  
by Subdivision



**EBITDA (-6% in reported currency)**  
by Subdivision



## Outlook

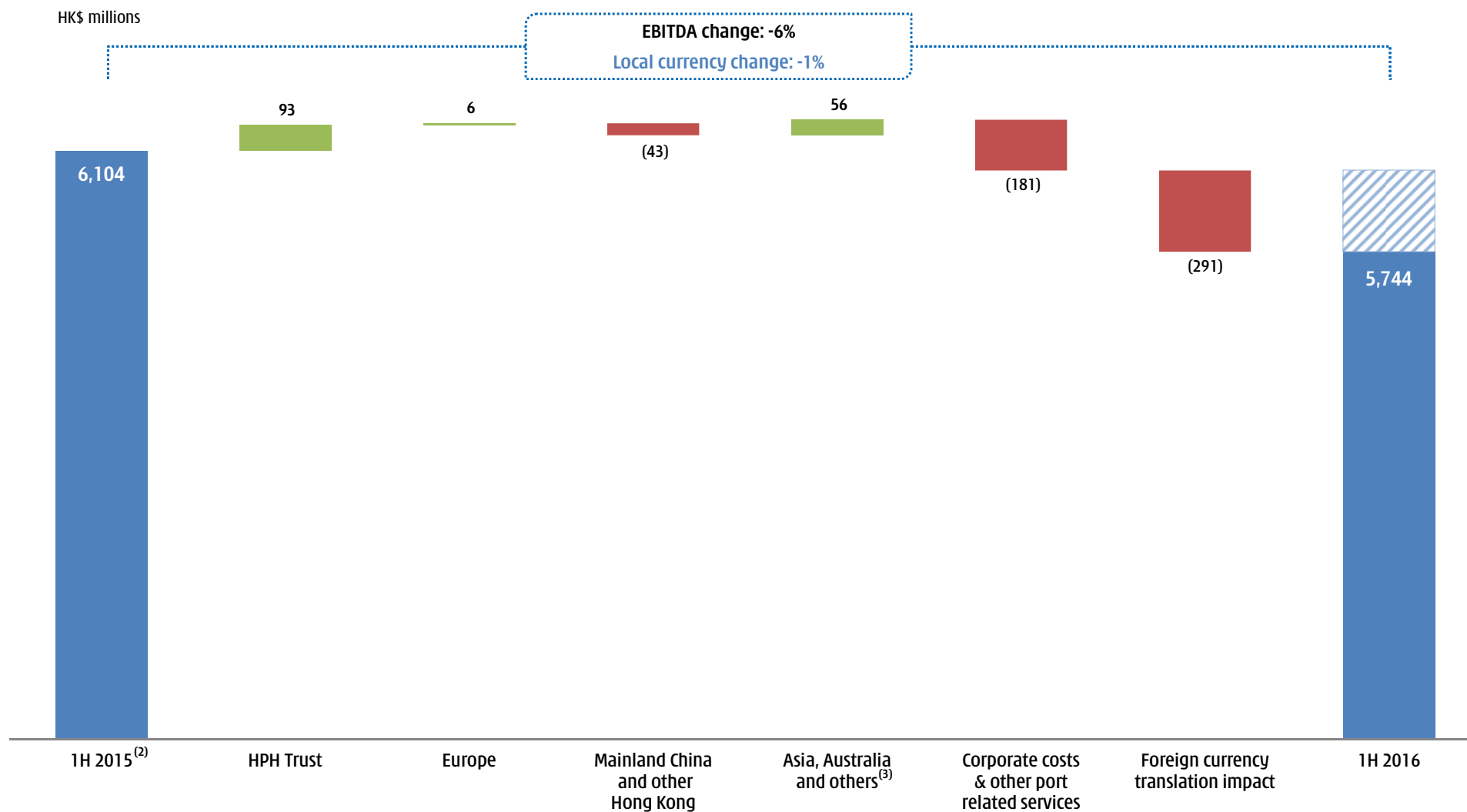
- As the outlook for global trade is likely to remain soft in the second half, this division will continue to focus on cost efficiency and margin growth to maintain a stable contribution in 2H 2016.

Note (1): Total Revenue, EBITDA and EBIT were adjusted to exclude non-controlling interests' share of results of HPH Trust. 1H 2015 pro forma results assumed that the Reorganisation was effective on 1 January 2015.

Note (2): Based on 300 metres per berth and is computed by dividing the total berth length by 300 metres.

# Ports and Related Services

## EBITDA<sup>(1)</sup> Change



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

Note (2): 1H 2015 pro forma results assumed that the Reorganisation was effective 1 January 2015.

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

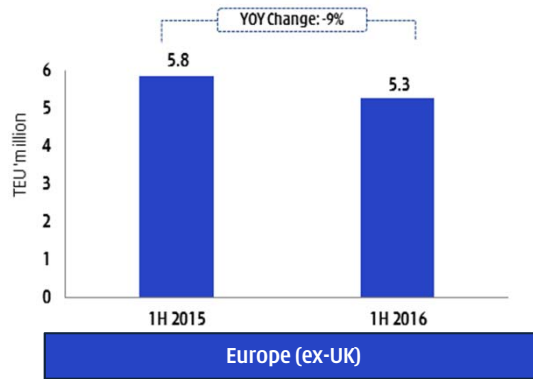
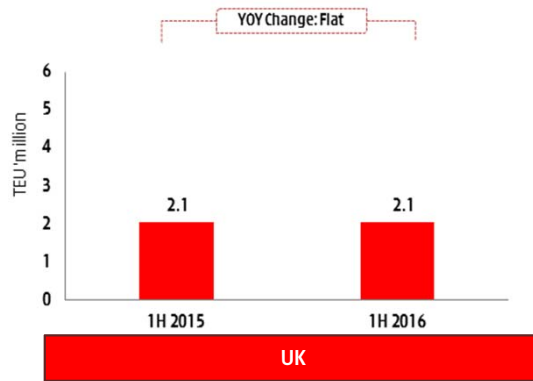
 - represents adverse foreign exchange translation impact



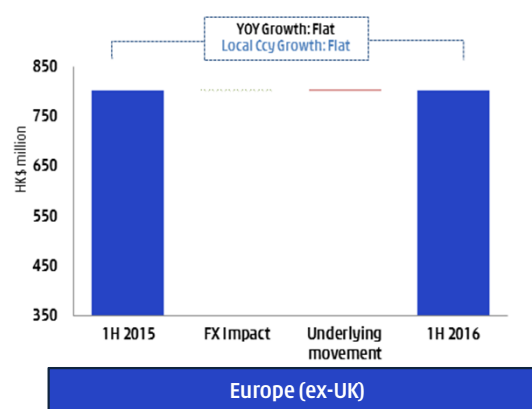
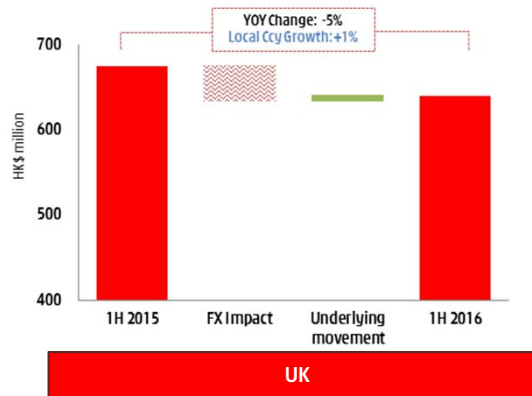
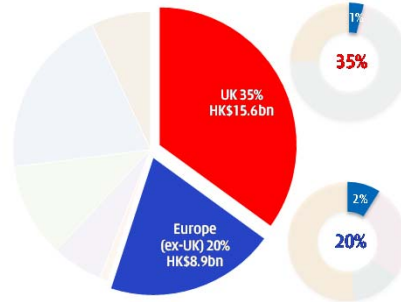
# Ports and Related Services

## European Operations

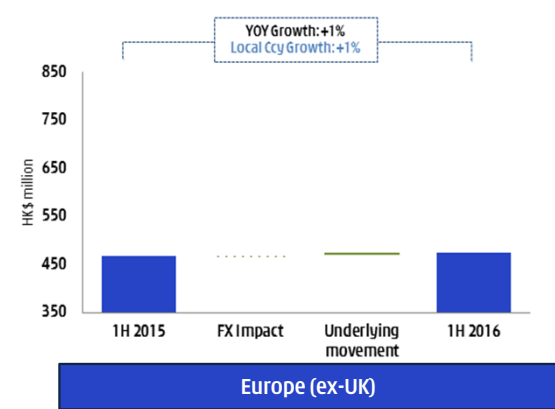
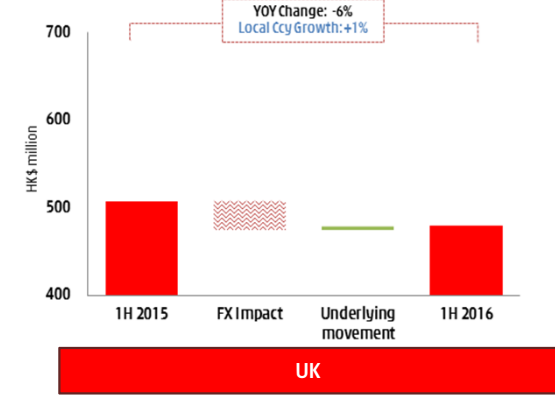
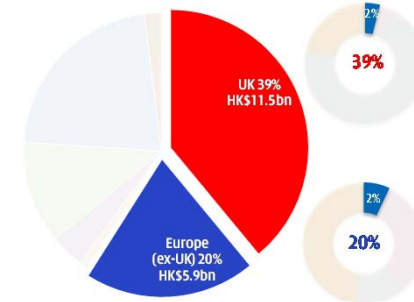
### Throughput



### EBITDA



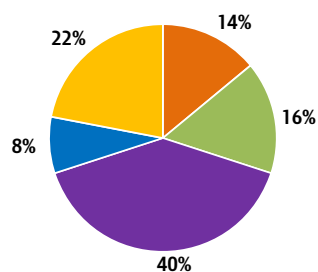
### EBIT



# Retail

	1H 2016 HK\$ millions	1H 2015 HK\$ millions	Change %	Change % in local currency
Total Revenue	73,413	74,926	-2%	+1%
EBITDA	6,562	6,683	-2%	+2%
EBIT	5,338	5,453	-2%	+2%
Store Numbers	12,657	11,780	+7%	NA

**Total Revenue**  
 (-2% in reported currency)  
 by Subdivision



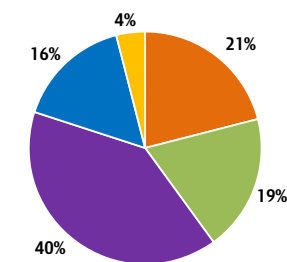
1H 2016  
HK\$73,413 million



Total Revenue	1H 2016 HK\$ millions	1H 2015 HK\$ millions	Change %	Change % in local currency
H&B China	10,630	11,126	-4%	+0.4%
H&B Asia <sup>(1)</sup>	11,452	11,105	+3%	+8%
<b>H&amp;B China &amp; Asia Subtotal</b>	<b>22,082</b>	<b>22,231</b>	<b>-1%</b>	<b>+4%</b>
H&B Western Europe	28,962	28,024	+3%	+5%
H&B Eastern Europe <sup>(1)</sup>	6,155	5,842	+5%	+12%
<b>H&amp;B Europe Subtotal</b>	<b>35,117</b>	<b>33,866</b>	<b>+4%</b>	<b>+6%</b>
<b>H&amp;B Subtotal</b>	<b>57,199</b>	<b>56,097</b>	<b>+2%</b>	<b>+6%</b>
Other Retail <sup>(2)</sup>	16,214	18,829	-14%	-13%
<b>Total Retail</b>	<b>73,413</b>	<b>74,926</b>	<b>-2%</b>	<b>+1%</b>
- Asia	38,296	41,060	-7%	-4%
- Europe	35,117	33,866	+4%	+6%

**Total Retail Store Numbers (+7%)**  
 by Subdivision

	Store Numbers			Comparable Store Sales Growth <sup>(3)</sup> (%)	
	1H 2016 Stores	1H 2015 Stores	Change %	1H 2016	1H 2015
H&B China	2,622	2,239	+17%	-8.5%	+0.1%
H&B Asia <sup>(1)</sup>	2,438	2,170	+12%	+2.2%	+2.8%
<b>H&amp;B China &amp; Asia Subtotal</b>	<b>5,060</b>	<b>4,409</b>	<b>+15%</b>	<b>-3.1%</b>	<b>+1.5%</b>
H&B Western Europe	5,075	4,945	+3%	+3.3%	+4.1%
H&B Eastern Europe <sup>(1)</sup>	2,048	1,923	+7%	+5.2%	+5.7%
<b>H&amp;B Europe Subtotal</b>	<b>7,123</b>	<b>6,868</b>	<b>+4%</b>	<b>+3.6%</b>	<b>+4.4%</b>
<b>H&amp;B Subtotal</b>	<b>12,183</b>	<b>11,277</b>	<b>+8%</b>	<b>+1.1%</b>	<b>+3.4%</b>
Other Retail <sup>(2)</sup>	474	503	-6%	-9.7%	+2.4%
<b>Total Retail</b>	<b>12,657</b>	<b>11,780</b>	<b>+7%</b>	<b>-1.2%</b>	<b>+3.2%</b>
- Asia	5,534	4,912	+13%	-5.9%	+1.9%
- Europe	7,123	6,868	+4%	+3.6%	+4.4%



1H 2016  
Total Stores: 12,657



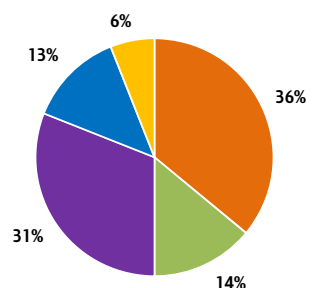
Note (1): Watsons Turkey had been reclassified to H&B Asia from H&B Eastern Europe.

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

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

# Retail

## EBITDA (-2% in reported currency) By Subdivision



1H 2016  
HK\$6,562 million



EBITDA	1H 2016 HK\$ millions	1H 2016 EBITDA Margin %	1H 2015 HK\$ millions	1H 2015 EBITDA Margin %	Change %	Change % in local currency
H&B China	2,349	22%	2,382	21%	-1%	+4%
H&B Asia <sup>(1)</sup>	909	8%	940	8%	-3%	+4%
<b>H&amp;B China &amp; Asia Subtotal</b>	<b>3,258</b>	<b>15%</b>	<b>3,322</b>	<b>15%</b>	<b>-2%</b>	<b>+4%</b>
H&B Western Europe	2,076	7%	1,949	7%	+7%	+8%
H&B Eastern Europe <sup>(1)</sup>	839	14%	803	14%	+4%	+11%
<b>H&amp;B Europe Subtotal</b>	<b>2,915</b>	<b>8%</b>	<b>2,752</b>	<b>8%</b>	<b>+6%</b>	<b>+9%</b>
<b>H&amp;B Subtotal</b>	<b>6,173</b>	<b>11%</b>	<b>6,074</b>	<b>11%</b>	<b>+2%</b>	<b>+6%</b>
Other Retail <sup>(2)</sup>	389	2%	609	3%	-36%	-36%
<b>Total Retail</b>	<b>6,562</b>	<b>9%</b>	<b>6,683</b>	<b>9%</b>	<b>-2%</b>	<b>+2%</b>
- Asia	3,647	10%	3,931	10%	-7%	-3%
- Europe	2,915	8%	2,752	8%	+6%	+9%

Note (1): Watsons Turkey had been reclassified to H&B Asia from H&B Eastern Europe.

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

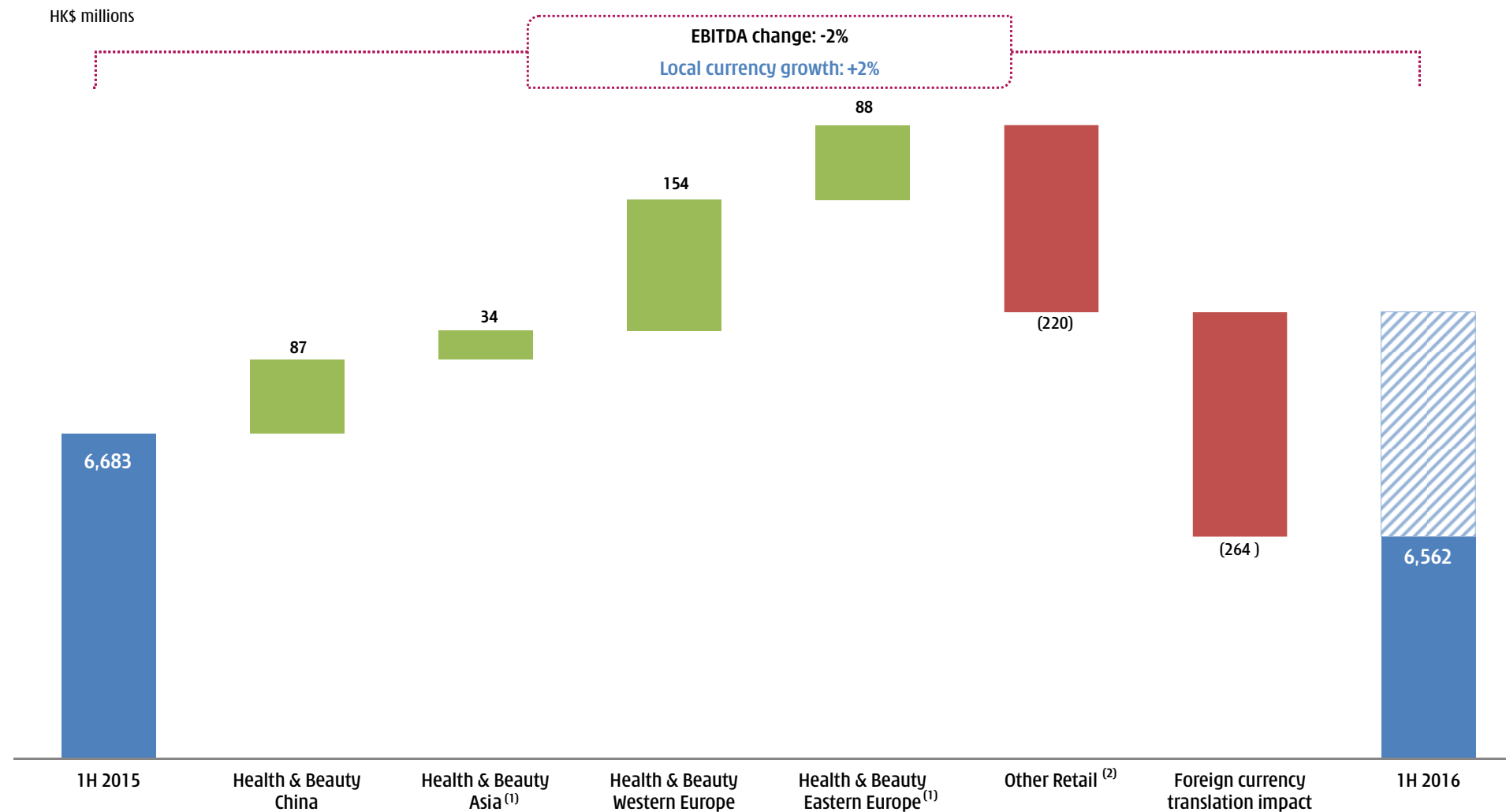
- The Health & Beauty ("H&B") segment, which represents 94% of the division's EBITDA, reported strong growth rates with EBITDA growing 6% in local currencies, driven by a 1.1% comparable store sales growth and an 8% increase in number of stores to 12,183 stores as at 30 June 2016.
- The H&B segment overall has a net opening of 277 new stores in 1H 2016, of which 78% in the Mainland and certain Asian countries. New store payback is less than 10 months in 1H 2016.
- H&B China's total revenue was flat against the same period last year in local currency against a 17% increase in store numbers, as comparable store sales growth was negative 8.5% due to weak retail market sentiment and competition from the e-commerce segment. Despite these difficult conditions, EBITDA grew 4% in local currency, and EBITDA margin improved to 22% reflecting well-executed margin and cost management. H&B China will continue to build up and expand its e-commerce platform to compete in the rapid growing e-commerce segment.
- The H&B European operations reported solid growth, revenue and EBITDA grew 6% and 9% in local currencies respectively, reflecting a 4% increase in store numbers, 3.6% comparable store sales growth and generally improving margins. In particular, H&B UK was a major growth contributor with an encouraging comparable store sales growth of 6.5% for the period.

## Outlook

- Looking into the second half of the year and beyond, this division will continue to expand its portfolio of retail stores, targeting to grow organically and plans a net opening of over 800 stores in 2H 2016, with 65% under the H&B format in the Mainland and certain Asian countries, totalling approximately over 1,100 stores for full year 2016.

# Retail

## EBITDA Change



Note (1): Watsons Turkey had been reclassified to H&B Asia from H&B Eastern Europe.

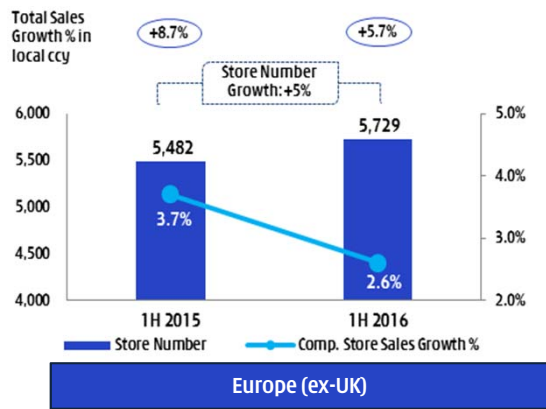
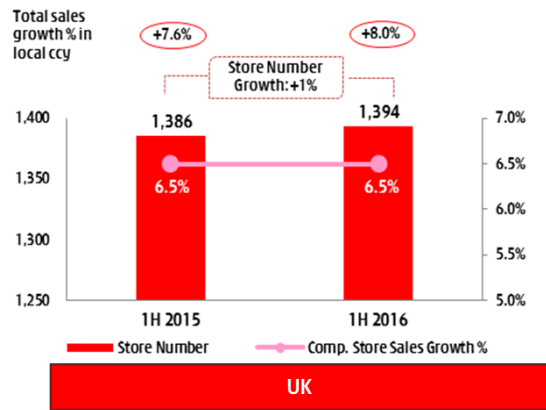
Note (2): Other Retail includes PARKnSHOP, Fortress, Watsons Wine and manufacturing operations for water and beverage businesses.

 - represents adverse foreign exchange translation impact

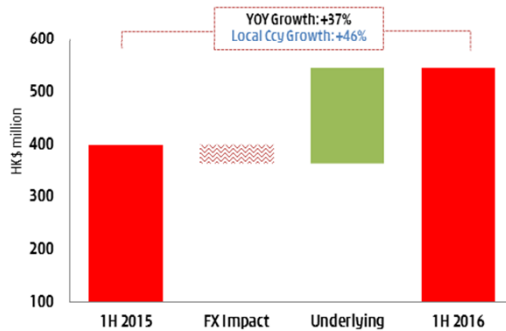
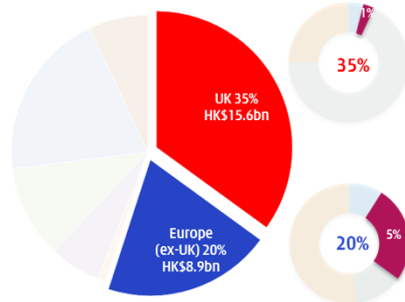
# Retail

## European Operations

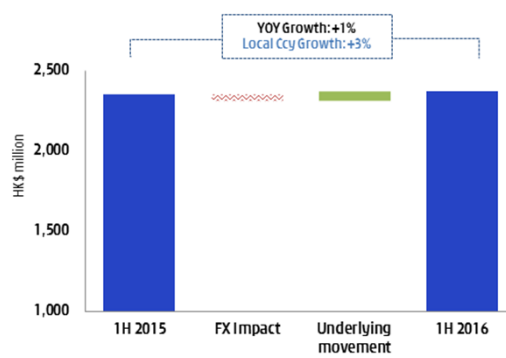
### Store Numbers, Total Sales Growth % & Comparable Store Sales Growth %



### EBITDA

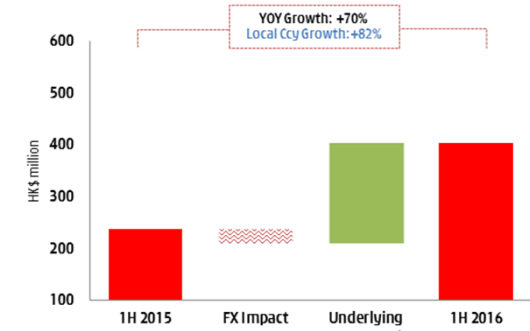
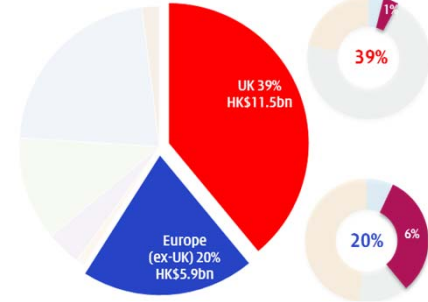


### UK

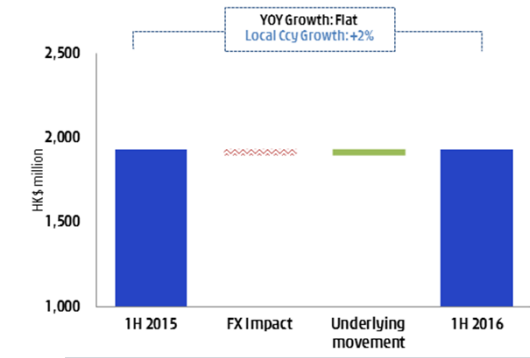


### Europe (ex-UK)

### EBIT



### UK

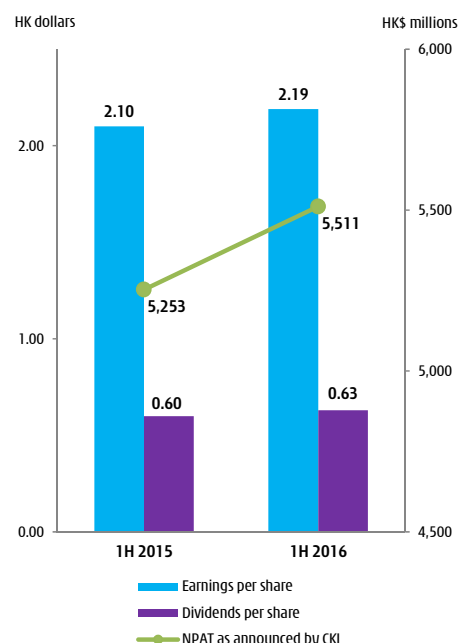


### Europe (ex-UK)

	1H 2016 HK\$ millions	1H 2015 <sup>(1)</sup> HK\$ millions	Change %	Change % in local currency
Total Revenue	27,221	27,690	-2%	+3%
EBITDA	16,691	16,045	+4%	+9%
EBIT	12,291	11,987	+3%	+8%

Note (1): 1H 2015 pro forma results assumed that the Reorganisation was effective on 1 January 2015.

## Earnings per Share, Dividends per Share and NPAT announced by CKI



## Cheung Kong Infrastructure ("CKI")

- CKI's announced earnings for 1H 2016 of HK\$5,511 million was 5% higher than the HK\$5,253 million for 1H 2015 mainly due to the full six months contributions from UK Rails and Portugal Renewable Energy acquired in 2015 and a gain on disposal of Spark Infrastructure Group. These favourable variances were largely offset by the unfavourable translation impact arising from the weakness of the British Pound, as well as the unrealised exchange losses on foreign currency denominated deposits and borrowings.
- Included in the Group's first six months EBITDA and EBIT results of 2016 was a gain before NCI of HK\$147 million representing the gain over the Group's carrying cost on the full disposal by CKI of 6.7% interest in Spark Infrastructure Group. Whilst in 1H 2015, CKI recognised a loss on disposal by CKI and Power Assets of a combined 19.9% interest in HKEI of HK\$297 million.

## Aircraft Leasing

- At the end of June 2016, the aircraft leasing business, including its 50% JV, has a total fleet of 65 aircraft which were fully leased.

## Outlook

- CKI will continue to maintain its strong financial position and to grow its global infrastructure portfolio and expanding into new industries with similar investment return attributes.

# Infrastructure

## European Operations

### Major Investments

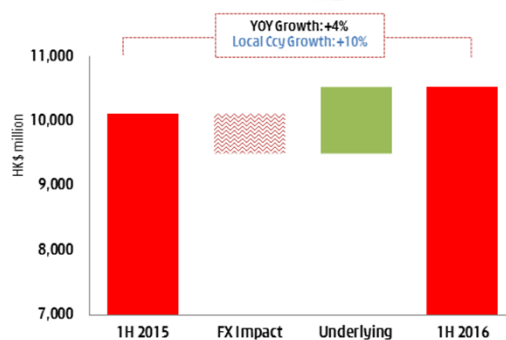
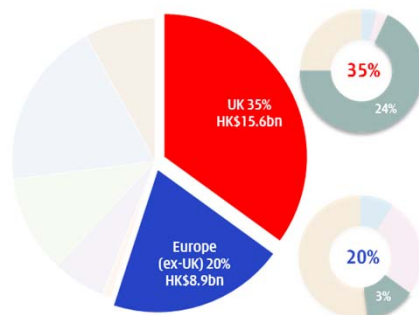
#### UK

- UK Power Network Holdings (*Regulated*)
- Northumbrian Water Group (*Regulated*)
- Northern Gas Networks (*Regulated*)
- Wales & West Utilities (*Regulated*)
- UK Rails

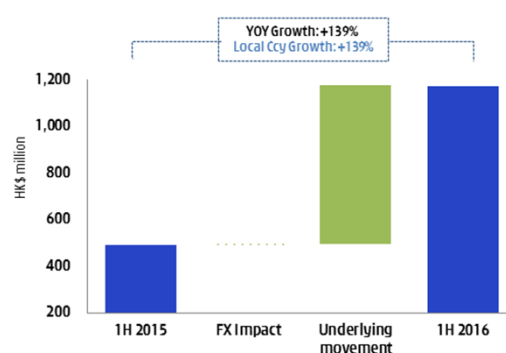
#### Europe (ex-UK)

- Dutch Enviro Energy
- Portugal Renewable Energy

### EBITDA

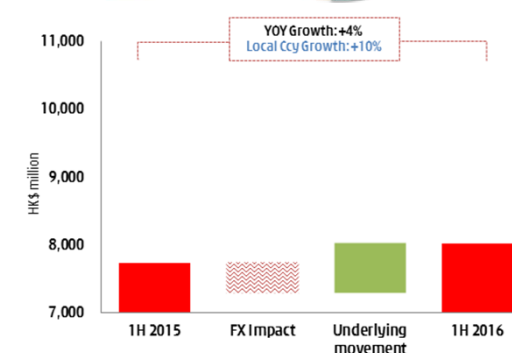
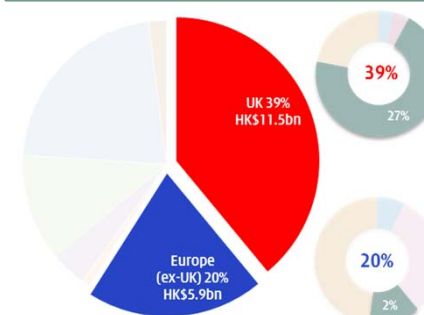


#### UK

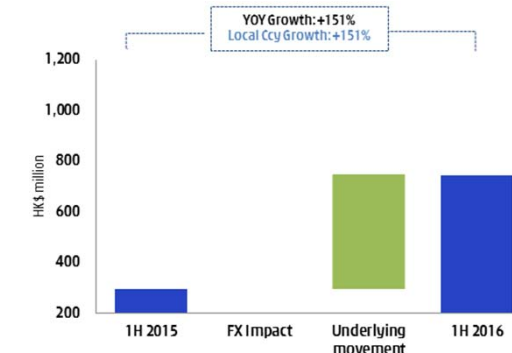


#### Europe (ex-UK)

### EBIT



#### UK

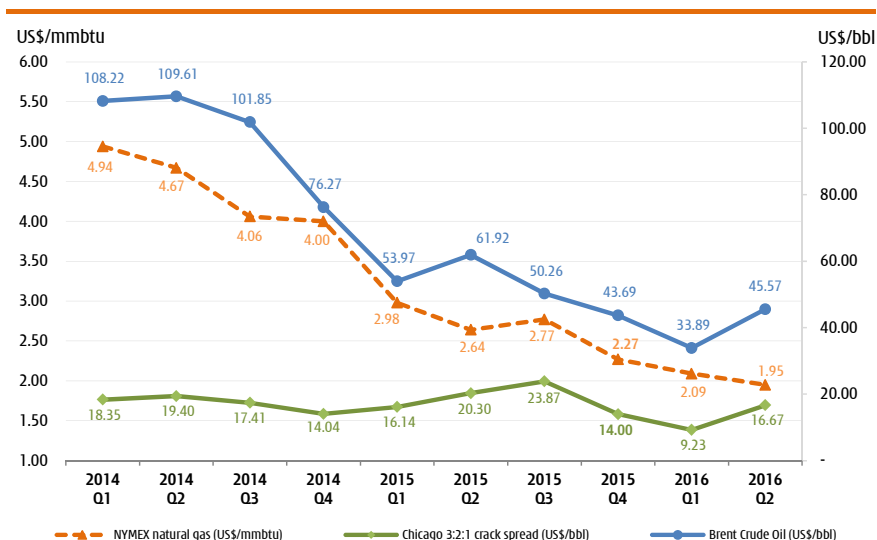


#### Europe (ex-UK)

	1H 2016 HK\$ millions	1H 2015 <sup>(1)</sup> HK\$ millions	Change %	Change % in local currency
Total Revenue	13,392	21,101	-37%	-32%
EBITDA	3,686	5,496	-33%	-29%
EBIT	612	1,024	-40%	-42%
Average Production	328.6 mboe/day	346.4 mboe/day	-5%	NA

Note (1): 1H 2015 pro forma results assumed that the Reorganisation was effective on 1 January 2015.

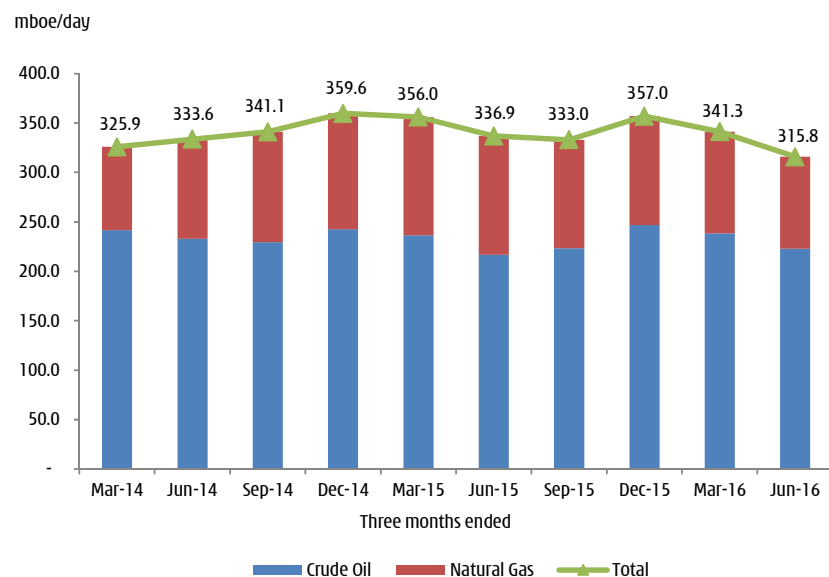
## Average Benchmark



- Husky Energy's announced net loss of C\$654 million in 1H 2016, compared to the net earnings of C\$311 million for 1H 2015, reflecting the impact of continued low oil and natural gas realised prices.
- Aside from the impact of low oil and natural gas realised prices, EBITDA in local currency, was impacted by a net loss on disposal of certain legacy oil and natural gas assets in Western Canada, a loss on short-term hedging program and lower contribution from the US refineries, partly offset by a gain on sale of royalty interests in Western Canada. LBIT reflected the same factors impacting EBITDA, but was partly compensated by lower DD&A expenses as the depletion base was reduced subsequent to the impairment of certain crude oil and natural gas assets located in Western Canada by Husky Energy during Q3 2015.
- The Group's share of EBITDA and EBIT, after translation into HK dollars and consolidation adjustments, decreased 33% and 40% respectively. The lower reduction was primarily due to an approximately HK\$970 million attributable disposal gain being recognised in the Group's results in 1H 2016 versus a loss recognised by Husky Energy mentioned above, which represented the gain over the Group's carrying cost of these legacy Western Canadian assets.



## Average Production



- Average production decreased 5% to 328.6 mboe/day in 1H 2016, mainly due to lower natural gas and natural gas liquids sales from the Liwan Gas Project, partly offset by the continued strong performance from the thermal projects and the ongoing ramp up of the Sunrise Energy Project.

## Outlook

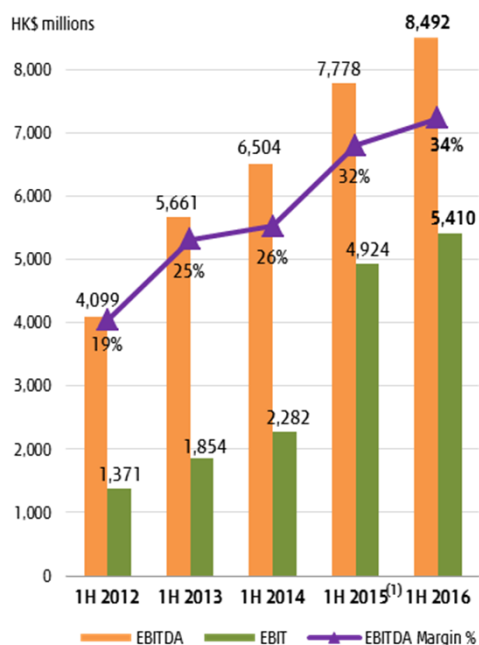
- On 18 July 2016, Husky Energy announced the completion of the agreement on the formation of a new limited partnership with CKI and Power Assets, which will assume ownership of select midstream assets in the Lloydminster region of Alberta and Saskatchewan. Under the arrangement, Husky Energy disposed its ownership interest in the pipeline assets to this new limited partnership for a gross cash proceeds of C\$1.7 billion. The Group has recognised an attributable after tax gain of approximately HK\$1,755 million, which will be reported in the Group's results in the second half. Husky Energy retained a 35% interest in the partnership and remained as the operator of the midstream assets, while CKI and Power Assets have 16.25% and 48.75% ownership interests respectively. This transaction has unlocked substantial value for Husky Energy in order to further strengthen its financial position.
- By the end of 2016, more than 40% of Husky Energy's overall production will come from low sustaining capital projects.
- Husky Energy made significant progress in delivering its strategic objectives in 1H 2016, including strengthening its balance sheet and ongoing transition into a low sustaining capital business. This will continue in 2H 2016 in order to maintain an annualised earnings break-even at sub-\$40 US WTI.

# Telecommunications - 3 Group Europe

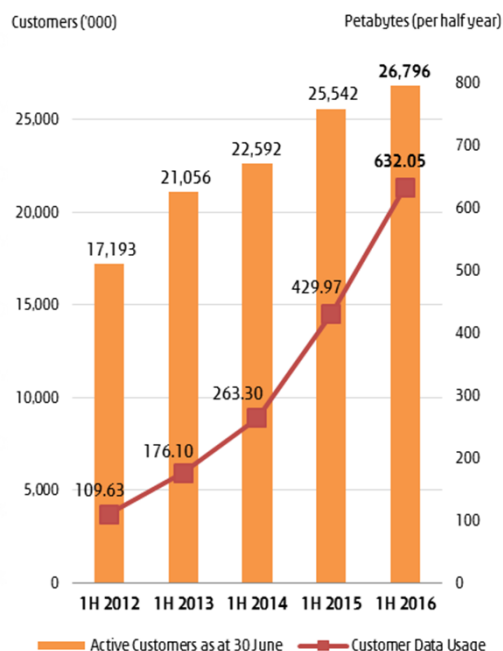
	1H 2016 HK\$ millions	1H 2015 <sup>(1)</sup> HK\$ millions	Change %	Change % in local currency
Total Revenue	30,165	30,573	-1%	+1%
EBITDA	8,492	7,778	+9%	+12%
EBIT	5,410	4,924	+10%	+13%

Note (1): 1H 2015 pro forma results assumed that the Reorganisation was effective on 1 January 2015.

## EBITDA & EBIT



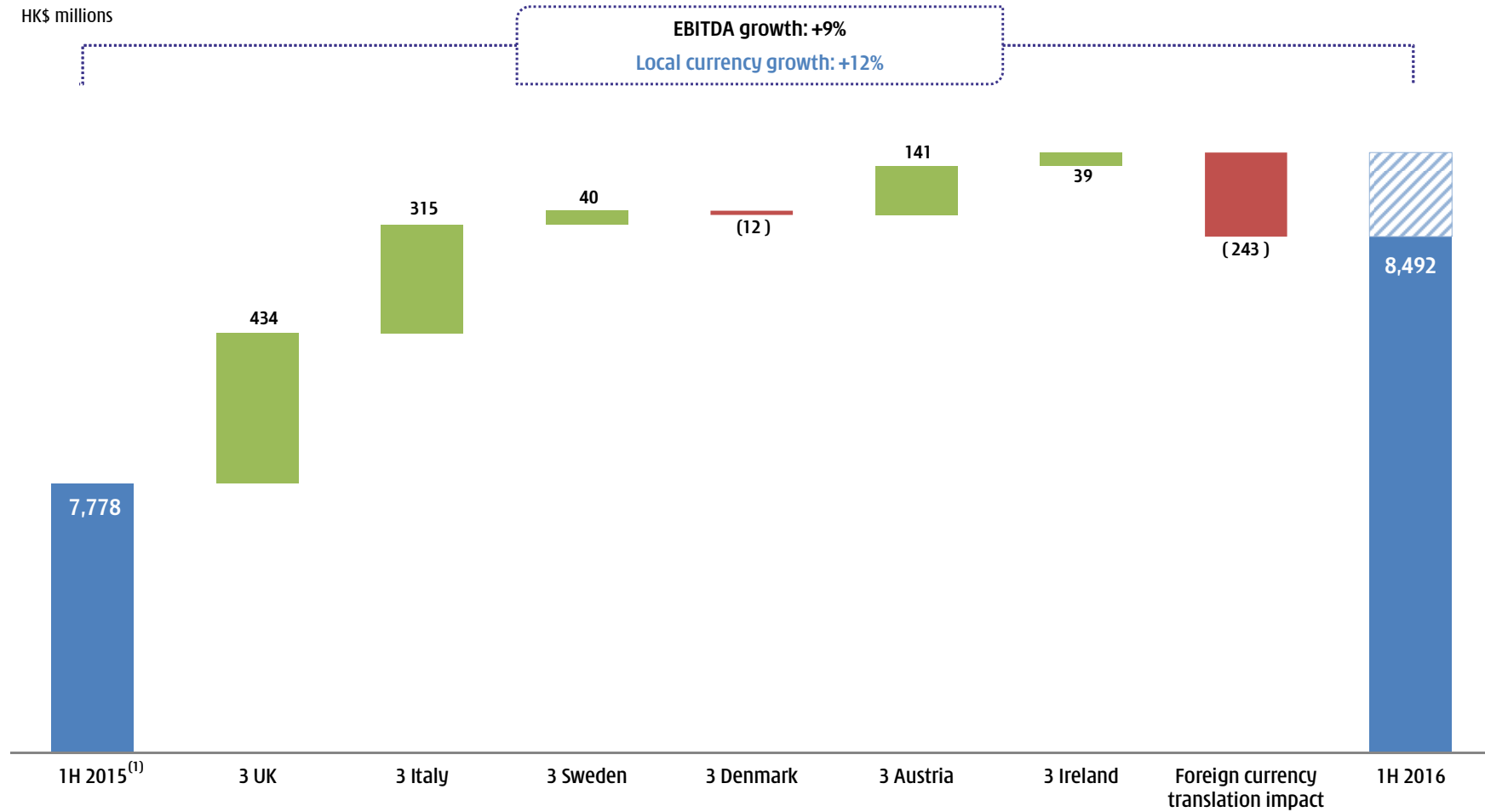
## Active Customers & Data Usage



- The European currency depreciation led to a 1% lower revenue in reported currency over same period last year to HK\$30,165 million, while EBITDA and EBIT in reported currency grew by 9% and 10% to HK\$8,492 million and HK\$5,410 million respectively. In local currencies, EBITDA and EBIT increased 12% and 13% respectively, primarily attributed to the increase in overall net customer service margin, continued cost synergies realised in 3 Ireland and good cost management in other operations.
- 3 Group Europe overall continue to achieve positive EBITDA less capital expenditure.
- In August 2015, the Group announced agreement with VimpelCom Ltd to form an equal joint venture merging 3 Italy and Wind in Italy. On a combined basis, 3 Italy and Wind will become the largest mobile operator in Italy by customer numbers. Completion of the transaction is subject to regulatory approval, which will be determined in Q3 2016.

# Telecommunications - 3 Group Europe

## EBITDA Growth



Note (1): 1H 2015 pro forma results assumed that the Reorganisation was effective on 1 January 2015.

 - represents adverse foreign exchange translation impact

# Telecommunications - 3 Group Europe

## Results<sup>(1)</sup> by operations

In millions	UK		Italy		Sweden		Denmark		Austria		Ireland		3 Group Europe	
	GBP		EURO		SEK		DKK		EURO		EURO		HK\$	
	1H 2016	1H 2015	1H 2016	1H 2015	1H 2016	1H 2015	1H 2016	1H 2015	1H 2016	1H 2015	1H 2016	1H 2015	1H 2016	1H 2015
<b>Total Revenue</b>	<b>1,052</b>	1,071	<b>906</b>	881	<b>3,569</b>	3,377	<b>1,019</b>	1,011	<b>373</b>	355	<b>330</b>	335	<b>30,165</b>	30,573
% Improvement (Reduction)	-2%		3%		6%		1%		5%		-1%		-1%	
											Local currency change %		1%	
- Net Customer Service Revenue	771	755	752	710	2,390	2,295	929	885	307	303	256	277	23,283	23,251
% Improvement (Reduction)	2%		6%		4%		5%		1%		-8%		0%	
											Local currency change %		2%	
- Handset Revenue	216	294	141	153	1,038	961	31	89	54	39	42	31	5,456	6,397
- Other Revenue	65	22	13	18	141	121	59	37	12	13	32	27	1,426	925
<b>Net Customer Service Margin<sup>(2)</sup></b>	<b>671</b>	646	<b>593</b>	548	<b>2,044</b>	1,968	<b>775</b>	783	<b>261</b>	251	<b>209</b>	226	<b>19,487</b>	19,249
% Improvement (Reduction)	4%		8%		4%		-1%		4%		-8%		1%	
											Local currency change %		4%	
Net Customer Service Margin %	87%	86%	79%	77%	86%	86%	83%	88%	85%	83%	82%	82%	84%	83%
<b>Other margin</b>	<b>15</b>	8	<b>12</b>	17	<b>56</b>	41	<b>36</b>	17	<b>10</b>	8	<b>20</b>	11	<b>619</b>	455
TOTAL CACS	(316)	(402)	(277)	(288)	(1,405)	(1,316)	(147)	(218)	(72)	(53)	(65)	(58)	(8,577)	(9,665)
Less: Handset Revenue	216	294	141	153	1,038	961	31	89	54	39	42	31	5,456	6,397
<b>Total CACS (net of handset revenue)</b>	<b>(100)</b>	(108)	<b>(136)</b>	(135)	<b>(367)</b>	(355)	<b>(116)</b>	(129)	<b>(18)</b>	(14)	<b>(23)</b>	(27)	<b>(3,121)</b>	(3,268)
<b>Operating Expenses</b>	<b>(238)</b>	(235)	<b>(334)</b>	(332)	<b>(712)</b>	(674)	<b>(367)</b>	(333)	<b>(90)</b>	(98)	<b>(124)</b>	(133)	<b>(8,493)</b>	(8,658)
Opex as a % of net customer service margin	36%	36%	56%	61%	35%	34%	47%	43%	34%	39%	59%	59%	44%	45%
<b>EBITDA</b>	<b>348</b>	311	<b>135</b>	98	<b>1,021</b>	980	<b>328</b>	338	<b>163</b>	147	<b>82</b>	77	<b>8,492</b>	7,778
% Improvement (Reduction)	12%		38%		4%		-3%		11%		6%		9%	
											Local currency change %		12%	
EBITDA margin % <sup>(3)</sup>	42%	40%	18%	13%	40%	41%	33%	37%	51%	47%	28%	25%	34%	32%
<b>Depreciation &amp; Amortisation</b>	<b>(117)</b>	(111)	<b>(72)</b>	(59)	<b>(295)</b>	(261)	<b>(127)</b>	(129)	<b>(47)</b>	(40)	<b>(37)</b>	(34)	<b>(3,082)</b>	(2,854)
<b>EBIT</b>	<b>231</b>	200	<b>63</b>	39	<b>726</b>	719	<b>201</b>	209	<b>116</b>	107	<b>45</b>	43	<b>5,410</b>	4,924
% Improvement (Reduction)	16%		62%		1%		-4%		8%		5%		10%	
											Local currency change %		13%	
<b>Capex (excluding licence)</b>	<b>(154)</b>	(141)	<b>(158)</b>	(219)	<b>(458)</b>	(400)	<b>(69)</b>	(50)	<b>(28)</b>	(42)	<b>(55)</b>	(73)	<b>(4,245)</b>	(5,056)
<b>EBITDA less Capex</b>	<b>194</b>	170	<b>(23)</b>	(121)	<b>563</b>	580	<b>259</b>	288	<b>135</b>	105	<b>27</b>	4	<b>4,247</b>	2,722
<b>Licence<sup>(4)</sup></b>	<b>-</b>	(1)	<b>-</b>	-	<b>-</b>	-	<b>-</b>	-	<b>-</b>	-	<b>-</b>	-	<b>-</b>	(12)

Note (1): 1H 2015 pro forma results assumed that the Reorganisation was effective on 1 January 2015.

Note (2): Net customer service margin represents net customer service revenue deducting direct variable costs (including interconnection charges and roaming costs).

Note (3): EBITDA margin % represents EBITDA as a % of total revenue excluding handset revenue.

Note (4): Licence represent incidental costs in relation to licences acquired in prior years.

# Telecommunications - 3 Group Europe

## Key Business Indicators

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

	UK	Italy	Sweden	Denmark	Austria	Ireland	3 Group Europe
<b>Customer Base - Registered Customers at 30 June 2016 ('000)</b>							
<b>Postpaid</b>	<b>6,171</b>	<b>5,881</b>	<b>1,806</b>	<b>783</b>	<b>2,466</b>	<b>1,173</b>	<b>18,280</b>
<i>% Variance (June 2016 vs December 2015)</i>	-	7%	3%	3%	-1%	-	2%
<b>Prepaid</b>	<b>4,677</b>	<b>4,593</b>	<b>275</b>	<b>437</b>	<b>1,307</b>	<b>1,669</b>	<b>12,958</b>
<i>% Variance (June 2016 vs December 2015)</i>	2%	-	9%	6%	-	6%	2%
<b>Total</b>	<b>10,848</b>	<b>10,474</b>	<b>2,081</b>	<b>1,220</b>	<b>3,773</b>	<b>2,842</b>	<b>31,238</b>
<i>% Variance (June 2016 vs December 2015)</i>	1%	4%	3%	4%	-	4%	2%

	UK	Italy	Sweden	Denmark	Austria	Ireland	3 Group Europe
<b>Customer Base - Active Customers<sup>(1)</sup> at 30 June 2016 ('000)</b>							
<b>Postpaid</b>	<b>6,061</b>	<b>5,728</b>	<b>1,806</b>	<b>783</b>	<b>2,457</b>	<b>1,151</b>	<b>17,986</b>
<i>% Variance (June 2016 vs December 2015)</i>	-	6%	3%	3%	-1%	1%	2%
<b>Prepaid</b>	<b>3,096</b>	<b>3,799</b>	<b>192</b>	<b>407</b>	<b>436</b>	<b>880</b>	<b>8,810</b>
<i>% Variance (June 2016 vs December 2015)</i>	7%	2%	18%	3%	-2%	-1%	3%
<b>Total</b>	<b>9,157</b>	<b>9,527</b>	<b>1,998</b>	<b>1,190</b>	<b>2,893</b>	<b>2,031</b>	<b>26,796</b>
<i>% Variance (June 2016 vs December 2015)</i>	2%	4%	4%	3%	-1%	-	3%

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

# Telecommunications - 3 Group Europe

## Key Business Indicators

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

	UK	Italy	Sweden	Denmark	Austria	Ireland	3 Group Europe Average
<b>12-month Trailing Average Revenue per Active User ("ARPU")<sup>(1)</sup> to 30 June 2016</b>							
Postpaid ARPU <sup>(1)</sup>	£26.43	€17.59	SEK306.39	DKK170.29	€22.44	€30.35	€27.84
Prepaid ARPU <sup>(1)</sup>	£5.43	€8.63	SEK127.43	DKK95.67	€9.78	€16.48	€9.31
Blended Total ARPU <sup>(1)</sup>	£19.50	€13.91	SEK290.91	DKK145.32	€20.50	€24.27	€21.16
% Variance compared to 31 December 2015	-3%	-	-	-1%	-	-2%	-3%
<b>12-month Trailing Net Average Revenue per Active User ("Net ARPU")<sup>(2)</sup> to 30 June 2016</b>							
Postpaid Net ARPU <sup>(2)</sup>	£19.23	€17.59	SEK213.25	DKK152.82	€19.17	€25.77	€21.81
Prepaid Net ARPU <sup>(2)</sup>	£5.43	€8.63	SEK127.43	DKK95.67	€9.78	€16.48	€9.31
Blended Total Net ARPU <sup>(2)</sup>	£14.68	€13.91	SEK205.83	DKK133.70	€17.73	€21.70	€17.69
% Variance compared to 31 December 2015	-2%	-	-2%	-1%	-	-4%	-2%
<b>12-month Trailing Net Average Margin per Active User ("Net AMPU")<sup>(3)</sup> to 30 June 2016</b>							
Postpaid Net AMPU <sup>(3)</sup>	£16.76	€13.81	SEK182.84	DKK128.57	€16.21	€21.37	€18.34
Prepaid Net AMPU <sup>(3)</sup>	£4.79	€6.89	SEK107.16	DKK82.13	€8.64	€13.05	€7.72
Blended Total Net AMPU <sup>(3)</sup>	£12.81	€10.96	SEK176.29	DKK113.04	€15.05	€17.72	€14.84
% Variance compared to 31 December 2015	-1%	1%	-2%	-4%	2%	-4%	-2%

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

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

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

# Telecommunications - 3 Group Europe

## Key Business Indicators

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

1H 2016	UK	Italy	Sweden	Denmark	Austria	Ireland	3 Group Europe Average
Contract customers as a % of the total registered customer base	57%	56%	87%	64%	65%	41%	59%
Contract customers' contribution to the net customer service revenue base (%)	87%	75%	94%	76%	92%	66%	86%
Average monthly churn rate of the total contract registered customer base (%)	1.4%	2.5%	1.6%	2.2%	0.3%	1.6%	1.7%
Active contract customers as a % of the total contract registered customer base	98%	97%	100%	100%	100%	98%	98%
Active customers as a % of the total registered customer base	84%	91%	96%	98%	77%	71%	86%
Six months data usage per active customer (Gigabyte)							24.7

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

# Telecommunications - HTHKH & HAT

## HTHKH

	1H 2016 HK\$ millions	1H 2015 <sup>(1)</sup> HK\$ millions	Change %
Total Revenue	5,369	11,058	-51%
EBITDA	1,316	1,515	-13%
EBIT	553	785	-30%

- HTHKH announced profit attributable to shareholders of HK\$376 million and earnings per share of 7.80 HK cents, a decrease of 26% compared to the same period last year due to lower hardware sales from the lack of popular handsets in the market, as well as the reduction in mobile roaming revenue.
- HTHKH's combined active mobile customer base in Hong Kong and Macau increased from approximately 3.0 million as of 31 December 2015 to approximately 3.1 million as of 30 June 2016.
- The mobile business has stabilised its postpaid customer declines in 1H 2016 due to a gradual pick up in higher margin contract customers and the fixed line business achieved steady growth in 1H 2016 through stable contributions from carrier as well as corporate and business segments.

## HAT

	1H 2016 HK\$ millions	1H 2015 <sup>(1)</sup> HK\$ millions	Change %
Total Revenue	4,007	3,179	+26%
EBITDA	1,248	411	+204%
EBIT	1,197	411	+191%

- HAT had an active customer base of approximately 72.4 million as of 30 June 2016, with Indonesia representing 88% of the base.
- EBITDA of HK\$1,248 million and EBIT of HK\$1,197 million in 1H 2016 represent a growth of 204% and 191% over the same period last year respectively, reflecting the continuing expansion in the customer base in the Indonesian operation, which grew 24% over the same period last year, as well as the improvement in service margins and effective cost control initiatives.
- Together with strong network coverage and performance through implementing efficient network enhancement measures, the Indonesian business is expected to continue with the growth momentum in 2H 2016.

Note (1): 1H 2015 pro forma results assumed that the Reorganisation was effective on 1 January 2015.



# Telecommunications - HTAL, share of VHA

## HTAL's announced interim results

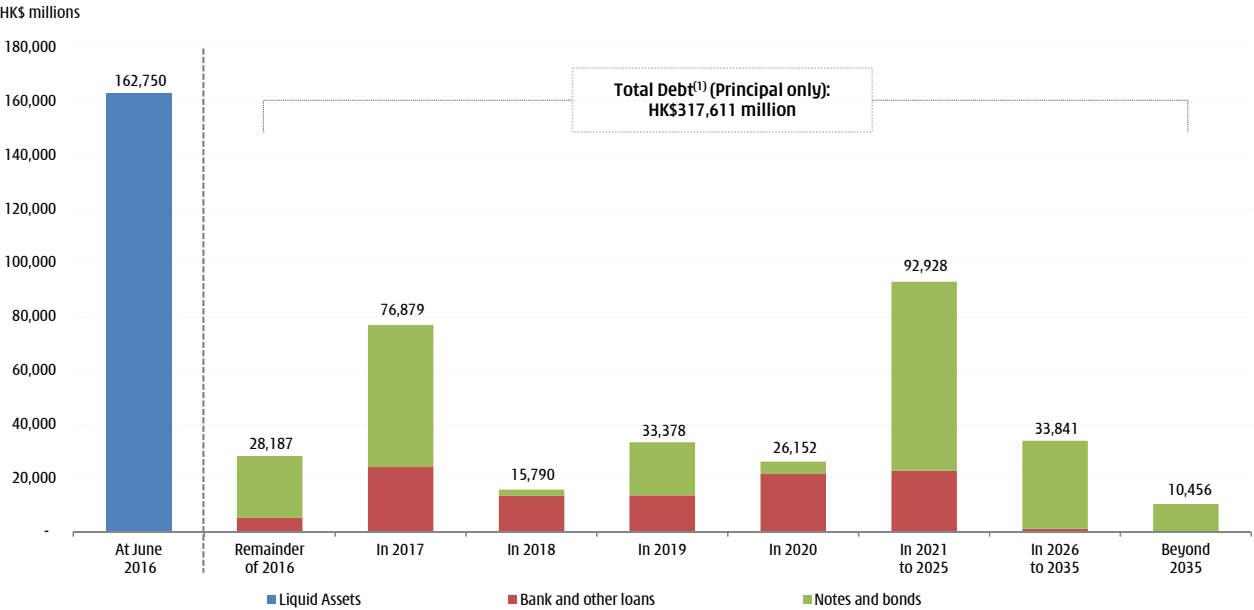
	1H 2016 A\$ millions	1H 2015 A\$ millions	Change %
Announced Total Revenue	802	887	-10%
Announced Loss Attributable to Shareholders	(66)	(90)	+27%

- HTAL owns 50% of VHA and announced total revenue of A\$802 million, a 10% decrease over the same period last year, due to the reduction in regulated mobile termination rate for all carriers from 1 January 2016. However, this has minimal impact to the net customer services margin which improved by 2% against 1H 2015. EBITDA of A\$206 million represented an 8% increase over last year driven by growth in the customer base and good cost controls, correspondingly with lower D&A, reported loss reduced by 27% over the same period last year.
- VHA's customer base increased to approximately 5.5 million (including MVNOs) at 30 June 2016.
- The Group's share of VHA's operating losses continue to be included as a P&L charge under "Others" of the Group's profits on disposal of investments and others line as VHA continues to operate under the leadership of Vodafone under the applicable terms of our shareholders' agreement since 2H 2012.

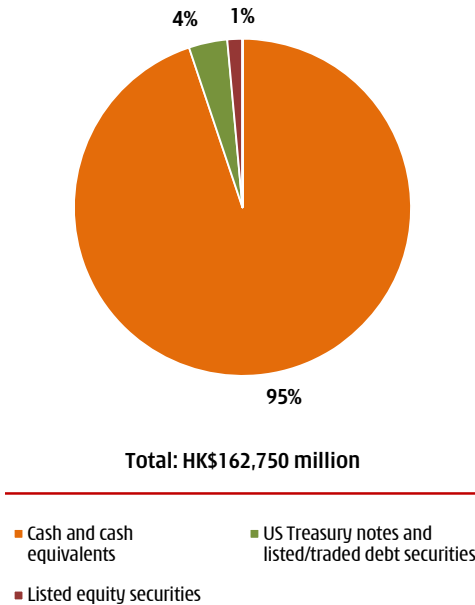
# Financial profile

## Healthy maturity and liquidity profile

### Debt<sup>(1)</sup> Maturity Profile at 30 June 2016 - principal only



### Liquid Assets by Type at 30 June 2016



### Net Debt

As at 30 June 2016

Net debt <sup>(2)</sup> (HK\$ million)	169,398
Net debt to net total capital ratio <sup>(2)</sup> (%)	23.3%

### Credit Ratings

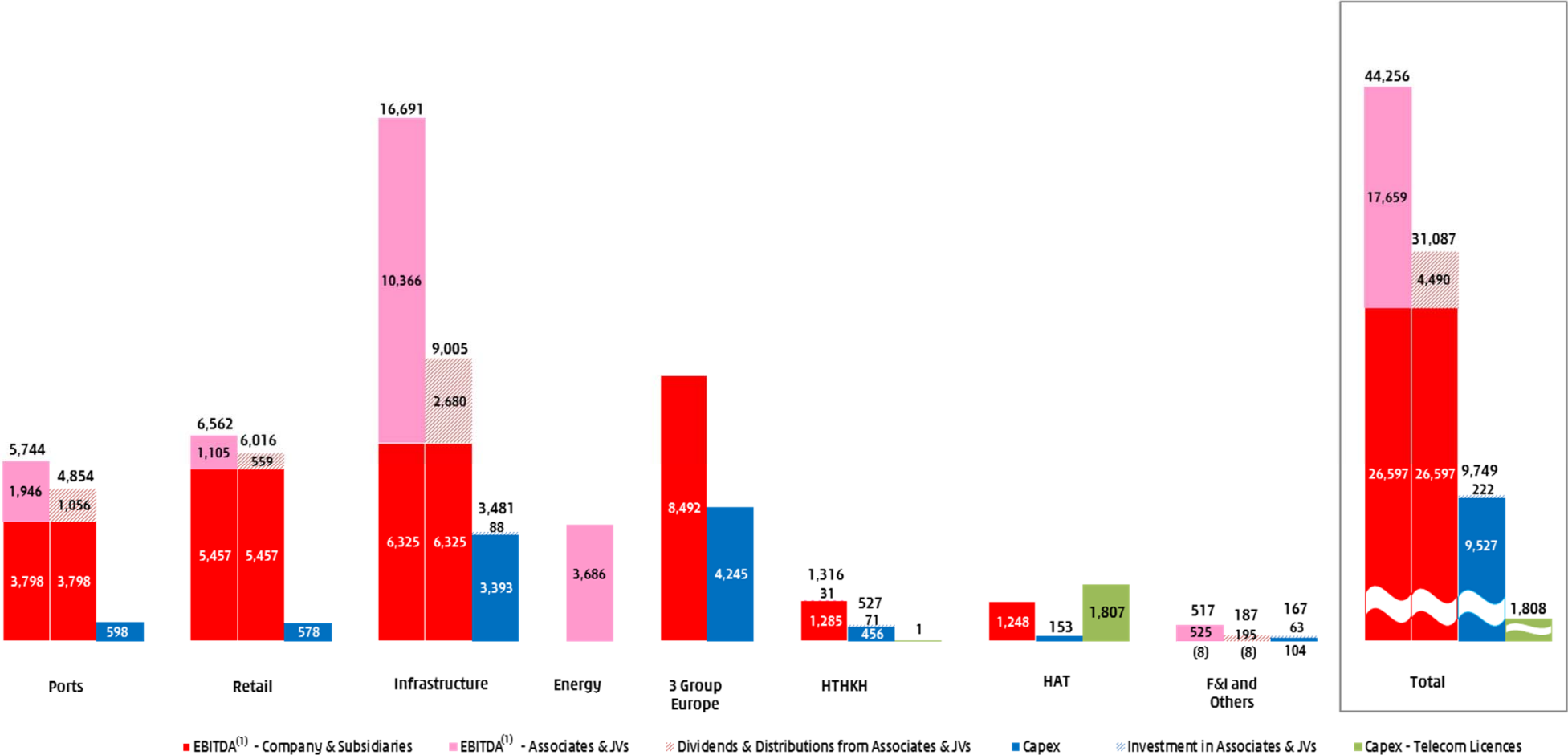
Moody's	A3
S & P	A-
Fitch	A-

Note (1): Excludes unamortised fair value adjustments arising from acquisition of HK\$14,537 million.

Note (2): Net debt is defined on the Consolidated Statement of Cash Flows. Total bank and other debts is defined, for the purpose of "Net debt" calculation, as the total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions. Net total capital is defined as total bank and other debts plus total equity and loans from non-controlling shareholders net of total cash, liquid funds and other listed investments.

# Financial profile

1H 2016 EBITDA, Dividends and distributions from Associated Companies & JVs  
less Capex of Company & Subsidiaries and Investments in Associated Companies & JVs  
by division  
HK\$ millions



Note (1): EBITDA excludes (i) non-controlling interests' share of results of HPH Trust and (ii) profits on disposal of investments & others.

## Financial Performance Summary

	Unaudited CKHH Actual Results for the six months ended 30 June 2016		Unaudited CKHH Pro forma Results <sup>(1)</sup> for the six months ended 30 June 2015		Change %
	HK\$ millions	%	HK\$ millions	%	
<b>Total Revenue<sup>(2)</sup></b>					
Ports and related services <sup>(2)</sup>	16,142	9%	17,308	9%	-7%
Retail	73,413	41%	74,926	38%	-2%
Infrastructure	27,221	15%	27,690	14%	-2%
Husky Energy	13,392	7%	21,101	11%	-37%
3 Group Europe	30,165	17%	30,573	15%	-1%
Hutchison Telecommunications Hong Kong Holdings	5,369	3%	11,058	6%	-51%
Hutchison Asia Telecommunications	4,007	2%	3,179	1%	26%
Finance & Investments and Others	10,802	6%	11,184	6%	-3%
<b>Total Revenue</b>	<b>180,511</b>	<b>100%</b>	<b>197,019</b>	<b>100%</b>	<b>-8%</b>
<b>EBITDA<sup>(2)</sup></b>					
Ports and related services <sup>(2)</sup>	5,744	13%	6,104	13%	-6%
Retail	6,562	15%	6,683	14%	-2%
Infrastructure	16,691	38%	16,045	35%	4%
Husky Energy	3,686	8%	5,496	12%	-33%
3 Group Europe	8,492	19%	7,778	17%	9%
Hutchison Telecommunications Hong Kong Holdings	1,316	3%	1,515	3%	-13%
Hutchison Asia Telecommunications	1,248	3%	411	1%	204%
Finance & Investments and Others	517	1%	2,133	5%	-76%
<b>Total EBITDA before profits on disposal of investments &amp; others</b>	<b>44,256</b>	<b>100%</b>	<b>46,165</b>	<b>100%</b>	<b>-4%</b>
<b>EBIT<sup>(2)</sup></b>					
Ports and related services <sup>(2)</sup>	3,722	13%	4,111	13%	-9%
Retail	5,338	18%	5,453	18%	-2%
Infrastructure	12,291	42%	11,987	39%	3%
Husky Energy	612	2%	1,024	3%	-40%
3 Group Europe	5,410	18%	4,924	16%	10%
Hutchison Telecommunications Hong Kong Holdings	553	2%	785	3%	-30%
Hutchison Asia Telecommunications	1,197	4%	411	1%	191%
Finance & Investments and Others	346	1%	1,982	7%	-83%
<b>Total EBIT before profits on disposal of investments &amp; others</b>	<b>29,469</b>	<b>100%</b>	<b>30,677</b>	<b>100%</b>	<b>-4%</b>
Interest expenses and other finance costs <sup>(2)</sup>	(6,187)		(6,295)		2%
<b>Profit Before Tax</b>	<b>23,282</b>		<b>24,382</b>		<b>-5%</b>
<b>Tax<sup>(2)</sup></b>					
Current tax	(2,718)		(2,840)		4%
Deferred tax	(893)		(1,487)		40%
	(3,611)		(4,327)		17%
<b>Profit after tax</b>	<b>19,671</b>		<b>20,055</b>		<b>-2%</b>
Non-controlling interests and perpetual capital securities holders' interests	(4,443)		(5,117)		13%
<b>PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS BEFORE PROFITS ON DISPOSAL OF INVESTMENTS &amp; OTHERS ("Recurring NPAT")</b>	<b>15,228</b>		<b>14,938</b>		<b>2%</b>
<b>PROFITS ON DISPOSAL OF INVESTMENTS &amp; OTHERS, AFTER TAX<sup>(3)</sup></b>	<b>(307)</b>		<b>(482)</b>		<b>36%</b>
<b>PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS ("NPAT")</b>	<b>14,921</b>		<b>14,456</b>		<b>3%</b>

Note 1: Unaudited CKHH Pro forma results for the six months ended 30 June 2015 assume that the Reorganisation was effective as at 1 January 2015. Pro forma 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") by operating segments for the six months ended 30 June 2015 have been reclassified to include the respective additional contributions as a result of the Reorganisation as shown in the table below, to enable a like-for-like comparison with CKHH actual results for the six months ended 30 June 2016. The CKHH statutory results for the six months ended 30 June 2015 reflects the impact of Reorganisation that occurred on 3 June 2015 and the total revenue and profit attributable to ordinary shareholders for the six months ended 30 June 2015 reported on that basis was HK\$117,250 million and HK\$101,858 million respectively. See the Condensed Consolidated Income Statement included in this Announcement and CKHH 2015 Interim Report for Reconciliation from CKHH Statutory Results to CKHH Pro forma Results for the six months ended 30 June 2015.

	Revenue	EBITDA	EBIT	Recurring NPAT
Ports and related services	118	56	30	18
Infrastructure	5,458	3,679	2,517	1,347
Energy	3,272	852	159	111
Telecommunications	38	9	(12)	(11)
Finance & Investments and Others	1,379	445	406	(87)
<b>Total Additional Contributions for the six months ended 30 June 2015</b>	<b>10,265</b>	<b>5,041</b>	<b>3,100</b>	<b>1,378</b>

Note 2: Total revenue, EBITDA, EBIT, interest expenses and other finance costs and tax include the Group's proportionate share of associated companies and joint ventures' respective items. Total revenue, EBITDA and EBIT were adjusted to exclude non-controlling interests' share of results of HPH Trust.

Note 3: Profits on disposal of investments and others, after tax in the first half of 2016 was a charge of HK\$307 million comprising an impairment charge on certain non-core investments held by the ports operation of HK\$577 million and the Group's subsidiary Hutchison Telecommunications (Australia) ("HTAL")'s 50% share of Vodafone Hutchison Australia's operating losses of HK\$328 million, partly offset by a marked-to-market gain upon acquisition of additional interest in an existing port operation of HK\$598 million. This is compared to the HK\$482 million of HTAL's losses recorded in the first half of 2015.