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長江和記實業有限公司
CK HUTCHISON HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1)

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

HIGHLIGHTS

	For the six months ended 30 June 2017 HK$ millions	For the six months ended 30 June 2016 HK$ millions	Change	Local currency change
Total Revenue [1]	**190,053**	180,511	+5%	+9%
Total EBITDA [1]	**45,311**	44,256	+2%	+7%
Total EBIT [1]	**30,012**	29,469	+2%	+7%
Profit attributable to ordinary shareholders before profits on disposal of investments & others	**15,892**	15,228	+4%	+10%
Profits on disposal of investments & others	**27**	(307)	+109%	
Profit attributable to ordinary shareholders	**15,919**	14,921	+7%	
Recurring earnings per share [2]	**HK$4.12**	HK$3.95	+4%	
Earnings per share [3]	**HK$4.13**	HK$3.87	+7%	
Interim dividend per share	**HK$0.780**	HK$0.735	+6%	

(1) Total revenue, EBITDA and EBIT include the Group’s proportionate share of associated companies and joint ventures’ respective items.

(2) Recurring earnings per share is calculated based on profit attributable to ordinary shareholders before profits on disposal of investments and others, after tax.

(3) Earnings per share is calculated based on profit attributable to ordinary shareholders.

CHAIRMAN'S STATEMENT

The global economic environment has shown modest signs of recovery in the first half of 2017, with less volatility in commodity prices, currencies and interest rates, alongside modest growth in major economies. Although the Group remained subject to adverse foreign currency translation effects during the half, particularly in Sterling, these were to some extent offset by stabilising economic conditions in all major markets. As a result, the Group continued to deliver year on year recurring earnings growth in both reported currency and local currencies.

Both EBITDA and EBIT increased 2% in reported currency and 7% in local currencies compared to the same period last year. Accretive contributions from the Wind Tre joint venture and various acquisitions made by the Infrastructure division during 2016 and 2017 mainly contributed the year on year growth, as well as improvements in the performance of Husky Energy from the more stable oil prices, partly offset by the lower contribution from telecommunication operations in Asia.

Recurring profit attributable to ordinary shareholders before profits on disposal of investments and others in the first half of 2017 was HK$15,892 million, an increase of 4% in reported currency and 10% in local currencies. Recurring earnings per share in the first half of 2017 was HK$4.12, compared to HK$3.95 in the same period last year.

Profits on disposal of investments and others after tax in the first half of 2017 was a profit of HK$27 million representing the Group's 50% share of operating results[1], after consolidation adjustments, of Vodafone Hutchison Australia ("VHA") which has reported improved performances in the period. This is compared to a charge of HK$307 million recorded in the first half of 2016 that included an impairment charge on certain non-core investments held by the ports operation of HK$577 million, the Group's 50% share of VHA's operating losses of HK$328 million and partially offsetting a marked-to-market gain upon acquisition of additional interest in an existing port operation of HK$598 million.

Profit attributable to ordinary shareholders for the first half of 2017 increased 7% to HK$15,919 million from HK$14,921 million for the first half of 2016.

Dividend

The Board declares an interim dividend of HK$0.780 per share (30 June 2016 – HK$0.735 per share), payable on Thursday, 14 September 2017, to shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 5 September 2017, being the record date for determining shareholders' entitlement to the interim dividend.

[1] The Group's 50% share of VHA's operating results continued to be included 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 handled throughput of 41.1 million twenty-foot equivalent units ("TEU") through 276 operating berths in the first six months of 2017, a 3% increase compared to the same period in 2016, mainly due to steady volume growth in Mainland China and Hong Kong, Barcelona and Pakistan, partly offset by volume reduction in Rotterdam, Jakarta and Dammam. Although this division's underlying performance has improved year on year, its results were adversely affected by foreign currency translation effects with total revenue of HK$16,195 million, being flat against the same period last year and EBITDA decreased 1% to HK$5,706 million. In local currencies, revenue and EBITDA increased 3% and 2% respectively, primarily driven by higher throughput. EBIT decreased 3% to HK$3,623 million in reported currency, but remained flat against the same period last year in local currencies as the EBITDA improvements were offset by the higher depreciation charge from recent expansions of several ports and facilities.

This division will continue to focus on strict cost discipline and improvements in productivity, and is expected to benefit in the second half from a continuing modest recovery in global trade.

Retail

At 30 June 2017, the retail division had over 13,500 stores across 24 markets. Total reported revenue of HK$73,557 million was flat, while EBITDA and EBIT of HK$6,527 million and HK$5,232 million respectively, were 1% and 2% lower against the same period last year due to adverse foreign currency translation effects. In local currencies, revenue, EBITDA and EBIT increased by 3%, 3% and 1% respectively. The Health and Beauty segment reported solid growth including some improvements in trading conditions in the Mainland. However, the profitability of retail operations in Hong Kong continued to be under pressure from declines in visitors and in local demand, as well as higher rental and wage costs.

The Health and Beauty segment which contributed 94% of the division's EBITDA, reported solid growth in revenue, EBITDA and EBIT of 7%, 3% and 2% respectively in local currencies. In Europe, comparable stores sales growth was 2.7% with particularly strong operating performances from Health and Beauty UK and Rossmann.

In Asia, trading conditions generally improved. The Health and Beauty operations in Asia reported solid comparable store sales growth of 3.2% in the period. Health and Beauty China, the largest profit contributor to this division, reported a 6.2% negative comparable stores sales decline in mature stores. Encouragingly, this comparable store sales decline has recovered from the negative 10.1% for the full year 2016 and has also showed continuing improvement with the decline narrowed to negative 2.7% in the second quarter this year. Despite the tough retail conditions, Health and Beauty China still maintained a 21% EBITDA margin, reinforcing the sustainable profitability of the operation even under challenging environments.

The retail division plans to continue expanding its store network through organic growth in the second half of 2017, as well as focusing on developing big data analytics capabilities to complement its extensive global store network.

Infrastructure

The Infrastructure division comprises a 75.67%[2] interest in CK Infrastructure Holdings Limited ("CKI"), a company listed on the Stock Exchange of Hong Kong ("SEHK") and the Group's interests in six co-owned infrastructure investments with CKI. The aircraft leasing business, previously reported under this division, was sold in December 2016.

Total revenue, EBITDA and EBIT of this division of HK$25,918 million, HK$15,841 million and HK$11,949 million respectively were 5%, 5% and 3% lower than last year due to adverse foreign currency translation impact and the sale of the aircraft leasing business. In local currencies, total revenue, EBITDA and EBIT grew by 2%, 2% and 4% respectively, as the division continued to acquire stable and accretive businesses globally.

CKI

CKI announced profit attributable to shareholders of HK$5,657 million, 3% higher than HK$5,511 million reported for the same period last year, which includes the accretive contributions from the acquisition of DUET Group in May 2017 and Husky Midstream Limited Partnership in July 2016. The result was achieved despite the Sterling reduction of over 10% compared to the first half of 2016, as well as the one-off gain on disposal of Spark Infrastructure Group in June 2016.

In July 2017, CKI entered into an agreement with Cheung Kong Property Holdings Limited to acquire a 25% interest in CKP (Canada) Holdings Limited, with its subsidiaries principally engaged in building equipment services business in Canada and the United States, for a consideration of approximately C$715 million. Completion of the transaction is subject to approval of independent shareholders of Cheung Kong Property Holdings Limited.

In July 2017, CKI and Cheung Kong Property Holdings Limited entered into an agreement to acquire 100% interest in ista Luxemburg GmbH, a fully integrated energy management services provider in Europe. CKI's maximum financial commitment will be €1,575 million. Completion is subject to the approvals by independent shareholders of both CKI and Cheung Kong Property Holdings Limited, as well as regulatory approvals. Upon completion, CKI will hold 35% interest in the target company.

Husky Energy

Husky Energy, our associated company listed in Canada, announced a net loss of C$22 million in the first half of 2017, a 97% improvement from a net loss of C$654 million in the first half of 2016. The improvement was mainly due to higher Upstream commodity prices, higher contribution from the increased production of higher margin thermal developments in Western Canada and the Liwan Gas Project in Asia Pacific, partly offset by an after-tax impairment charge[3] of C$123 million on certain Upstream legacy assets in Western Canada.

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[2] Based on the Group's profit sharing ratio in CKI.

[3] As the Group rebased Husky Energy's assets to their fair values in the 2015 Reorganisation, the impairment charge recognised by Husky Energy in the first half of 2017 has a lower impact to the Group's results.

Average production in the first six months of 2017 was 326,700 barrels of oil equivalent per day, a 1% decrease when compared to the same period last year, mainly due to the sale of selected low margin legacy crude oil and natural gas assets, partly offset by increased production from thermal developments including production ramp up at the Sunrise Energy Project, new production from Edam West, Vawn and Edam East thermal developments and strong production performance from the Tucker Thermal Project, as well as increased natural gas and natural gas liquids production from the Liwan Gas Project in Asia Pacific.

Husky Energy will continue with its cost structure enhancement including managing the sustainability and operating cost profiles of its reserve base, while maintaining a strong balance sheet to deliver returns-focused growth in the business.

3 Group Europe

3 Group Europe's active customers of 45.2 million as at 30 June 2017 was a 69% increase over the same period last year following the formation of Wind Tre joint venture in November 2016. This earnings accretive transaction has resulted in the significant uplift of **3** Group Europe's revenue, EBITDA and EBIT in reported currency. Revenue, EBITDA and EBIT of HK$33,215 million, HK$11,255 million and HK$7,510 million respectively were 10%, 33% and 39% higher against the same period last year respectively. In local currencies, EBITDA and EBIT grew 40% and 46% respectively compared to same period last year, primarily from the accretive contribution of the Wind Tre joint venture. All **3** Group Europe operations continued to deliver positive EBITDA less capital expenditure in the first half of 2017.

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$324 million and earnings per share of 6.72 HK cents, a decrease of 10% compared to the same period last year mainly from the continued reduction in mobile roaming revenue and hardware sales, as well as higher amortisation of licence fees for renewed and new licences which commenced in the second half of 2016. As of 30 June 2017, HTHKH had approximately 3.3 million active mobile customers in Hong Kong and Macau.

In July 2017, HTHKH entered into an agreement to sell its fixed-line telecommunications business for a consideration of approximately HK$14.5 billion in cash. The transaction is subject to shareholders' approval and is expected to complete in October 2017. The Group has undertaken to vote in favour of the transaction.

Hutchison Asia Telecommunications

As of 30 June 2017, Hutchison Asia Telecommunications ("HAT") had an active customer base of approximately 75.3 million, with Indonesia representing 86% of the base. Total revenue decreased 4% from same period last year to HK$3,829 million, as Indonesia was only able to offer competitive LTE price plans upon the LTE network launch in May 2017, while other incumbents have offered aggressively-priced LTE services since the beginning of the year. Since the launch of LTE services, the Indonesian operation has fully recovered its market share in data volume previously lost to competitors and is expected to report improved contributions in the second half of 2017. EBITDA and EBIT decreased to HK$256 million and HK$117 million respectively, 79% and 90% below first half of 2016, reflecting the reduced margin contribution and higher operating costs in Indonesia, after the completion of its major network rollout in late 2016.

As at 30 June 2017, the Indonesian operation had approximately 14,000 LTE cell sites and will continue to expand its LTE network in the second half of 2017. Network rollout and enhancement plans in Vietnam and Sri Lanka will also continue and are expected to allow the businesses to offer services at the most competitive prices in their respective markets.

Finance & Investments and Others

The contribution from this segment 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. As at 30 June 2017, the Group's consolidated cash and liquid investments totalled HK$157,793 million and consolidated gross debt amounted to HK$327,840 million, resulting in consolidated net debt of HK$170,047 million and a healthy net debt to a net total capital ratio of 23.2%, increased by 2.7%-point from 20.5% as at 31 December 2016, mainly due to the acquisition of DUET Group in the first half 2017.

Outlook

There have been increasing signs in the first half of a modest recovery in business and consumer confidence in most major economies as well as improvements in trade flows. However, geopolitical risks, renewed uncertainty on commodity prices outlook and market concerns on interest rates and currencies movements, together with the acceleration of technological advancements, continue to pose considerable challenges to the operating environment of the Group's businesses globally. The "One Belt, One Road" strategic initiative of Mainland China is expected to create ample business opportunities for the region. With its close economic connectivity and geographical proximity to the Mainland, as well as its advance economic development and diversity, Hong Kong is in a unique position to benefit from potential growth opportunities ahead. Despite certain macro challenges, the Group continues to build on its strong fundamentals of diversification and resilience and has delivered good growth in profitability for the period. Prudent capital management on all investment activities, strict financial discipline in managing its core businesses, as well as maintaining a healthy liquidity and debt profile, will allow the Group to pursue its growth initiatives and continue to deliver a steady return to the shareholders.

Barring any further unforeseen material adverse external developments, the Group will continue to adhere to these principles in 2017. I am cautiously optimistic about 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.

Li Ka-shing
Chairman
Hong Kong, 3 August 2017

Financial Performance Summary

	Unaudited Results for the six months ended 30 June 2017 HK$ millions	%	Unaudited Results for the six months ended 30 June 2016 HK$ millions	%	Change %
Revenue [1]					
Ports and Related Services [1]	**16,195**	**8%**	16,142	9%	–
Retail	**73,557**	**39%**	73,413	41%	–
Infrastructure	**25,918**	**14%**	27,221	15%	-5%
Husky Energy	**21,184**	**11%**	13,392	7%	58%
3 Group Europe	**33,215**	**17%**	30,165	17%	10%
Hutchison Telecommunications Hong Kong Holdings	**5,069**	**3%**	5,369	3%	-6%
Hutchison Asia Telecommunications	**3,829**	**2%**	4,007	2%	-4%
Finance & Investments and Others	**11,086**	**6%**	10,802	6%	3%
Total Revenue	**190,053**	**100%**	180,511	100%	5%
EBITDA [1]					
Ports and Related Services [1]	**5,706**	**13%**	5,744	13%	-1%
Retail	**6,527**	**14%**	6,562	15%	-1%
Infrastructure	**15,841**	**35%**	16,691	38%	-5%
Husky Energy	**4,002**	**9%**	3,686	8%	9%
3 Group Europe	**11,255**	**25%**	8,492	19%	33%
Hutchison Telecommunications Hong Kong Holdings	**1,309**	**3%**	1,316	3%	-1%
Hutchison Asia Telecommunications	**256**	**–**	1,248	3%	-79%
Finance & Investments and Others	**415**	**1%**	517	1%	-20%
Total EBITDA before profits on disposal of investments & others	**45,311**	**100%**	44,256	100%	2%
EBIT [1]					
Ports and Related Services [1]	**3,623**	**12%**	3,722	13%	-3%
Retail	**5,232**	**17%**	5,338	18%	-2%
Infrastructure	**11,949**	**40%**	12,291	42%	-3%
Husky Energy	**839**	**3%**	612	2%	37%
3 Group Europe	**7,510**	**25%**	5,410	18%	39%
Hutchison Telecommunications Hong Kong Holdings	**494**	**2%**	553	2%	-11%
Hutchison Asia Telecommunications	**117**	**–**	1,197	4%	-90%
Finance & Investments and Others	**248**	**1%**	346	1%	-28%
Total EBIT before profits on disposal of investments & others	**30,012**	**100%**	29,469	100%	2%
Interest expenses and other finance costs [1]	**(7,601)**		(6,187)		-23%
Profit Before Tax	**22,411**		23,282		-4%
Tax [1]					
Current tax	**(2,977)**		(2,718)		-10%
Deferred tax	**844**		(893)		195%
	(2,133)		(3,611)		41%
Profit after tax	**20,278**		19,671		3%
Non-controlling interests and perpetual capital securities holders' interests	**(4,386)**		(4,443)		1%
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS BEFORE PROFITS ON DISPOSAL OF INVESTMENTS & OTHERS ("Recurring NPAT")	**15,892**		15,228		4%
PROFITS ON DISPOSAL OF INVESTMENTS & OTHERS, AFTER TAX [2]	**27**		(307)		109%
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS ("NPAT")	**15,919**		14,921		7%

Note 1: 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 2: Profits on disposal of investments and others after tax in the first half of 2017 was a profit of HK$27 million representing the Group's 50% share of operating results, after consolidation adjustments, of Vodafone Hutchison Australia ("VHA"). This is compared to a charge of HK$307 million recorded in the first half of 2016 that included an impairment charge on certain non-core investments held by the ports operation of HK$577 million, the Group's 50% share of VHA's operating losses of HK$328 million and partially offsetting a marked-to-market gain upon acquisition of additional interest in an existing port operation of HK$598 million.

Operations Highlights

Ports and Related Services [1]

	30 June 2017 HK$ millions	30 June 2016 HK$ millions	Change	Change in local currency
Total Revenue	**16,195**	16,142	–	+3%
EBITDA	**5,706**	5,744	-1%	+2%
EBIT	**3,623**	3,722	-3%	–
Throughput	**41.1 million TEU**	40.0 million TEU	+3%	N/A

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

Throughput increased by 3% to 41.1 million TEU in the first half of 2017, mainly due to steady volume growth in Mainland China, Hong Kong, Barcelona and increased contribution from the new port in Pakistan, partly offset by volume reduction in Rotterdam, Jakarta and Dammam from continued intense competition from new market entrants.

Although underlying performance has improved, the results for the first half of 2017 were adversely affected by exchange translation impact with total revenue being flat against the same period last year and EBITDA decreased by 1%. In local currencies, revenue and EBITDA increased 3% and 2% respectively, primarily driven by higher throughput. EBIT decreased 3% in reported currency, but remained flat against the same period last year in local currencies as the EBITDA improvements were offset by the higher depreciation charge from the recent expansions of several ports and facilities.

The division had 276 operating berths as at 30 June 2017, with the increase of one new berth commencing operations in Pakistan in May 2017.

Retail

	30 June 2017 HK$ millions	30 June 2016 HK$ millions	Change	Change in local currency
Total Revenue	**73,557**	73,413	–	+3%
EBITDA	**6,527**	6,562	-1%	+3%
EBIT	**5,232**	5,338	-2%	+1%

Total Revenue	**30 June 2017 HK$ millions**	30 June 2016 HK$ millions	Change	Change in local currency
Health & Beauty China	**10,615**	10,630	–	+4%
Health & Beauty Asia	**12,106**	11,452	+6%	+7%
Health & Beauty China & Asia Subtotal	**22,721**	22,082	+3%	+6%
Health & Beauty Western Europe	**29,298**	28,962	+1%	+7%
Health & Beauty Eastern Europe	**6,772**	6,155	+10%	+9%
Health & Beauty Europe Subtotal	**36,070**	35,117	+3%	+7%
Health & Beauty Subtotal	**58,791**	57,199	+3%	+7%
Other Retail [2]	**14,766**	16,214	-9%	-9%
Total Retail	**73,557**	73,413	–	+3%

Comparable Stores Sales Growth (%) [3]	**30 June 2017**	30 June 2016
Health & Beauty China	**-6.2%** [4]	-8.5%
Health & Beauty Asia	**+3.2%**	+2.2%
Health & Beauty China & Asia Subtotal	**-1.3%**	-3.1%
Health & Beauty Western Europe	**+2.4%**	+3.3%
Health & Beauty Eastern Europe	**+4.2%**	+5.2%
Health & Beauty Europe Subtotal	**+2.7%**	+3.6%
Health & Beauty Subtotal	**+1.3%**	+1.1%
Other Retail [2]	**-5.5%**	-9.7%
Total Retail	**–**	-1.2%

Store Numbers	**30 June 2017**	30 June 2016	Change
Health & Beauty China	**3,014**	2,622	+15%
Health & Beauty Asia	**2,634**	2,438	+8%
Health & Beauty China & Asia Subtotal	**5,648**	5,060	+12%
Health & Beauty Western Europe	**5,232**	5,075	+3%
Health & Beauty Eastern Europe	**2,166**	2,048	+6%
Health & Beauty Europe Subtotal	**7,398**	7,123	+4%
Health & Beauty Subtotal	**13,046**	12,183	+7%
Other Retail [2]	**461**	474	-3%
Total Retail	**13,507**	12,657	+7%

EBITDA	**30 June 2017 HK$ millions**	30 June 2016 HK$ millions	Change	Change in local currency
Health & Beauty China	**2,186**	2,349	-7%	-3%
Health & Beauty Asia	**1,043**	909	+15%	+17%
Health & Beauty China & Asia Subtotal	**3,229**	3,258	-1%	+3%
Health & Beauty Western Europe	**2,047**	2,076	-1%	+4%
Health & Beauty Eastern Europe	**881**	839	+5%	+4%
Health & Beauty Europe Subtotal	**2,928**	2,915	–	+4%
Health & Beauty Subtotal	**6,157**	6,173	–	+3%
Other Retail [2]	**370**	389	-5%	-5%
Total Retail	**6,527**	6,562	-1%	+3%

EBITDA Margin %	30 June 2017	30 June 2016
Health & Beauty China	**21%**	22%
Health & Beauty Asia	**9%**	8%
Health & Beauty China & Asia Subtotal	**14%**	15%
Health & Beauty Western Europe	**7%**	7%
Health & Beauty Eastern Europe	**13%**	14%
Health & Beauty Europe Subtotal	**8%**	8%
Health & Beauty Subtotal	**10%**	11%
Other Retail (2)	**3%**	2%
Total Retail	**9%**	9%

Note 2: Other Retail includes PARKnSHOP, Fortress, Watson's Wine and manufacturing operations for water and beverage businesses.

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

Note 4: Including CRM sales recovered in the new stores, comparable store sales decline reduced from 6.2% to 2.2% in the first half of 2017.

The Health and Beauty segment, which represents 94% of the division's EBITDA, demonstrated solid growth rates with revenue and EBITDA up by 7% and 3% respectively in local currencies, mainly driven by a 7% increase in number of stores to 13,046 stores as at 30 June 2017 and a 1.3% comparable store sales growth, particularly Health and Beauty Asia with a 17% EBITDA growth in local currencies as well as in Europe, which grew 4% in the first half of 2017.

The Health and Beauty segment opened around 450 new stores in the first half of 2017, of which 65% were in the Mainland and certain Asian countries. On average, new store payback was 10 months in the first half of 2017.

Comparable store sales growth remained healthy for the Health and Beauty segment at 1.3% with good growth in Health and Beauty Asia and Eastern Europe, as well as narrowing declines in Watsons China, for which the negative comparable store sales growth reduced to 2.7% in the second quarter of 2017. Although Health and Beauty UK reported a slight reduction in comparable store sales growth rate, they have outperformed the UK retail market index.

Health and Beauty China, the largest profit contributor to this division, was negatively impacted by a 5% RMB depreciation in reported currency. In local currency, revenue grew 4% against same period last year reflecting a 15% increase in store numbers, partly offset by a negative 6.2% comparable stores sales decline in mature stores. Encouragingly, comparable store sales decline recovered from the negative 10.1% for the full year 2016 and also showed continuing improvement with the decline narrowed to negative 2.7% in the second quarter of 2017. As the new store opening strategy follows closely with trade zone shifts, by tracking CRM sales performance, approximately 65% of the sales decline in the comparable store base have been recovered in the new stores opened in the proximity. Taking into account the CRM sales recovery, the comparable store sales decline would reduce from 6.2% to 2.2% in the first half of 2017 (Full year 2016 would reduce from 10.1% to 5.0%).

Other strategic actions taken since late 2016, such as store segregation and renovations have led to a notable improvement in the performance of the mature stores. Although EBITDA was 3% lower than same period last year in local currency due to comparable store sales decline in mature stores and extended lead times in new store maturities resulting in a higher overall store operating cost base, EBITDA margin still maintained at a good profitability level of 21%.

Infrastructure

	30 June 2017 HK$ millions	30 June 2016 HK$ millions	Change	Change in local currency
Total Revenue	**25,918**	27,221	-5%	+2%
EBITDA	**15,841**	16,691	-5%	+2%
EBIT	**11,949**	12,291	-3%	+4%

In reported currency, excluding the disposed aircraft leasing business contribution in the first half of 2016, EBITDA and EBIT of HK$15,841 million and HK$11,949 million respectively remained relatively stable compared to the same period last year, as the improved underlying performance were largely offset by adverse foreign currency translation.

In May 2017, CKI acquired 40% interest in the DUET Group, owner and operator of energy utility assets in Australia, the United States, the United Kingdom and Europe, which was listed on the Australian Securities Exchange, for an estimated total consideration of approximately A$3.0 billion.

In July 2017, CKI entered into an agreement with Cheung Kong Property Holdings Limited to acquire 25% interest in CKP (Canada) Holdings Limited, with its subsidiaries principally engaged in building equipment services business in Canada and the United States, for a consideration of approximately C$715 million. Completion of the transaction is subject to approval of independent shareholders of Cheung Kong Property Holdings Limited.

In July 2017, CKI and Cheung Kong Property Holdings Limited entered into an agreement to acquire 100% interest in ista Luxemburg GmbH, a fully integrated energy management services provider in Europe. CKI's maximum financial commitment will be €1,575 million. Completion is subject to the approvals by independent shareholders of both CKI and Cheung Kong Property Holdings Limited, as well as regulatory approvals. Upon completion, CKI will hold 35% interest in the target company.

Husky Energy

	30 June 2017 HK$ millions	30 June 2016 HK$ millions	Change	Change in local currency
Total Revenue	**21,184**	13,392	+58%	+58%
EBITDA	**4,002**	3,686	+9%	+9%
EBIT	**839**	612	+37%	+37%
Average Production	**326.7 mboe/day**	328.6 mboe/day	-1%	N/A

The Group's share of EBITDA and EBIT, after translation into Hong Kong dollars and including consolidation adjustments, increased 9% and 37% against the first half of 2016 respectively. The improvement was mainly driven by higher Upstream commodity prices and higher contributions from the increased production of higher margin thermal developments in Western Canada and the Liwan Gas Project in Asia Pacific, partly offset by lower Downstream contribution due to lower Chicago 3:2:1 crack, planned turnarounds at the Upgrader and Lloydminster Refinery in the second quarter of 2017 and an impairment charge on certain Upstream legacy assets in Western Canada. As the Group rebased Husky Energy's assets to their fair values in the 2015 Reorganisation, the impairment charge recognised by Husky Energy in the first half of 2017 has a lower impact to the Group's result, while the Group recognised a net gain on disposal of certain legacy assets in Western Canada in the first half of 2016 rather than a loss as reported by Husky Energy. Correspondingly, the improvement in the Group's share of Husky Energy's results was less substantial.

3 Group Europe

	30 June 2017 HK$ millions	30 June 2016 HK$ millions	Change	Change in local currency
Total Revenue	**33,215**	30,165	+10%	+17%
- Net customer service revenue	**26,696**	23,283	+15%	+21%
- Handset revenue	**4,965**	5,456	-9%	
- Other revenue	**1,554**	1,426	+9%	
Net customer service margin (5)	**22,418**	19,487	+15%	+22%
Net customer service margin %	***84%***	*84%*		
Other margin	**743**	619	+20%	
Total CACs	**(7,296)**	(8,577)	+15%	
Less: Handset revenue	**4,965**	5,456	-9%	
Total CACs (net of handset revenue)	**(2,331)**	(3,121)	+25%	
Operating expenses	**(9,575)**	(8,493)	-13%	
Opex as a % of Net customer service margin	***43%***	*44%*		
EBITDA	**11,255**	8,492	+33%	+40%
EBITDA margin % (6)	***40%***	*34%*		
Depreciation & Amortisation	**(3,745)**	(3,082)	-22%	
EBIT	**7,510**	5,410	+39%	+46%

Note 5: Net customer service margin represents net customer service revenue deducting direct variable costs (including interconnection charges and roaming costs).

Note 6: EBITDA margin % represents EBITDA as a % of total revenue excluding handset revenue.

3 Group Europe Overall

	30 June 2017	30 June 2016
Active contract customers as a percentage of the total active customer base	**43%**	67%
Contract customers' contribution to the net customer service revenue base (%) (11)	**57%**	86%
Average monthly churn rate of the total contract registered customer base (%)	**1.7%**	1.7%
Active contract customers as a percentage of the total contract registered customer base	**97%**	98%
Active customers as a percentage of the total registered customer base	**86%**	86%
Six months data usage per active customer (Gigabyte)	**24.5**	24.7

Key Business Indicators

Registered Customer Base

	Registered Customers at 30 June 2017 ('000)			Registered Customer Growth (%) from 31 December 2016 to 30 June 2017		
	Non-contract	Contract	**Total**	Non-contract	Contract	**Total**
United Kingdom	5,422	6,588	**12,010**	+9%	+2%	**+5%**
Italy [7]	23,110	7,141	**30,251**	-5%	+1%	**-3%**
Sweden	331	1,705	**2,036**	+13%	-4%	**-2%**
Denmark	495	788	**1,283**	+10%	–	**+4%**
Austria	1,183	2,498	**3,681**	-7%	-1%	**-3%**
Ireland	1,890	1,165	**3,055**	+6%	-4%	**+2%**
3 Group Europe Total	32,431	19,885	**52,316**	-2%	–	**-1%**

Active [8] Customer Base

	Active Customers at 30 June 2017 ('000)			Active Customer Growth (%) from 31 December 2016 to 30 June 2017		
	Non-contract	Contract	**Total**	Non-contract	Contract	**Total**
United Kingdom	3,515	6,477	**9,992**	+23%	+2%	**+9%**
Italy [7]	20,370	6,759	**27,129**	-7%	–	**-5%**
Sweden	250	1,705	**1,955**	+17%	-4%	**-2%**
Denmark	461	788	**1,249**	+11%	–	**+4%**
Austria	404	2,489	**2,893**	-7%	-1%	**-2%**
Ireland	886	1,143	**2,029**	–	-3%	**-2%**
3 Group Europe Total	25,886	19,361	**45,247**	-3%	–	**-2%**

Note 7: Italy's customer base as at 30 June 2017 was calculated based on 100% of Wind Tre.

Note 8: 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") [9] to 30 June 2017

	Non-contract	Contract	**Blended Total**	% Variance compared to 30 June 2016
United Kingdom	£5.52	£25.41	**£18.79**	-4%
Italy [10]	€11.09	€16.10	**€12.58**	-10%
Sweden	SEK127.92	SEK312.93	**SEK292.58**	+1%
Denmark	DKK99.09	DKK168.83	**DKK144.61**	-
Austria	€10.22	€23.07	**€21.17**	+3%
Ireland	€15.42	€27.89	**€22.51**	-7%
3 Group Europe Average [11]	€10.38	€24.88	**€18.08**	-15%

	12-month Trailing Net Average Revenue per Active User ("Net ARPU")[12] to 30 June 2017			
	Non-contract	Contract	**Blended Total**	% Variance compared to 30 June 2016
United Kingdom	£5.52	£18.80	**£14.38**	-2%
Italy[10]	€11.09	€16.10	**€12.58**	-10%
Sweden	SEK127.92	SEK215.24	**SEK205.64**	–
Denmark	DKK99.09	DKK155.84	**DKK136.13**	+2%
Austria	€10.22	€19.54	**€18.17**	+2%
Ireland	€15.42	€22.73	**€19.58**	-10%
3 Group Europe Average[11]	€10.38	€20.10	**€15.54**	-12%

	12-month Trailing Net Average Margin per Active User ("Net AMPU")[13] to 30 June 2017			
	Non-contract	Contract	**Blended Total**	% Variance compared to 30 June 2016
United Kingdom	£4.87	£16.50	**£12.63**	-1%
Italy[10]	€9.20	€13.22	**€10.39**	-5%
Sweden	SEK107.28	SEK184.45	**SEK175.96**	–
Denmark	DKK82.81	DKK130.58	**DKK113.99**	+1%
Austria	€9.15	€16.56	**€15.47**	+3%
Ireland	€13.30	€19.41	**€16.78**	-5%
3 Group Europe Average[11]	€8.73	€17.15	**€13.20**	-11%

Note 9: ARPU equals total monthly revenue, including incoming mobile termination revenue and contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the period.

Note 10: Italy's ARPU, net ARPU and net AMPU were calculated based on approximately four months (July to October 2016) of **3** Italy's standalone figures and approximately eight months (November 2016 to June 2017) of Wind Tre's figures.

Note 11: **3** Group Europe ARPU, net ARPU, net AMPU and contract customers' contribution to net customer service revenue base (%) in first half of 2017 were calculated based on 50% contribution from Wind Tre joint venture.

Note 12: Net ARPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the period.

Note 13: Net AMPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, less direct variable costs (including interconnection charges and roaming costs) (i.e. net customer service margin), divided by the average number of active customers during the period.

United Kingdom

	30 June 2017 GBP millions	30 June 2016 GBP millions	Change
Total Revenue	**1,161**	1,052	+10%
- Net customer service revenue	**799**	771	+4%
- Handset revenue	**284**	216	+31%
- Other revenue	**78**	65	+20%
Net customer service margin	**701**	671	+4%
Net customer service margin %	***88%***	*87%*	
Other margin	**24**	15	+60%
Total CACs	**(388)**	(316)	-23%
Less: Handset revenue	**284**	216	+31%
Total CACs (net of handset revenue)	**(104)**	(100)	-4%
Operating expenses	**(280)**	(238)	-18%
Opex as a % of Net customer service margin	***40%***	*36%*	
EBITDA	**341**	348	-2%
EBITDA margin %	***39%***	*42%*	
Depreciation & Amortisation	**(144)**	(117)	-23%
EBIT	**197**	231	-15%
Capex (excluding licence) [14]	**(177)**	(154)	-15%
EBITDA less Capex [14]	**164**	194	-15%
Licence	**(1)**	–	N/A

Note 14: Excluding **3** UK's acquisition of UK Broadband for £300 million in May 2017.

	30 June 2017	30 June 2016
Total registered customer base (thousands)	**12,010**	10,848
Total active customer base (thousands)	**9,992**	9,157
Active contract customers as a percentage of the total active customer base	**65%**	66%
Contract customers' contribution to the net customer service revenue base (%)	**87%**	87%
Average monthly churn rate of the total contract registered customer base (%)	**1.3%**	1.4%
Active contract customers as a percentage of the total contract registered customer base	**98%**	98%
Active customers as a percentage of the total registered customer base	**83%**	84%

Despite the growth of 4% in net customer service margin, from a higher customer base of **3** UK, EBITDA and EBIT decreased 2% and 15% respectively in the first half of 2017 driven by higher operating cost as **3** UK is going through the IT transformation and network enhancement phase to better position itself for future growth.

On 31 May 2017, **3** UK completed the acquisition of UK Broadband for a total consideration of approximately £300 million. UK Broadband provides wireless home and business broadband services in Central London and Swindon, and has spectrum holdings in the 3.4GHz and 3.6 to 3.8 GHz bandwidths.

Italy

	30 June 2017 [15] EUR millions	30 June 2016 [16] EUR millions	Change
Total Revenue	**1,360**	906	+50%
- Net customer service revenue	**1,290**	752	+72%
- Handset revenue	**51**	141	-64%
- Other revenue	**19**	13	+46%
Net customer service margin	**1,030**	593	+74%
Net customer service margin %	***80%***	*79%*	
Other margin	**15**	12	+25%
Total CACs	**(115)**	(277)	+58%
Less: Handset revenue	**51**	141	-64%
Total CACs (net of handset revenue)	**(64)**	(136)	+53%
Operating expenses	**(467)**	(334)	-40%
Opex as a % of Net customer service margin	***45%***	*56%*	
EBITDA	**514**	135	+281%
EBITDA margin %	***39%***	*18%*	
Depreciation & Amortisation	**(134)**	(72)	-86%
EBIT	**380**	63	+503%
Capex (excluding licence) [17]	**(457)**	(158)	-189%
EBITDA less Capex [17]	**571**	(23)	+2,583%

	30 June 2017 [15]	30 June 2016 [16]
Total registered customer base (thousands)	**30,251**	10,474
Total active customer base (thousands)	**27,129**	9,527
Active contract customers as a percentage of the total active customer base	**25%**	60%
Contract customers' contribution to the net customer service revenue base (%)	**31%**	75%
Average monthly churn rate of the total contract registered customer base (%)	**2.3%**	2.5%
Active contract customers as a percentage of the total contract registered customer base	**95%**	97%
Active customers as a percentage of the total registered customer base	**90%**	91%

Note 15: Represents the Group's 50% share of Wind Tre's results for the first six months of 2017, of which the Group's share of fixed line business revenue was €266 million and EBITDA was €91 million.

Note 16: Represents **3** Italy 100% standalone results for the first six months of 2016.

Note 17: Capex and EBITDA less Capex for the first six months of 2017 are 100% of Wind Tre results and for the first six months of 2016 are 100% **3** Italy results.

The Group's share of Wind Tre joint venture's EBITDA and EBIT of €514 million and €380 million respectively was a significant uplift of 281% and 503% respectively from the standalone **3** Italy's results in the first half of 2016, reflecting the accretive contribution from the merger, as well as synergy realisation during the period.

Sweden

	30 June 2017 SEK millions	30 June 2016 SEK millions	Change
Total Revenue	**3,646**	3,569	+2%
- Net customer service revenue	**2,446**	2,390	+2%
- Handset revenue	**1,070**	1,038	+3%
- Other revenue	**130**	141	-8%
Net customer service margin	**2,099**	2,044	+3%
Net customer service margin %	***86%***	*86%*	
Other margin	**65**	56	+16%
Total CACs	**(1,451)**	(1,405)	-3%
Less: Handset revenue	**1,070**	1,038	+3%
Total CACs (net of handset revenue)	**(381)**	(367)	-4%
Operating expenses	**(660)**	(712)	+7%
Opex as a % of Net customer service margin	***31%***	*35%*	
EBITDA	**1,123**	1,021	+10%
EBITDA margin %	***44%***	*40%*	
Depreciation & Amortisation	**(319)**	(295)	-8%
EBIT	**804**	726	+11%
Capex (excluding licence)	**(337)**	(458)	+26%
EBITDA less Capex	**786**	563	+40%

	30 June 2017	30 June 2016
Total registered customer base (thousands)	**2,036**	2,081
Total active customer base (thousands)	**1,955**	1,998
Active contract customers as a percentage of the total active customer base	**87%**	90%
Contract customers' contribution to the net customer service revenue base (%)	**93%**	94%
Average monthly churn rate of the total contract registered customer base (%)	**1.9%**	1.6%
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	**96%**	96%

3 Sweden reported 10% and 11% growth in EBITDA and EBIT respectively compared to the same period last year, mainly due to the lower operating cost as certain one-off staff incentive payments were made in the first half of 2016 which did not recur in the period.

Denmark

	30 June 2017 DKK millions	30 June 2016 DKK millions	Change
Total Revenue	**1,114**	1,019	+9%
- Net customer service revenue	**980**	929	+5%
- Handset revenue	**58**	31	+87%
- Other revenue	**76**	59	+29%
Net customer service margin	**834**	775	+8%
Net customer service margin %	***85%***	*83%*	
Other margin	**53**	36	+47%
Total CACs	**(171)**	(147)	-16%
Less: Handset revenue	**58**	31	+87%
Total CACs (net of handset revenue)	**(113)**	(116)	+3%
Operating expenses	**(364)**	(367)	+1%
Opex as a % of Net customer service margin	***44%***	*47%*	
EBITDA	**410**	328	+25%
EBITDA margin %	***39%***	*33%*	
Depreciation & Amortisation	**(147)**	(127)	-16%
EBIT	**263**	201	+31%
Capex (excluding licence)	**(52)**	(69)	+25%
EBITDA less Capex	**358**	259	+38%

	30 June 2017	30 June 2016
Total registered customer base (thousands)	**1,283**	1,220
Total active customer base (thousands)	**1,249**	1,190
Active contract customers as a percentage of the total active customer base	**63%**	66%
Contract customers' contribution to the net customer service revenue base (%)	**74%**	76%
Average monthly churn rate of the total contract registered customer base (%)	**2.3%**	2.2%
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	**97%**	98%

3 Denmark reported 25% and 31% growth in EBITDA and EBIT respectively compared to the same period last year, mainly due to net customer service margin improvement from higher customer base and AMPU.

Austria

	30 June 2017 EUR millions	30 June 2016 EUR millions	Change
Total Revenue	**386**	373	+3%
- Net customer service revenue	**315**	307	+3%
- Handset revenue	**53**	54	-2%
- Other revenue	**18**	12	+50%
Net customer service margin	**270**	261	+3%
Net customer service margin %	***86%***	*85%*	
Other margin	**11**	10	+10%
Total CACs	**(71)**	(72)	+1%
Less: Handset revenue	**53**	54	-2%
Total CACs (net of handset revenue)	**(18)**	(18)	–
Operating expenses	**(92)**	(90)	-2%
Opex as a % of Net customer service margin	***34%***	*34%*	
EBITDA	**171**	163	+5%
EBITDA margin %	***51%***	*51%*	
Depreciation & Amortisation	**(49)**	(47)	-4%
EBIT	**122**	116	+5%
Capex (excluding licence)	**(38)**	(28)	-36%
EBITDA less Capex	**133**	135	-1%

	30 June 2017	30 June 2016
Total registered customer base (thousands)	**3,681**	3,773
Total active customer base (thousands)	**2,893**	2,893
Active contract customers as a percentage of the total active customer base	**86%**	85%
Contract customers' contribution to the net customer service revenue base (%)	**92%**	92%
Average monthly churn rate of the total contract registered customer base (%)	**0.2%**	0.3%
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	**79%**	77%

EBITDA and EBIT of **3** Austria both improved 5% arising from a 3% improvement in net customer service margin from margin enhancements in the contract customer base, as well as good cost controls.

Ireland

	30 June 2017 EUR millions	30 June 2016 EUR millions	Change
Total Revenue	**298**	330	-10%
- Net customer service revenue	**234**	256	-9%
- Handset revenue	**33**	42	-21%
- Other revenue	**31**	32	-3%
Net customer service margin	**203**	209	-3%
Net customer service margin %	***87%***	*82%*	
Other margin	**21**	20	+5%
Total CACs	**(51)**	(65)	+22%
Less: Handset revenue	**33**	42	-21%
Total CACs (net of handset revenue)	**(18)**	(23)	+22%
Operating expenses	**(129)**	(124)	-4%
Opex as a % of Net customer service margin	***64%***	*59%*	
EBITDA	**77**	82	-6%
EBITDA margin %	***29%***	*28%*	
Depreciation & Amortisation	**(40)**	(37)	-8%
EBIT	**37**	45	-18%
Capex (excluding licence)	**(46)**	(55)	+16%
EBITDA less Capex	**31**	27	+15%

	30 June 2017	30 June 2016
Total registered customer base (thousands)	**3,055**	2,842
Total active customer base (thousands)	**2,029**	2,031
Active contract customers as a percentage of the total active customer base	**56%**	57%
Contract customers' contribution to the net customer service revenue base (%)	**65%**	66%
Average monthly churn rate of the total contract registered customer base (%)	**2.4%**	1.6%
Active contract customers as a percentage of the total contract registered customer base	**98%**	98%
Active customers as a percentage of the total registered customer base	**66%**	71%

Due to the implementation of price changes on contract customers, **3** Ireland has experienced an increase in voluntary churn customers in the first half of 2017, resulting in a lower EBITDA and EBIT of 6% and 18% compared to the same period last year. The churn rate has now stabilised and the operation is expected to improve its performance in the second half.

Hutchison Telecommunications Hong Kong Holdings [18]

	30 June 2017 HK$ millions	30 June 2016 HK$ millions	Change
Total Revenue	**5,069**	5,369	-6%
EBITDA	**1,309**	1,316	-1%
EBIT	**494**	553	-11%
Total active customer base ('000)	**3,268**	3,078	+6%

Note 18: After the Group's consolidation and reclassification adjustments.

Total revenue of HK$5,069 million was 6% lower as compared to the same period last year, primarily driven by the reduction in low margin hardware sales in the first half of 2017.

EBITDA and EBIT of HK$1,309 million and HK$494 million were 1% and 11% lower respectively as compared to the same period last year, mainly due to the continued reduction in mobile roaming revenue and hardware sales, partly offset by lower customer acquisition cost. EBIT was further impacted by the higher amortisation of licence fees for renewed and new spectrum licences which commenced in the second half of 2016.

In July 2017, HTHKH entered into an agreement to sell its fixed-line telecommunications business for a consideration of approximately HK$14.5 billion in cash. The transaction is subject to shareholders' approval and is expected to complete in October 2017. The Group has undertaken to vote in favour of the transaction. As the Group rebased HTHKH's assets to their fair values in the 2015 Reorganisation, on completion, the Group will recognise a lower gain on disposal of the fixed-line business as compared to HTHKH. The Group's attributable net gain on disposal will be approximately HK$1.4 billion.

Hutchison Asia Telecommunications

	30 June 2017 HK$ millions	30 June 2016 HK$ millions	Change	Change in local currency
Total Revenue	**3,829**	4,007	-4%	-5%
EBITDA	**256**	1,248	-79%	-80%
EBIT	**117**	1,197	-90%	-91%
Total active customer base ('000)	**75,320**	72,367	+4%	

Total revenue decreased 4% from same period last year to HK$3,829 million, as Indonesia was only able to offer competitive LTE price plans upon the LTE network launch in May 2017, while other incumbents have offered aggressively-priced LTE services since the beginning of the year. Since the launch of LTE services, the Indonesian operation has fully recovered its market share in data volume previously lost to competitors and is expected to report improved contributions in the second half of 2017. EBITDA and EBIT decreased to HK$256 million and HK$117 million respectively, 79% and 90% below first half of 2016, reflecting the reduced margin contribution and higher operating costs in Indonesia, after the completion of its major network rollout in late 2016.

Hutchison Telecommunications (Australia) ("HTAL"), share of VHA

HTAL, a subsidiary listed on the Australian Securities Exchange, owns 50% of VHA. Attributable share of EBITDA of A$239 million represented a 16% increase over last year driven by the growth in revenue from its improved contract customer base and increase contribution from MVNO customers, as well as sound financial discipline. After consolidation adjustments, the Group's 50% share of VHA's operating profit was HK$27 million in the first half of 2017, a turnaround from the share of operating loss of HK$328 million in the same period last year.

VHA's customer base increased to approximately 5.7 million (including MVNOs) at 30 June 2017.

The Group's share of VHA's operating results continues to be included 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.

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF

CK HUTCHISON HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial statements set out on pages 24 to 59, which comprises the condensed consolidated statement of financial position of CK Hutchison Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2017 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these interim financial statements in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim financial statements based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review 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. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 3 August 2017

CK Hutchison Holdings Limited
Condensed Consolidated Income Statement
for the six months ended 30 June 2017

Note 27 **Unaudited 2017 US$ million**		Note	**Unaudited 2017 HK$ million**	2016 HK$ million
15,097	Revenue	3	**117,755**	128,512
(6,109)	Cost of inventories sold		**(47,650)**	(49,044)
(2,089)	Staff costs		**(16,290)**	(16,301)
(942)	Telecommunications customer acquisition costs		**(7,350)**	(9,575)
(928)	Depreciation and amortisation	3	**(7,238)**	(8,201)
(3,028)	Other operating expenses		**(23,622)**	(26,995)
4	Profits on disposal of investments and others	4	**30**	(346)
	Share of profits less losses of:			
332	Associated companies		**2,587**	2,167
798	Joint ventures		**6,232**	4,142
3,135			**24,454**	24,359
(494)	Interest expenses and other finance costs	5	**(3,856)**	(3,508)
2,641	**Profit before tax**		**20,598**	20,851
(212)	Current tax	6	**(1,652)**	(1,450)
182	Deferred tax	6	**1,418**	(25)
2,611	**Profit after tax**		**20,364**	19,376
(570)	**Profit attributable to non-controlling interests and holders of perpetual capital securities**		**(4,445)**	(4,455)
2,041	**Profit attributable to ordinary shareholders**		**15,919**	14,921
US 52.9 cents	**Earnings per share for profit attributable to ordinary shareholders**	7	**HK$ 4.13**	HK$ 3.87

Details of distribution paid to the holders of perpetual capital securities and interim dividend payable to the ordinary shareholders are set out in notes 8(a) and (b), respectively.

CK Hutchison Holdings Limited
Condensed Consolidated Statement of Comprehensive Income
for the six months ended 30 June 2017

Note 27 **Unaudited 2017 US$ million**		**Unaudited 2017 HK$ million**	2016 HK$ million
2,611	**Profit after tax**	**20,364**	19,376
	Other comprehensive income (losses)		
	Items that will not be reclassified to profit or loss:		
	Remeasurement of defined benefit obligations recognised directly		
-	in reserves	**(3)**	(153)
5	Share of other comprehensive income (losses) of associated companies	**43**	(195)
33	Share of other comprehensive income (losses) of joint ventures	**256**	(218)
(1)	Tax relating to items that will not be reclassified to profit or loss	**(9)**	19
37		**287**	(547)
	Items that have been reclassified or may be subsequently reclassified to profit or loss:		
	Available-for-sale investments		
2	Valuation gains (losses) recognised directly in reserves	**19**	(315)
	Valuation losses (gains) previously in reserves recognised in income		
(5)	statement	**(41)**	556
	Cash flow hedges arising from forward foreign currency contracts, cross currency interest rate swap contracts and interest rate swap contracts		
46	Gains (losses) recognised directly in reserves	**357**	(1,766)
	Losses (gains) previously in reserves recognised in initial cost of		
-	non-financial items	**2**	(12)
	Gains (losses) on net investment hedges arising from forward foreign		
(310)	currency contracts recognised directly in reserves	**(2,421)**	3,428
	Gains (losses) on translating overseas subsidiaries' net assets recognised		
230	directly in reserves	**1,795**	(7,679)
	Losses previously in exchange reserve related to joint ventures disposed		
1	during the period recognised in income statement	**9**	-
82	Share of other comprehensive income of associated companies	**635**	2,324
646	Share of other comprehensive income (losses) of joint ventures	**5,042**	(3,124)
	Tax relating to items that have been reclassified or may be subsequently		
(9)	reclassified to profit or loss	**(69)**	247
683		**5,328**	(6,341)
720	Other comprehensive income (losses), net of tax	**5,615**	(6,888)
3,331	**Total comprehensive income**	**25,979**	12,488
(753)	**Total comprehensive income attributable to non-controlling interests and holders of perpetual capital securities**	**(5,875)**	(3,071)
2,578	**Total comprehensive income attributable to ordinary shareholders**	**20,104**	9,417

CK Hutchison Holdings Limited
Condensed Consolidated Statement of Financial Position
at 30 June 2017

Note 27 **Unaudited 30 June 2017 US$ million**		Note	**Unaudited 30 June 2017 HK$ million**	Audited 31 December 2016 HK$ million
	Non-current assets			
19,603	Fixed assets	9	**152,905**	145,598
44	Investment properties		**344**	344
1,037	Leasehold land		**8,088**	8,155
3,359	Telecommunications licences		**26,203**	23,936
9,599	Brand names and other rights		**74,869**	73,625
33,039	Goodwill		**257,702**	254,748
18,943	Associated companies		**147,750**	150,406
17,104	Interests in joint ventures		**133,416**	106,253
2,264	Deferred tax assets	10	**17,660**	15,856
569	Other non-current assets	11	**4,440**	5,096
971	Liquid funds and other listed investments	12	**7,570**	5,954
106,532			**830,947**	789,971
	Current assets			
19,259	Cash and cash equivalents	13	**150,223**	156,270
6,547	Trade and other receivables	14	**51,067**	48,372
2,641	Inventories		**20,601**	18,852
28,447			**221,891**	223,494
	Current liabilities			
10,907	Trade and other payables	15	**85,074**	83,098
5,171	Bank and other debts	16	**40,333**	71,880
267	Current tax liabilities		**2,085**	2,334
16,345			**127,492**	157,312
12,102	Net current assets		**94,399**	66,182
118,634	Total assets less current liabilities		**925,346**	856,153
	Non-current liabilities			
36,723	Bank and other debts	16	**286,442**	231,260
382	Interest bearing loans from non-controlling shareholders		**2,976**	4,283
3,232	Deferred tax liabilities	10	**25,210**	23,692
698	Pension obligations		**5,446**	5,369
5,976	Other non-current liabilities	17	**46,614**	47,359
47,011			**366,688**	311,963
71,623	**Net assets**		**558,658**	544,190
	Capital and reserves			
495	Share capital	18 (a)	**3,858**	3,858
31,347	Share premium	18 (a)	**244,505**	244,505
3,872	Perpetual capital securities	18 (b)	**30,201**	30,510
20,304	Reserves		**158,377**	145,806
56,018	Total ordinary shareholders’ funds and perpetual capital securities		**436,941**	424,679
15,605	Non-controlling interests		**121,717**	119,511
71,623	**Total equity**		**558,658**	544,190

CK Hutchison Holdings Limited
Condensed Consolidated Statement of Changes in Equity
for the six months ended 30 June 2017

Note 27 Unaudited Total equity US$ million		Attributable to: Ordinary shareholders: Share capital and share premium [(a)] HK$ million	Reserves [(b)] HK$ million	Sub-total HK$ million	Holders of perpetual capital securities HK$ million	Total ordinary shareholders' funds and perpetual capital securities HK$ million	Non-controlling interests HK$ million	Unaudited Total equity HK$ million
69,768	At 1 January 2017	**248,363**	**145,806**	**394,169**	**30,510**	**424,679**	**119,511**	**544,190**
2,611	Profit for the period	**-**	**15,919**	**15,919**	**612**	**16,531**	**3,833**	**20,364**
	Other comprehensive income (losses)							
	Available-for-sale investments							
2	Valuation gains recognised directly in reserves	**-**	**9**	**9**	**-**	**9**	**10**	**19**
(5)	Valuation gains previously in reserves recognised in income statement	**-**	**(41)**	**(41)**	**-**	**(41)**	**-**	**(41)**
-	Remeasurement of defined benefit obligations recognised directly in reserves	**-**	**(8)**	**(8)**	**-**	**(8)**	**5**	**(3)**
	Cash flow hedges arising from forward foreign currency contracts, cross currency interest rate swap contracts and interest rate swap contracts							
46	Gains recognised directly in reserves	**-**	**318**	**318**	**-**	**318**	**39**	**357**
-	Losses previously in reserves recognised in initial cost of non-financial items	**-**	**2**	**2**	**-**	**2**	**-**	**2**
(310)	Losses on net investment hedges arising from forward foreign currency contracts recognised directly in reserves	**-**	**(2,026)**	**(2,026)**	**-**	**(2,026)**	**(395)**	**(2,421)**
230	Gains on translating overseas subsidiaries' net assets recognised directly in reserves	**-**	**819**	**819**	**-**	**819**	**976**	**1,795**
1	Losses previously in exchange reserve related to joint ventures disposed during the period recognised in income statement	**-**	**7**	**7**	**-**	**7**	**2**	**9**
87	Share of other comprehensive income of associated companies	**-**	**567**	**567**	**-**	**567**	**111**	**678**
679	Share of other comprehensive income of joint ventures	**-**	**4,606**	**4,606**	**-**	**4,606**	**692**	**5,298**
(10)	Tax relating to components of other comprehensive income (losses)	**-**	**(68)**	**(68)**	**-**	**(68)**	**(10)**	**(78)**
720	Other comprehensive income, net of tax	**-**	**4,185**	**4,185**	**-**	**4,185**	**1,430**	**5,615**
3,331	Total comprehensive income	**-**	**20,104**	**20,104**	**612**	**20,716**	**5,263**	**25,979**
(962)	Dividends paid relating to 2016	**-**	**(7,503)**	**(7,503)**	**-**	**(7,503)**	**-**	**(7,503)**
(389)	Dividends paid to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**(3,030)**	**(3,030)**
(118)	Distribution paid on perpetual capital securities	**-**	**-**	**-**	**(921)**	**(921)**	**-**	**(921)**
-	Equity contribution from non-controlling interests	**-**	**-**	**-**	**-**	**-**	**1**	**1**
(1,000)	Redemption of perpetual capital securities	**-**	**-**	**-**	**(7,800)**	**(7,800)**	**-**	**(7,800)**
1,000	Issuance of perpetual capital securities	**-**	**-**	**-**	**7,800**	**7,800**	**-**	**7,800**
(8)	Transaction costs in relation to issuance of perpetual capital securities	**-**	**(62)**	**(62)**	**-**	**(62)**	**-**	**(62)**
1	Share option schemes and long term incentive plans of subsidiary companies	**-**	**3**	**3**	**-**	**3**	**1**	**4**
-	Relating to purchase of non-controlling interests	**-**	**(1)**	**(1)**	**-**	**(1)**	**1**	**-**
-	Relating to partial disposal of subsidiary companies	**-**	**30**	**30**	**-**	**30**	**(30)**	**-**
(1,476)		**-**	**(7,533)**	**(7,533)**	**(921)**	**(8,454)**	**(3,057)**	**(11,511)**
71,623	At 30 June 2017	**248,363**	**158,377**	**406,740**	**30,201**	**436,941**	**121,717**	**558,658**

CK Hutchison Holdings Limited
Condensed Consolidated Statement of Changes in Equity
for the six months ended 30 June 2017

Note 27 Unaudited Total equity US$ million		Attributable to: Ordinary shareholders: Share capital and share premium (a) HK$ million	Attributable to: Ordinary shareholders: Reserves (b) HK$ million	Attributable to: Ordinary shareholders: Sub-total HK$ million	Attributable to: Holders of perpetual capital securities HK$ million	Attributable to: Total ordinary shareholders' funds and perpetual capital securities HK$ million	Non-controlling interests HK$ million	Unaudited Total equity HK$ million
70,399	At 1 January 2016	248,551	144,884	393,435	35,153	428,588	120,523	549,111
2,484	Profit for the period	-	14,921	14,921	749	15,670	3,706	19,376
	Other comprehensive income (losses)							
	Available-for-sale investments							
(40)	Valuation losses recognised directly in reserves	-	(313)	(313)	-	(313)	(2)	(315)
71	Valuation losses previously in reserves recognised in income statement	-	477	477	-	477	79	556
(20)	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							
(226)	Losses recognised directly in reserves	-	(1,515)	(1,515)	-	(1,515)	(251)	(1,766)
(2)	Gains previously in reserves recognised in initial cost of non-financial items	-	(12)	(12)	-	(12)	-	(12)
439	Gains on net investment hedges arising from forward foreign currency contracts recognised directly in reserves	-	2,881	2,881	-	2,881	547	3,428
(984)	Losses on translating overseas subsidiaries' net assets recognised directly in reserves	-	(6,900)	(6,900)	-	(6,900)	(779)	(7,679)
273	Share of other comprehensive income (losses) of associated companies	-	2,399	2,399	-	2,399	(270)	2,129
(428)	Share of other comprehensive income (losses) of joint ventures	-	(2,649)	(2,649)	-	(2,649)	(693)	(3,342)
34	Tax relating to components of other comprehensive income (losses)	-	255	255	-	255	11	266
(883)	Other comprehensive income (losses), net of tax	-	(5,504)	(5,504)	-	(5,504)	(1,384)	(6,888)
1,601	Total comprehensive income	-	9,417	9,417	749	10,166	2,322	12,488
(915)	Dividends paid relating to 2015	-	(7,140)	(7,140)	-	(7,140)	-	(7,140)
(384)	Dividends paid to non-controlling interests	-	-	-	-	-	(2,989)	(2,989)
(132)	Distribution paid on perpetual capital securities	-	-	-	(1,028)	(1,028)	-	(1,028)
1,296	Equity contribution from non-controlling interests	-	-	-	-	-	10,111	10,111
(1,000)	Equity redemption to non-controlling interests	-	-	-	-	-	(7,800)	(7,800)
(15)	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)
68	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	-	(33)	(33)	-	(33)	33	-
(1,082)		-	(7,264)	(7,264)	(1,028)	(8,292)	(141)	(8,433)
70,918	At 30 June 2016	248,551	147,037	395,588	34,874	430,462	122,704	553,166

(a) As at 30 June 2017 and 1 January 2017, share capital and share premium comprise share capital of HK$3,858 million and share premium of HK$244,505 million (30 June 2016 and 1 January 2016 - share capital of HK$3,860 million and share premium of HK$244,691 million).

(b) In the comparative period, changes in the retained profit and other reserves accounts were presented in the face of the consolidated statement of changes in equity. Changes in these reserves accounts are presented in the note to the financial statements with effect from the 2016 annual accounts. Comparative information for these reserves accounts have been reclassified to conform this presentation accordingly. See note 19 for further details on reserves.

CK Hutchison Holdings Limited
Condensed Consolidated Statement of Cash Flows
for the six months ended 30 June 2017

Note 27 Unaudited 2017 US$ million		Note	Unaudited 2017 HK$ million	2016 HK$ million
	Operating activities			
4,129	Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	20 (a)	**32,209**	31,433
(587)	Interest expenses and other finance costs paid		**(4,576)**	(4,720)
(253)	Tax paid		**(1,977)**	(1,744)
3,289	**Funds from operations**		**25,656**	24,969
(443)	Changes in working capital	20 (b)	**(3,454)**	(6,095)
2,846	**Net cash from operating activities**		**22,202**	18,874
	Investing activities			
(1,120)	Purchase of fixed assets		**(8,735)**	(9,475)
(1)	Additions to telecommunications licences		**(10)**	(1,808)
(1)	Additions to brand names and other rights		**(6)**	(52)
(380)	Purchase of subsidiary companies	20 (c)	**(2,963)**	(278)
(4)	Additions to other unlisted investments		**(31)**	(19)
88	Repayments from associated companies and joint ventures		**689**	1,140
(2,389)	Purchase of and advances to associated companies and joint ventures		**(18,633)**	(225)
3	Proceeds on disposal of fixed assets		**22**	250
10	Proceeds on disposal of joint ventures		**80**	-
1	Proceeds on disposal of other unlisted investments		**4**	89
(3,793)	Cash flows used in investing activities before additions to / disposal of liquid funds and other listed investments		**(29,583)**	(10,378)
29	Disposal of liquid funds and other listed investments		**226**	1,726
(243)	Additions to liquid funds and other listed investments		**(1,897)**	(21)
(4,007)	**Cash flows used in investing activities**		**(31,254)**	(8,673)
(1,161)	**Net cash inflow (outflow) before financing activities**		**(9,052)**	10,201
	Financing activities			
7,627	New borrowings		**59,492**	41,260
(5,571)	Repayment of borrowings		**(43,456)**	(8,906)
(195)	Issue of equity securities by subsidiary companies to non-controlling shareholders and net loans from (to) non-controlling shareholders		**(1,518)**	1,920
992	Proceeds on issue of perpetual capital securities, net of transaction costs		**7,738**	-
(1,000)	Redemption of perpetual capital securities		**(7,800)**	-
(962)	Dividends paid to ordinary shareholders		**(7,503)**	(7,140)
(388)	Dividends paid to non-controlling interests		**(3,027)**	(3,071)
(118)	Distribution paid on perpetual capital securities		**(921)**	(1,028)
385	**Cash flows from financing activities**		**3,005**	23,035
(776)	Increase (decrease) in cash and cash equivalents		**(6,047)**	33,236
20,035	Cash and cash equivalents at 1 January		**156,270**	121,171
19,259	**Cash and cash equivalents at 30 June**		**150,223**	154,407

CK Hutchison Holdings Limited
Condensed Consolidated Statement of Cash Flows
for the six months ended 30 June 2017

Note 27 Unaudited **2017** **US$ million**		Note	Unaudited **2017** **HK$ million**	2016 HK$ million
	Analysis of cash, liquid funds and other listed investments at 30 June			
19,259	Cash and cash equivalents, as above	13	**150,223**	154,407
971	Liquid funds and other listed investments	12	**7,570**	8,343
20,230	**Total cash, liquid funds and other listed investments**		**157,793**	162,750
42,031	Total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions	16	**327,840**	332,148
382	Interest bearing loans from non-controlling shareholders		**2,976**	4,341
22,183	**Net debt**		**173,023**	173,739
(382)	Interest bearing loans from non-controlling shareholders		**(2,976)**	(4,341)
21,801	**Net debt (excluding interest bearing loans from non-controlling shareholders)**		**170,047**	169,398

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 2016 (the "2016 Annual Financial Statements"), which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The Interim Financial Statements have been prepared under the historical cost convention except for certain properties and financial instruments which are stated at fair values.

The Interim Financial Statements were authorised for issue by the Company's Board of Directors on 3 August 2017.

2 Significant accounting policies

The accounting policies applied and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in the 2016 Annual Financial Statements.

In the current period, the Group has adopted all 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 periods beginning 1 January 2017. 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, and the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards, amendments and interpretations.

3 Operating segment information

The following presents information regarding the Group's operating segments for the six months ended 30 June 2017 and 2016. Saved 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 and joint ventures' respective items. Segments are reported in a manner consistent with internal reporting currently provided to the board of directors of the Company who is responsible for allocating resources and assessing performance of the operating segments.

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 areas of the Group 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 the 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 2017 mainly attributable to Retail of HK$31 million (30 June 2016 - HK$24 million), Hutchison Telecommunications Hong Kong Holdings of HK$128 million (30 June 2016 - HK$129 million) and Hutchison Asia Telecommunications of HK$4 million (30 June 2016 - HK$6 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 2017				Six months ended 30 June 2016			
	Company and Subsidiaries HK$ million	**Associates and JV HK$ million**	**Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	Total HK$ million	%
Ports and Related Services #	**12,275**	**3,920**	**16,195**	**8%**	12,081	4,061	16,142	9%
Retail	**58,798**	**14,759**	**73,557**	**39%**	59,578	13,835	73,413	41%
Infrastructure	**8,780**	**17,138**	**25,918**	**14%**	10,071	17,150	27,221	15%
Husky Energy	**-**	**21,184**	**21,184**	**11%**	-	13,392	13,392	7%
3 Group Europe	**21,694**	**11,521**	**33,215**	**17%**	30,160	5	30,165	17%
Hutchison Telecommunications Hong Kong Holdings	**5,069**	**-**	**5,069**	**3%**	5,369	-	5,369	3%
Hutchison Asia Telecommunications	**3,829**	**-**	**3,829**	**2%**	4,007	-	4,007	2%
Finance & Investments and Others	**7,310**	**3,776**	**11,086**	**6%**	7,246	3,556	10,802	6%
	117,755	**72,298**	**190,053**	**100%**	128,512	51,999	180,511	100%
Non-controlling interests' share of HPH Trust's revenue	**-**	**488**	**488**		-	478	478	
	117,755	**72,786**	**190,541**		128,512	52,477	180,989	

\# includes the Group's attributable share of HPH Trust's revenue based on the effective shareholdings in HPH Trust during 2017. Revenue reduced by HK$488 million (30 June 2016 - HK$478 million) for the six months ended 30 June 2017, being adjustments to exclude non-controlling interests' share of revenue of HPH Trust.

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

	EBITDA (LBITDA) (m)							
	Six months ended 30 June 2017				Six months ended 30 June 2016			
	Company and Subsidiaries HK$ million	**Associates and JV HK$ million**	**Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	Total HK$ million	%
Ports and Related Services #	**3,966**	**1,740**	**5,706**	**13%**	3,798	1,946	5,744	13%
Retail	**5,339**	**1,188**	**6,527**	**14%**	5,457	1,105	6,562	15%
Infrastructure	**5,451**	**10,390**	**15,841**	**35%**	6,325	10,366	16,691	38%
Husky Energy	**-**	**4,002**	**4,002**	**9%**	-	3,686	3,686	8%
3 Group Europe	**6,907**	**4,348**	**11,255**	**25%**	8,492	-	8,492	19%
Hutchison Telecommunications Hong Kong Holdings	**1,277**	**32**	**1,309**	**3%**	1,285	31	1,316	3%
Hutchison Asia Telecommunications	**256**	**-**	**256**	**-**	1,248	-	1,248	3%
Finance & Investments and Others	**(353)**	**768**	**415**	**1%**	(8)	525	517	1%
EBITDA before profits on disposal of investments and others	**22,843**	**22,468**	**45,311**	**100%**	26,597	17,659	44,256	100%
Non-controlling interests' share of HPH Trust's EBITDA	**-**	**336**	**336**		-	329	329	
EBITDA (see note 20(a))	**22,843**	**22,804**	**45,647**		26,597	17,988	44,585	
Depreciation and amortisation	**(7,238)**	**(8,192)**	**(15,430)**		(8,201)	(6,712)	(14,913)	
Profits on disposal of investments and others (see note 4)	**-**	**30**	**30**		27	(373)	(346)	
Interest expenses and other finance costs	**(3,856)**	**(3,745)**	**(7,601)**		(3,508)	(2,679)	(6,187)	
Current tax	**(1,652)**	**(1,325)**	**(2,977)**		(1,450)	(1,268)	(2,718)	
Deferred tax	**1,418**	**(574)**	**844**		(25)	(868)	(893)	
Non-controlling interests	**(4,445)**	**(149)**	**(4,594)**		(4,455)	(152)	(4,607)	
	7,070	**8,849**	**15,919**		8,985	5,936	14,921	

\# includes the Group's attributable share of HPH Trust's EBITDA based on the effective shareholdings in HPH Trust during 2017. EBITDA reduced by HK$336 million (30 June 2016 - HK$329 million) for the six months ended 30 June 2017, 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) [n]							
	Six months ended 30 June 2017				Six months ended 30 June 2016			
	Company and Subsidiaries HK$ million	**Associates and JV HK$ million**	**Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	Total HK$ million	%
Ports and Related Services #	**2,577**	**1,046**	**3,623**	**12%**	2,472	1,250	3,722	13%
Retail	**4,332**	**900**	**5,232**	**17%**	4,511	827	5,338	18%
Infrastructure	**4,219**	**7,730**	**11,949**	**40%**	4,343	7,948	12,291	42%
Husky Energy	**-**	**839**	**839**	**3%**	-	612	612	2%
3 Group Europe								
EBITDA before the following non-cash items:	**6,907**	**4,348**	**11,255**		8,492	-	8,492	
Depreciation	**(2,057)**	**(477)**	**(2,534)**		(2,517)	-	(2,517)	
Amortisation of licence fees and other rights	**(554)**	**(657)**	**(1,211)**		(565)	-	(565)	
EBIT - **3** Group Europe	**4,296**	**3,214**	**7,510**	**25%**	5,410	-	5,410	18%
Hutchison Telecommunications Hong Kong Holdings	**485**	**9**	**494**	**2%**	544	9	553	2%
Hutchison Asia Telecommunications	**117**	**-**	**117**	**-**	1,197	-	1,197	4%
Finance & Investments and Others	**(421)**	**669**	**248**	**1%**	(81)	427	346	1%
EBIT before profits on disposal of investments and others	**15,605**	**14,407**	**30,012**	**100%**	18,396	11,073	29,469	100%
Profits on disposal of investments and others (see note 4)	**-**	**30**	**30**		27	(373)	(346)	
Non-controlling interests' share of HPH Trust's EBIT	**-**	**205**	**205**		-	203	203	
Interest expenses and other finance costs	**(3,856)**	**(3,745)**	**(7,601)**		(3,508)	(2,679)	(6,187)	
Current tax	**(1,652)**	**(1,325)**	**(2,977)**		(1,450)	(1,268)	(2,718)	
Deferred tax	**1,418**	**(574)**	**844**		(25)	(868)	(893)	
Non-controlling interests	**(4,445)**	**(149)**	**(4,594)**		(4,455)	(152)	(4,607)	
	7,070	**8,849**	**15,919**		8,985	5,936	14,921	

\# includes the Group's attributable share of HPH Trust's EBIT based on the effective shareholdings in HPH Trust during 2017. EBIT reduced by HK$205 million (30 June 2016 - HK$203 million) for the six months ended 30 June 2017, 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:

	Depreciation and amortisation					
	Six months ended 30 June 2017			Six months ended 30 June 2016		
	Company and Subsidiaries HK$ million	**Associates and JV HK$ million**	**Total HK$ million**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	Total HK$ million
Ports and Related Services #	**1,389**	**694**	**2,083**	1,326	696	2,022
Retail	**1,007**	**288**	**1,295**	946	278	1,224
Infrastructure	**1,232**	**2,660**	**3,892**	1,982	2,418	4,400
Husky Energy	**-**	**3,163**	**3,163**	-	3,074	3,074
3 Group Europe	**2,611**	**1,134**	**3,745**	3,082	-	3,082
Hutchison Telecommunications Hong Kong Holdings	**792**	**23**	**815**	741	22	763
Hutchison Asia Telecommunications	**139**	**-**	**139**	51	-	51
Finance & Investments and Others	**68**	**99**	**167**	73	98	171
	7,238	**8,061**	**15,299**	8,201	6,586	14,787
Non-controlling interests' share of HPH Trust's depreciation and amortisation	**-**	**131**	**131**	-	126	126
	7,238	**8,192**	**15,430**	8,201	6,712	14,913

includes the Group's attributable share of HPH Trust's depreciation and amortisation based on the effective shareholdings in HPH Trust during 2017. Depreciation and amortisation reduced by HK$131 million (30 June 2016 - HK$126 million) for the six months ended 30 June 2017, being adjustments to exclude non-controlling interests' share of depreciation and amortisation of HPH Trust.

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

	Capital expenditure							
	Six months ended 30 June 2017				Six months ended 30 June 2016			
	Fixed assets, investment properties and leasehold land HK$ million	**Telecom-munications licences HK$ million**	**Brand names and other rights HK$ million**	**Total HK$ million**	Fixed assets, investment properties and leasehold land HK$ million	Telecom-munications licences HK$ million	Brand names and other rights HK$ million	Total HK$ million
Ports and Related Services	**847**	**-**	**-**	**847**	598	-	-	598
Retail	**891**	**-**	**-**	**891**	578	-	-	578
Infrastructure	**2,580**	**-**	**-**	**2,580**	3,390	-	3	3,393
Husky Energy	**-**	**-**	**-**	**-**	-	-	-	-
3 Group Europe	**2,828**	**10**	**2**	**2,840**	4,235	-	10	4,245
Hutchison Telecommunications Hong Kong Holdings	**427**	**-**	**2**	**429**	434	1	22	457
Hutchison Asia Telecommunications	**1,051**	**-**	**-**	**1,051**	153	1,807	-	1,960
Finance & Investments and Others	**111**	**-**	**2**	**113**	87	-	17	104
	8,735	**10**	**6**	**8,751**	9,475	1,808	52	11,335

3 Operating segment information (continued)

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

	Total assets							
	30 June 2017				31 December 2016			
	Company and Subsidiaries		**Investments in associated companies and interests in joint ventures**	**Total assets**	Company and Subsidiaries		Investments in associated companies and interests in joint ventures	Total assets
	Segment assets (o)	**Deferred tax assets**			Segment assets (o)	Deferred tax assets		
	HK$ million	**HK$ million**	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million	HK$ million
Ports and Related Services	**74,048**	**160**	**26,155**	**100,363**	72,286	151	25,982	98,419
Retail	**193,011**	**1,054**	**12,292**	**206,357**	191,458	871	11,181	203,510
Infrastructure	**158,183**	**484**	**140,903**	**299,570**	161,567	482	122,900	284,949
Husky Energy	**-**	**-**	**59,280**	**59,280**	-	-	58,709	58,709
3 Group Europe	**102,520**	**15,916**	**27,836**	**146,272**	93,493	14,270	24,365	132,128
Hutchison Telecommunications Hong Kong Holdings	**26,263**	**19**	**451**	**26,733**	26,628	53	459	27,140
Hutchison Asia Telecommunications	**7,252**	**-**	**-**	**7,252**	5,111	-	-	5,111
Finance & Investments and Others	**192,732**	**27**	**7,766**	**200,525**	190,407	29	7,946	198,382
	754,009	**17,660**	**274,683**	**1,046,352**	740,950	15,856	251,542	1,008,348
Reconciliation item @	**3**	**-**	**6,483**	**6,486**	-	-	5,117	5,117
	754,012	**17,660**	**281,166**	**1,052,838**	740,950	15,856	256,659	1,013,465

@ 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 2017				31 December 2016			
	Segment liabilities (p)	**Current & non-current borrowings (q) and other non-current liabilities**	**Current & deferred tax liabilities**	**Total liabilities**	Segment liabilities (p)	Current & non-current borrowings (q) and other non-current liabilities	Current & deferred tax liabilities	Total liabilities
	HK$ million	**HK$ million**	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million	HK$ million
Ports and Related Services	**15,533**	**15,017**	**4,620**	**35,170**	15,888	15,212	4,485	35,585
Retail	**23,490**	**13,122**	**10,092**	**46,704**	23,929	12,428	10,322	46,679
Infrastructure	**15,262**	**82,761**	**6,440**	**104,463**	14,448	72,881	6,120	93,449
Husky Energy	**-**	**-**	**-**	**-**	-	-	-	-
3 Group Europe	**19,247**	**15,311**	**455**	**35,013**	17,954	12,223	32	30,209
Hutchison Telecommunications Hong Kong Holdings	**3,363**	**5,340**	**625**	**9,328**	3,615	4,926	579	9,120
Hutchison Asia Telecommunications	**5,100**	**16,566**	**2**	**21,668**	4,616	16,990	2	21,608
Finance & Investments and Others	**8,524**	**228,248**	**5,061**	**241,833**	8,017	220,122	4,486	232,625
	90,519	**376,365**	**27,295**	**494,179**	88,467	354,782	26,026	469,275
Reconciliation item @	**1**	**-**	**-**	**1**	-	-	-	-
	90,520	**376,365**	**27,295**	**494,180**	88,467	354,782	26,026	469,275

@ 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 2017				Six months ended 30 June 2016			
	Company and Subsidiaries HK$ million	**Associates and JV HK$ million**	**Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	Total HK$ million	%
Hong Kong	**20,172**	**2,453**	**22,625**	**12%**	21,638	2,469	24,107	13%
Mainland China	**14,350**	**3,446**	**17,796**	**9%**	14,797	3,298	18,095	10%
Europe	**54,126**	**35,773**	**89,899**	**47%**	64,005	24,091	88,096	49%
Canada [r]	**206**	**20,731**	**20,937**	**11%**	244	12,774	13,018	7%
Asia, Australia and Others	**21,591**	**6,119**	**27,710**	**15%**	20,582	5,811	26,393	15%
Finance & Investments and Others	**7,310**	**3,776**	**11,086**	**6%**	7,246	3,556	10,802	6%
	117,755	**72,298**	**190,053** (1)	**100%**	128,512	51,999	180,511 (1)	100%

(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) [m]							
	Six months ended 30 June 2017				Six months ended 30 June 2016			
	Company and Subsidiaries HK$ million	**Associates and JV HK$ million**	**Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	Total HK$ million	%
Hong Kong	**1,340**	**1,140**	**2,480**	**6%**	1,483	1,146	2,629	6%
Mainland China	**2,467**	**2,261**	**4,728**	**10%**	2,802	1,983	4,785	11%
Europe	**14,497**	**11,548**	**26,045**	**57%**	16,775	7,743	24,518	55%
Canada [r]	**120**	**3,430**	**3,550**	**8%**	194	3,036	3,230	7%
Asia, Australia and Others	**4,772**	**3,321**	**8,093**	**18%**	5,351	3,226	8,577	20%
Finance & Investments and Others	**(353)**	**768**	**415**	**1%**	(8)	525	517	1%
EBITDA before profits on disposal of investments and others	**22,843**	**22,468**	**45,311** (2)	**100%**	26,597	17,659	44,256 (2)	100%

(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) [n]							
	Six months ended 30 June 2017				Six months ended 30 June 2016			
	Company and Subsidiaries HK$ million	**Associates and JV HK$ million**	**Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	Total HK$ million	%
Hong Kong	**376**	**636**	**1,012**	**4%**	562	632	1,194	4%
Mainland China	**2,051**	**1,526**	**3,577**	**12%**	2,332	1,196	3,528	12%
Europe	**9,994**	**8,703**	**18,697**	**62%**	11,268	6,171	17,439	59%
Canada [r]	**110**	**582**	**692**	**2%**	145	420	565	2%
Asia, Australia and Others	**3,495**	**2,291**	**5,786**	**19%**	4,170	2,227	6,397	22%
Finance & Investments and Others	**(421)**	**669**	**248**	**1%**	(81)	427	346	1%
EBIT before profits on disposal of investments and others	**15,605**	**14,407**	**30,012** (3)	**100%**	18,396	11,073	29,469 (3)	100%

(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 2017				Six months ended 30 June 2016			
	Fixed assets, investment properties and leasehold land HK$ million	**Telecom-munications licences HK$ million**	**Brand names and other rights HK$ million**	**Total HK$ million**	Fixed assets, investment properties and leasehold land HK$ million	Telecom-munications licences HK$ million	Brand names and other rights HK$ million	Total HK$ million
Hong Kong	**563**	**-**	**2**	**565**	507	1	22	530
Mainland China	**262**	**-**	**-**	**262**	220	-	-	220
Europe	**5,591**	**10**	**2**	**5,603**	7,823	-	10	7,833
Canada	**173**	**-**	**-**	**173**	9	-	-	9
Asia, Australia and Others	**2,035**	**-**	**-**	**2,035**	829	1,807	3	2,639
Finance & Investments and Others	**111**	**-**	**2**	**113**	87	-	17	104
	8,735	**10**	**6**	**8,751**	9,475	1,808	52	11,335

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

	Total assets							
	30 June 2017				31 December 2016			
	Company and Subsidiaries				Company and Subsidiaries			
	Segment assets (o) HK$ million	**Deferred tax assets HK$ million**	**Investments in associated companies and interests in joint ventures HK$ million**	**Total assets HK$ million**	Segment assets (o) HK$ million	Deferred tax assets HK$ million	Investments in associated companies and interests in joint ventures HK$ million	Total assets HK$ million
Hong Kong	**63,345**	**59**	**31,966**	**95,370**	66,608	94	38,123	104,825
Mainland China	**47,127**	**661**	**29,379**	**77,167**	48,818	479	29,014	78,311
Europe	**342,403**	**16,658**	**94,446**	**453,507**	335,587	15,022	87,365	437,974
Canada (r)	**4,613**	**10**	**53,640**	**58,263**	4,732	8	53,543	58,283
Asia, Australia and Others	**103,792**	**245**	**63,969**	**168,006**	94,798	224	40,668	135,690
Finance & Investments and Others	**192,732**	**27**	**7,766**	**200,525**	190,407	29	7,946	198,382
	754,012	**17,660**	**281,166**	**1,052,838**	740,950	15,856	256,659	1,013,465

(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) Segment assets comprise fixed assets, investment properties, leasehold land, telecommunications licences, brand names and other rights, goodwill, 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$106,968 million (31 December 2016 - HK$116,283 million), HK$84,540 million (31 December 2016 - HK$85,976 million), HK$398,499 million (31 December 2016 - HK$383,148 million), HK$58,351 million (31 December 2016 - HK$58,432 million) and HK$152,919 million (31 December 2016 - HK$119,226 million) respectively.

(p) Segment liabilities comprise trade and other payables and pension obligations.

(q) Current and non-current borrowings comprise bank and other debts and interest bearing loans from non-controlling shareholders.

(r) Include contribution from the United States of America for Husky Energy.

4 Profits on disposal of investments and others

	Attributable to			
	Ordinary shareholders HK$ million	**Holders of perpetual capital securities HK$ million**	**Non-controlling interests HK$ million**	**Total HK$ million**
Six months ended 30 June 2017				
Profits on disposal of investments	-	-	-	-
Others				
HTAL - share of operating profit of joint venture VHA [(a)]	**27**	**-**	**3**	**30**
Six months ended 30 June 2016				
Profits on disposal of investments	-	-	-	-
Others				
Impairment of certain ports assets [(b)]	(577)	-	(144)	(721)
Remeasurement gain on interest in a port operation [(c)]	598	-	150	748
HTAL - share of operating losses of joint venture VHA [(a)]	(328)	-	(45)	(373)
	(307)	-	(39)	(346)

(a) It represents the Group's indirect subsidiary, Hutchison Telecommunications (Australia) Limited ("HTAL")'s share of operating profit (losses), after consolidation adjustments, of a joint venture, Vodafone Hutchison Australia Pty Limited ("VHA").

(b) In 2016, the Group recognised impairment charge on certain non-core investments held by ports operation.

(c) It represents a marked-to-market gain realised upon acquisition of additional interest in an existing port operation.

5 Interest expenses and other finance costs

	Six months ended 30 June 2017 HK$ million	2016 HK$ million
Interest on borrowings	**4,746**	4,882
Other finance costs	**40**	(20)
Amortisation of loan facilities fees and premiums or discounts relating to borrowings	**71**	35
Other non-cash interest adjustments	**(791)**	(1,247)
	4,066	3,650
Less: interest capitalised	**(210)**	(142)
	3,856	3,508

Other non-cash interest adjustments represent amortisation of bank and other debts' fair value adjustments arising from acquisitions and notional adjustments to the carrying amount of certain obligations recognised in the consolidated 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 2017 HK$ million	2016 HK$ million
Current tax charge		
Hong Kong	**170**	136
Outside Hong Kong	**1,482**	1,314
	1,652	1,450
Deferred tax charge (credit)		
Hong Kong	**78**	47
Outside Hong Kong	**(1,496)**	(22)
	(1,418)	25
	234	1,475

Hong Kong profits tax has been provided for at the rate of 16.5% (30 June 2016 - 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 Earnings per share for profit attributable to ordinary shareholders

The calculation of earnings per share is based on profit attributable to ordinary shareholders of the Company of HK$15,919 million (30 June 2016 - HK$14,921 million) and on 3,857,678,500 shares in issue during the six months ended 30 June 2017 (30 June 2016 - 3,859,678,500 shares).

The Company does not have a share option scheme. Certain of the Company's subsidiary and associated companies have employee share options outstanding as at 30 June 2017. The employee share options of these subsidiary and associated companies outstanding as at 30 June 2017 did not have a dilutive effect on earnings per share.

8 Distributions and dividends

(a) Distribution paid on perpetual capital securities

	Six months ended 30 June	
	2017	2016
	HK$ million	HK$ million
Distribution paid on perpetual capital securities	**921**	1,028

(b) Dividends

	Six months ended 30 June	
	2017	2016
	HK$ million	HK$ million
Interim dividend, declared of HK$0.78 per share (30 June 2016 - HK$0.735 per share)	**3,009**	2,837

In addition, final dividend in respect of the year 2016 of HK$1.945 per share totalling HK$7,503 million (2015 - HK$1.85 per share totalling HK$7,140 million) was approved and paid during the current period.

9 Fixed assets

During the six months ended 30 June 2017, the Group acquired fixed assets with a cost of HK$8,735 million (30 June 2016 - HK$9,475 million). Fixed assets with a net book value of HK$159 million (30 June 2016 - HK$348 million) were disposed of during the period, resulting in a loss of HK$73 million (30 June 2016 - HK$109 million).

10 Deferred tax

	30 June 2017	31 December 2016
	HK$ million	HK$ million
Deferred tax assets	**17,660**	15,856
Deferred tax liabilities	**25,210**	23,692
Net deferred tax assets (liabilities)	**(7,550)**	(7,836)

Analysis of net deferred tax assets (liabilities):

	30 June 2017	31 December 2016
	HK$ million	HK$ million
Unused tax losses	**14,360**	13,846
Accelerated depreciation allowances	**(9,726)**	(9,181)
Fair value adjustments arising from acquisitions	**(8,812)**	(9,582)
Revaluation of investment properties and other investments	**121**	126
Withholding tax on undistributed profits	**(628)**	(587)
Other temporary differences	**(2,865)**	(2,458)
	(7,550)	(7,836)

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 2017, the Group has recognised accumulated deferred tax assets amounting to HK$17,660 million (31 December 2016 - HK$15,856 million) of which HK$15,916 million (31 December 2016 - HK$14,270 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$50,965 million (31 December 2016 - HK$53,193 million). Their potential tax effect amounted to HK$12,378 million at 30 June 2017 (31 December 2016 - HK$13,837 million).

11 Other non-current assets

	30 June 2017 HK$ million	31 December 2016 HK$ million
Other unlisted investments		
Loans and receivables		
Unlisted debt securities	**169**	165
Available-for-sale investments		
Unlisted equity securities	**1,176**	1,059
Fair value hedges		
Interest rate swaps	**161**	119
Cash flow hedges		
Interest rate swaps	**13**	-
Forward foreign exchange contracts	**260**	196
Other contracts	**-**	2
Net investment hedges	**2,473**	3,199
Other derivative financial instruments	**188**	356
	4,440	5,096

12 Liquid funds and other listed investments

	30 June 2017 HK$ million	31 December 2016 HK$ million
Available-for-sale investments		
Managed funds, outside Hong Kong	**4,831**	2,932
Listed / traded debt securities, outside Hong Kong	**1,206**	1,184
Listed equity securities, Hong Kong	**1,320**	1,621
Listed equity securities, outside Hong Kong	**31**	58
	7,388	5,795
Loans and receivables		
Long term deposits	**12**	-
Financial assets at fair value through profit or loss	**170**	159
	7,570	5,954

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

	30 June 2017 HK$ million	31 December 2016 HK$ million
Listed debt securities	**4,639**	2,765
Listed equity securities	**163**	151
Cash and cash equivalents	**29**	16
	4,831	2,932

Included in listed / traded debt securities outside Hong Kong are notes issued by listed associated company, Husky Energy 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.

13 Cash and cash equivalents

	30 June 2017 HK$ million	31 December 2016 HK$ million
Cash at bank and in hand	**25,823**	25,461
Short term bank deposits	**124,400**	130,809
	150,223	156,270

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

14 Trade and other receivables

	30 June 2017 HK$ million	31 December 2016 HK$ million
Trade receivables	**14,202**	13,202
Less: provision for estimated impairment losses for bad debts	**(2,525)**	(2,615)
Trade receivables - net	**11,677**	10,587
Other receivables and prepayments	**37,223**	34,470
Fair value hedges		
Interest rate swaps	**-**	2
Cash flow hedges		
Forward foreign exchange contracts	**2**	8
Net investment hedges	**2,165**	3,282
Other derivative financial instruments	**-**	23
	51,067	48,372

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

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

	30 June 2017 HK$ million	31 December 2016 HK$ million
Less than 31 days	**8,081**	7,260
Within 31 to 60 days	**1,878**	1,889
Within 61 to 90 days	**925**	771
Over 90 days	**3,318**	3,282
	14,202	13,202

15 Trade and other payables

	30 June 2017 HK$ million	31 December 2016 HK$ million
Trade payables	**17,478**	17,380
Other payables and accruals	**64,909**	64,002
Provisions	**814**	744
Interest free loans from non-controlling shareholders	**967**	927
Fair value hedges		
Interest rate swaps	**8**	-
Cash flow hedges		
Forward foreign exchange contracts	**1**	1
Net investment hedges	**356**	3
Other derivative financial instruments	**541**	41
	85,074	83,098

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

	30 June 2017 HK$ million	31 December 2016 HK$ million
Less than 31 days	**11,720**	11,648
Within 31 to 60 days	**3,028**	3,015
Within 61 to 90 days	**1,386**	1,327
Over 90 days	**1,344**	1,390
	17,478	17,380

16 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 2017			31 December 2016		
	Current portion HK$ million	**Non-current portion HK$ million**	**Total HK$ million**	Current portion HK$ million	Non-current portion HK$ million	Total HK$ million
Bank loans	**9,923**	**100,837**	**110,760**	20,612	64,371	84,983
Other loans	**220**	**1,598**	**1,818**	669	1,569	2,238
Notes and bonds	**30,147**	**174,092**	**204,239**	50,312	154,514	204,826
Total principal amount of bank and other debts	**40,290**	**276,527**	**316,817**	71,593	220,454	292,047
Unamortised fair value adjustments arising from acquisitions	**102**	**10,921**	**11,023**	336	11,647	11,983
Total bank and other debts before the following items	**40,392**	**287,448**	**327,840**	71,929	232,101	304,030
Unamortised loan facilities fees and premiums or discounts related to debts	**(1)**	**(779)**	**(780)**	-	(603)	(603)
Unrealised gain on bank and other debts pursuant to interest rate swap contracts	**(58)**	**(227)**	**(285)**	(49)	(238)	(287)
	40,333	**286,442**	**326,775**	71,880	231,260	303,140

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

	30 June 2017			
	Bank loans HK$ million	**Other loans HK$ million**	**Notes and bonds HK$ million**	**Total HK$ million**
2017, remainder of year	**3,387**	**170**	**30,140**	**33,697**
2018	**12,214**	**232**	**2,313**	**14,759**
2019	**14,471**	**241**	**19,732**	**34,444**
2020	**36,384**	**215**	**4,296**	**40,895**
2021	**21,467**	**106**	**20,790**	**42,363**
2022 to 2026	**21,059**	**361**	**81,366**	**102,786**
2027 to 2036	**1,778**	**240**	**37,291**	**39,309**
2037 and thereafter	**-**	**253**	**8,311**	**8,564**
	110,760	**1,818**	**204,239**	**316,817**
Less: current portion	**(9,923)**	**(220)**	**(30,147)**	**(40,290)**
	100,837	**1,598**	**174,092**	**276,527**

	31 December 2016			
	Bank loans HK$ million	Other loans HK$ million	Notes and bonds HK$ million	Total HK$ million
2017	20,612	669	50,312	71,593
2018	8,097	218	2,235	10,550
2019	13,692	225	19,729	33,646
2020	18,418	225	4,218	22,861
2021	20,559	78	19,814	40,451
2022 to 2026	2,857	345	71,209	74,411
2027 to 2036	748	232	30,233	31,213
2037 and thereafter	-	246	7,076	7,322
	84,983	2,238	204,826	292,047
Less: current portion	(20,612)	(669)	(50,312)	(71,593)
	64,371	1,569	154,514	220,454

17 Other non-current liabilities

	30 June 2017 HK$ million	31 December 2016 HK$ million
Fair value hedges		
Interest rate swaps	**31**	-
Cash flow hedges		
Interest rate swaps	**531**	550
Cross currency interest rate swaps	**508**	-
Other contracts	**429**	402
Net investment hedges	**283**	-
Other derivative financial instruments	**1,594**	1,810
Obligations for telecommunications licences and other rights	**5,851**	5,850
Other non-current liabilities	**4,628**	5,644
Provisions	**32,759**	33,103
	46,614	47,359

18 Share capital, share premium and perpetual capital securities

(a) Share capital and share premium

	30 June 2017 Number of shares	31 December 2016 Number of shares	30 June 2017 HK$ million	31 December 2016 HK$ million
Issued and fully paid:				
Ordinary shares	**3,857,678,500**	3,857,678,500	**3,858**	3,858
Share capital			**3,858**	3,858
Share premium			**244,505**	244,505
			248,363	248,363

(b) Perpetual capital securities

	30 June 2017 HK$ million	31 December 2016 HK$ million
US$1,000 million issued in 2012	**-**	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	**17,961**	18,242
US$1,000 million issued in 2017	**7,842**	-
	30,201	30,510

In May 2012, July 2012, January 2013, May 2013 and May 2017, wholly owned subsidiary companies of the Group issued perpetual capital securities with nominal amounts of US$1,000 million (approximately HK$7,800 million), HK$1,000 million, US$500 million (approximately HK$3,875 million), EUR1,750 million (approximately HK$17,879 million) and US$1,000 million (approximately HK$7,800 million) respectively for cash.

During the period, the Group had redeemed US$1,000 million (approximately HK$7,800 million) nominal amount of perpetual capital securities that were originally issued in May 2012.

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.

* US$74.7 million nominal values of perpetual capital securities were repurchased during the year ended 31 December 2013.

19 Reserves

	Attributable to ordinary shareholders			
	Retained profit HK$ million	Exchange reserve HK$ million	Others [(a)] HK$ million	Total HK$ million
At 1 January 2017	**520,616**	**(30,832)**	**(343,978)**	**145,806**
Profit for the period	**15,919**	**-**	**-**	**15,919**
Other comprehensive income (losses)				
Available-for-sale investments				
Valuation gains recognised directly in reserves	**-**	**-**	**9**	**9**
Valuation gains previously in reserves recognised in income statement	**-**	**-**	**(41)**	**(41)**
Remeasurement of defined benefit obligations recognised directly in reserves	**(8)**	**-**	**-**	**(8)**
Cash flow hedges arising from forward foreign currency contracts, cross currency interest rate swap contracts and interest rate swap contracts				
Gains recognised directly in reserves	**-**	**-**	**318**	**318**
Losses previously in reserves recognised in initial cost of non-financial items	**-**	**-**	**2**	**2**
Losses on net investment hedges arising from forward foreign currency contracts recognised directly in reserves	**-**	**(2,026)**	**-**	**(2,026)**
Gains on translating overseas subsidiaries' net assets recognised directly in reserves	**-**	**819**	**-**	**819**
Losses previously in exchange reserve related to joint ventures disposed during the period recognised in income statement	**-**	**7**	**-**	**7**
Share of other comprehensive income (losses) of associated companies	**68**	**637**	**(138)**	**567**
Share of other comprehensive income of joint ventures	**209**	**4,054**	**343**	**4,606**
Tax relating to components of other comprehensive income (losses)	**(7)**	**-**	**(61)**	**(68)**
Other comprehensive income, net of tax	**262**	**3,491**	**432**	**4,185**
Dividends paid relating to 2016	**(7,503)**	**-**	**-**	**(7,503)**
Transaction costs in relation to issuance of perpetual capital securities	**(62)**	**-**	**-**	**(62)**
Share option schemes and long term incentive plans of subsidiary companies	**-**	**-**	**3**	**3**
Relating to purchase of non-controlling interests	**-**	**-**	**(1)**	**(1)**
Relating to partial disposal of subsidiary companies	**-**	**-**	**30**	**30**
At 30 June 2017	**529,232**	**(27,341)**	**(343,514)**	**158,377**

19 Reserves (continued)

	Attributable to ordinary shareholders			
	Retained profit HK$ million	Exchange reserve HK$ million	Others [(a)] HK$ million	Total HK$ million
At 1 January 2016	500,909	(13,986)	(342,039)	144,884
Profit for the period	14,921	-	-	14,921
Other comprehensive income (losses)				
Available-for-sale investments				
Valuation losses recognised directly in reserves	-	-	(313)	(313)
Valuation losses previously in reserves recognised in income statement	-	-	477	477
Remeasurement of defined benefit obligations recognised directly in reserves	(127)	-	-	(127)
Cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts				
Losses recognised directly in reserves	-	-	(1,515)	(1,515)
Gains previously in reserves recognised in initial cost of non-financial items	-	-	(12)	(12)
Gains on net investment hedges arising from forward foreign currency contracts recognised directly in reserves	-	2,881	-	2,881
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	-	(6,900)	-	(6,900)
Share of other comprehensive income (losses) of associated companies	(146)	2,826	(281)	2,399
Share of other comprehensive income (losses) of joint ventures	(170)	(1,799)	(680)	(2,649)
Tax relating to components of other comprehensive income (losses)	16	-	239	255
Other comprehensive income (losses), net of tax	(427)	(2,992)	(2,085)	(5,504)
Dividends paid relating to 2015	(7,140)	-	-	(7,140)
Transaction costs in relation to equity contribution from non-controlling interests	(87)	-	-	(87)
Share option schemes and long term incentive plans of subsidiary companies	-	-	(2)	(2)
Relating to purchase of non-controlling interests	-	-	(2)	(2)
Relating to deemed disposal of subsidiary companies	(7)	1	(27)	(33)
At 30 June 2016	508,169	(16,977)	(344,155)	147,037

(a) Other reserves comprise revaluation reserve, hedging reserve and other capital reserves. As at 30 June 2017, revaluation reserve deficit amounted to HK$809 million (1 January 2017 - HK$792 million, 30 June 2016 - HK$604 million and 1 January 2016 - HK$763 million), hedging reserve deficit amounted to HK$1,483 million (1 January 2017 - HK$1,982 million, 30 June 2016 - HK$1,568 million and 1 January 2016 - surplus of HK$673 million) and other capital reserves deficit amounted to HK$341,222 million (1 January 2017 - HK$341,204 million, 30 June 2016 - HK$341,983 million and 1 January 2016 - HK$341,949 million). Revaluation surplus (deficit) arising from revaluation to market value of listed debt securities and listed equity securities which are available for sale are included in the revaluation reserve. Fair value changes arising from the effective portion of hedging instruments designated as cash flow hedges are included in the hedging reserve.

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	
	2017	2016
	HK$ million	HK$ million
Profit after tax	**20,364**	19,376
Less: share of profits less losses of		
Associated companies	**(2,587)**	(2,167)
Joint ventures	**(6,232)**	(4,142)
	11,545	13,067
Adjustments for:		
Current tax charge	**1,652**	1,450
Deferred tax charge (credit)	**(1,418)**	25
Interest expenses and other finance costs	**3,856**	3,508
Depreciation and amortisation	**7,238**	8,201
Profits on disposal of investments and others (see note 4)	**(30)**	346
EBITDA of Company and subsidiaries (i)	**22,843**	26,597
Loss on disposal of other unlisted investments	**-**	25
Loss on disposal of fixed assets	**73**	109
Dividends received from associated companies and joint ventures	**8,366**	4,490
Profit on disposal of joint ventures	**(3)**	-
Other non-cash items	**930**	212
	32,209	31,433

	Six months ended 30 June	
	2017	2016
	HK$ million	HK$ million
(i) Reconciliation of EBITDA:		
EBITDA of Company and subsidiaries	**22,843**	26,597
Share of EBITDA of associated companies and joint ventures		
Share of profits less losses:		
Associated companies	**2,587**	2,167
Joint ventures	**6,232**	4,142
Adjustments for:		
Depreciation and amortisation	**8,192**	6,712
Interest expenses and other finance costs	**3,745**	2,679
Current tax charge	**1,325**	1,268
Deferred tax charge	**574**	868
Non-controlling interests	**149**	152
	22,804	17,988
EBITDA (see notes 3(b) and 3(m))	**45,647**	44,585

(b) Changes in working capital

	Six months ended 30 June	
	2017	2016
	HK$ million	HK$ million
Increase in inventories	**(1,272)**	(318)
Increase in debtors and prepayments	**(2,789)**	(1,512)
Decrease in creditors	**(1,843)**	(3,885)
Other non-cash items	**2,450**	(380)
	(3,454)	(6,095)

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	
	2017	2016
	HK$ million	HK$ million
Purchase consideration transferred:		
Cash and cash equivalents paid	**2,968**	819
Fair value of investments held by the Company prior to acquisition	**-**	1,350
	2,968	2,169
Fair value		
Fixed assets	**332**	2,089
Leasehold land	**-**	1,877
Telecommunications licences	**1,908**	-
Cash and cash equivalents	**5**	541
Trade and other receivables	**41**	2,476
Inventories	**4**	72
Creditors and current tax liabilities	**(20)**	(4,316)
Bank and other debts	**-**	(39)
Net identifiable assets acquired	**2,270**	2,700
Non-controlling interests	**-**	(531)
	2,270	2,169
Goodwill	**698**	-
Total consideration	**2,968**	2,169
Net cash outflow arising from acquisition:		
Cash and cash equivalents paid	**2,968**	819
Cash and cash equivalents acquired	**(5)**	(541)
Total net cash outflow	**2,963**	278

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

Acquisition related costs of approximately HK$20 million (30 June 2016 - HK$5 million) had been charged to income statement during the period and included in the line item titled other operating expenses.

The contribution to the Group's revenue and profit before tax from these subsidiaries acquired during the six months ended 30 June 2017 and 2016 since the respective date of acquisition are not material.

21 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 2017		31 December 2016	
	Carrying amounts HK$ million	**Fair values HK$ million**	Carrying amounts HK$ million	Fair values HK$ million
Financial assets				
Loans and receivables *				
Trade receivables (see note 14)	**11,677**	**11,677**	10,587	10,587
Other receivables and prepayments (see note 14)	**37,223**	**37,223**	34,470	34,470
Unlisted debt securities (see note 11)	**169**	**169**	165	165
	49,069	**49,069**	45,222	45,222
Available-for-sale investments #				
Unlisted equity securities (see note 11)	**1,176**	**1,176**	1,059	1,059
Managed funds, outside Hong Kong (see note 12)	**4,831**	**4,831**	2,932	2,932
Listed / traded debt securities, outside Hong Kong (see note 12)	**1,206**	**1,206**	1,184	1,184
Listed equity securities, Hong Kong (see note 12)	**1,320**	**1,320**	1,621	1,621
Listed equity securities, outside Hong Kong (see note 12)	**31**	**31**	58	58
Loans and receivables *				
Long term deposits (see note 12)	**12**	**12**	-	-
Financial assets at fair value through profit or loss # (see note 12)	**170**	**170**	159	159
	8,746	**8,746**	7,013	7,013
Fair value hedges #				
Interest rate swaps (see notes 11 and 14)	**161**	**161**	121	121
Cash flow hedges #				
Interest rate swaps (see note 11)	**13**	**13**	-	-
Forward foreign exchange contracts (see notes 11 and 14)	**262**	**262**	204	204
Other contracts (see note 11)	**-**	**-**	2	2
Net investment hedges # (see notes 11 and 14)	**4,638**	**4,638**	6,481	6,481
Other derivative financial instruments # (see notes 11 and 14)	**188**	**188**	379	379
	5,262	**5,262**	7,187	7,187
	63,077	**63,077**	59,422	59,422

21 Fair value measurement (continued)

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

	30 June 2017		31 December 2016	
	Carrying amounts HK$ million	**Fair values HK$ million**	Carrying amounts HK$ million	Fair values HK$ million
Financial liabilities				
Financial liabilities *				
Trade payables (see note 15)	**17,478**	**17,478**	17,380	17,380
Other payables and accruals (see note 15)	**64,909**	**64,909**	64,002	64,002
Bank and other debts (see note 16) (i)	**326,775**	**335,495**	303,140	311,083
Interest free loans from non-controlling shareholders (see note 15)	**967**	**967**	927	927
Interest bearing loans from non-controlling shareholders	**2,976**	**2,976**	4,283	4,283
Obligations for telecommunications licences and other rights (see note 17)	**5,851**	**5,851**	5,850	5,850
	418,956	**427,676**	395,582	403,525
Fair value hedges #				
Interest rate swaps (see notes 15 and 17)	**39**	**39**	-	-
Cash flow hedges #				
Interest rate swaps (see note 17)	**531**	**531**	550	550
Cross currency interest rate swaps (see note 17)	**508**	**508**	-	-
Forward foreign exchange contracts (see note 15)	**1**	**1**	1	1
Other contracts (see note 17)	**429**	**429**	402	402
Net investment hedges # (see notes 15 and 17)	**639**	**639**	3	3
Other derivative financial instruments # (see notes 15 and 17)	**2,135**	**2,135**	1,851	1,851
	4,282	**4,282**	2,807	2,807
	423,238	**431,958**	398,389	406,332

* carried at amortised cost
\# 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.

21 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 HK$ million	Level 2 HK$ million	Level 3 HK$ million	Total HK$ million
At 30 June 2017				
Available-for-sale investments				
Unlisted equity securities (see note 11)	**-**	**-**	**1,176**	**1,176**
Managed funds, outside Hong Kong (see note 12)	**4,831**	**-**	**-**	**4,831**
Listed / traded debt securities, outside Hong Kong (see note 12)	**267**	**939**	**-**	**1,206**
Listed equity securities, Hong Kong (see note 12)	**1,320**	**-**	**-**	**1,320**
Listed equity securities, outside Hong Kong (see note 12)	**31**	**-**	**-**	**31**
Financial assets at fair value through profit or loss (see note 12)	**120**	**50**	**-**	**170**
	6,569	**989**	**1,176**	**8,734**
Fair value hedges				
Interest rate swaps (see note 11)	**-**	**161**	**-**	**161**
Cash flow hedges				
Interest rate swaps (see note 11)	**-**	**13**	**-**	**13**
Forward foreign exchange contracts (see notes 11 and 14)	**-**	**262**	**-**	**262**
Net investment hedges (see notes 11 and 14)	**-**	**4,638**	**-**	**4,638**
Other derivative financial instruments (see note 11)	**-**	**188**	**-**	**188**
	-	**5,262**	**-**	**5,262**
Fair value hedges				
Interest rate swaps (see notes 15 and 17)	**-**	**(39)**	**-**	**(39)**
Cash flow hedges				
Interest rate swaps (see note 17)	**-**	**(531)**	**-**	**(531)**
Cross currency interest rate swaps (see note 17)	**-**	**(508)**	**-**	**(508)**
Forward foreign exchange contracts (see note 15)	**-**	**(1)**	**-**	**(1)**
Other contracts (see note 17)	**-**	**(429)**	**-**	**(429)**
Net investment hedges (see notes 15 and 17)	**-**	**(639)**	**-**	**(639)**
Other derivative financial instruments (see notes 15 and 17)	**-**	**(2,135)**	**-**	**(2,135)**
	-	**(4,282)**	**-**	**(4,282)**

21 Fair value measurement (continued)

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

Fair value hierarchy (continued)

	Level 1 HK$ million	Level 2 HK$ million	Level 3 HK$ million	Total HK$ million
At 31 December 2016				
Available-for-sale investments				
Unlisted equity securities (see note 11)	-	-	1,059	1,059
Managed funds, outside Hong Kong (see note 12)	2,932	-	-	2,932
Listed / traded debt securities, outside Hong Kong (see note 12)	326	858	-	1,184
Listed equity securities, Hong Kong (see note 12)	1,621	-	-	1,621
Listed equity securities, outside Hong Kong (see note 12)	58	-	-	58
Financial assets at fair value through profit or loss (see note 12)	110	49	-	159
	5,047	907	1,059	7,013
Fair value hedges				
Interest rate swaps (see notes 11 and 14)	-	121	-	121
Cash flow hedges				
Forward foreign exchange contracts (see notes 11 and 14)	-	204	-	204
Other contracts (see note 11)	-	2	-	2
Net investment hedges (see notes 11 and 14)	-	6,481	-	6,481
Other derivative financial instruments (see notes 11 and 14)	-	379	-	379
	-	7,187	-	7,187
Cash flow hedges				
Interest rate swaps (see note 17)	-	(550)	-	(550)
Forward foreign exchange contracts (see note 15)	-	(1)	-	(1)
Other contracts (see note 17)	-	(402)	-	(402)
Net investment hedges (see note 15)	-	(3)	-	(3)
Other derivative financial instruments (see notes 15 and 17)	-	(1,851)	-	(1,851)
	-	(2,807)	-	(2,807)

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 2017 and 2016, 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.

21 Fair value measurement (continued)

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

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	
	2017	2016
	HK$ million	HK$ million
At 1 January	**1,059**	1,518
Total gains (losses) recognised in		
Income statement	**-**	(26)
Other comprehensive income	**99**	(228)
Additions	**31**	19
Disposals	**(4)**	(37)
Exchange translation differences	**(9)**	(42)
At 30 June	**1,176**	1,204
Total losses recognised in income statement relating to those financial assets and financial liabilities held at the end of the reporting period	**-**	(26)

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.

22 Contingent liabilities

At 30 June 2017, CK Hutchison Holdings Limited, and its subsidiaries provide guarantees in respect of bank and other borrowing facilities to its associated companies and joint ventures of HK$3,802 million (31 December 2016 - HK$3,797 million).

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

	30 June	31 December
	2017	2016
	HK$ million	HK$ million
To associated companies	**2,526**	2,470
To joint ventures	**597**	593

At 30 June 2017, the Group had provided performance and other guarantees of HK$4,006 million (31 December 2016 - HK$3,950 million).

23 Commitments

There have been no material changes in the total amount of capital commitments since 31 December 2016 except for the amounts taken up during the period in the normal course of business.

24 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 2016.

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).

25 Legal proceedings

At 30 June 2017, 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.

26 Subsequent events

In July 2017, CK Infrastructure Holdings Limited ("CKI") entered into an agreement with Cheung Kong Property Holdings Limited ("Cheung Kong Property") to acquire a 25% interest in CKP (Canada) Holdings Limited, with its subsidiaries principally engaged in building equipment services business in Canada and the United States, for a consideration of approximately C$715 million (equivalent to approximately HK$4.4 billion). Completion of the transaction is subject to approval of independent shareholders of Cheung Kong Property.

In July 2017, CKI and Cheung Kong Property entered into an agreement to acquire 100% interest in ista Luxemburg GmbH, a fully integrated energy management services provider in Europe. CKI's maximum financial commitment will be €1,575 million (equivalent to approximately HK$14.5 billion). Completion is subject to approvals of independent shareholders of both CKI and Cheung Kong Property, as well as regulatory approvals. Upon completion, CKI will hold 35% interest in the joint venture company.

In July 2017, Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH") entered into an agreement to sell its fixed-line telecommunications business for a consideration of approximately HK$14.5 billion in cash. HTHKH expects to report a gain on disposal of approximately HK$5.75 billion and the Group's attributable share (after consolidation adjustments) of the gain is approximately HK$1.4 billion. The transaction is subject to shareholders' approval and is expected to complete in October 2017.

27 US dollar equivalents

Amounts in these financial statements are stated in Hong Kong dollars (HK$), the functional currency of the Company. The translation into US dollars (US$) of these financial statements as of, and for the six months ended, 30 June 2017, 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.

28 Standards issued but not yet effective and applied by the Group

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted. However, the Group has not early adopted these new or amended standards in preparing the Interim Financial Statements.

The Group is continuing to assess the implications of the adoption of these standards. Based on preliminary assessment, the Group has the following updates to information provided in the last annual financial statements about the standards issued but not yet effective and applied by the Group.

(a) HKFRS 9 Financial Instruments

HKFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. HKFRS 9 is mandatory for the Group's financial statements for annual periods beginning on or after 1 January 2018. The Group currently plans to adopt this new standard from 1 January 2018.

The actual impact of adopting HKFRS 9 on the Group's consolidated financial statements in 2018 is not known and cannot be reasonably estimated because it will be dependent on the financial instruments that the Group holds and economic conditions at that time, as well as accounting elections and judgements that it will make in the future.

HKFRS 9 introduces a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. HKFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVPL"). The standard eliminates the existing HKAS 39 Financial Instruments: Recognition and Measurement categories of held to maturity, loans and receivables and available-for-sale ("AFS").

Certain financial assets that are currently classified as loans and receivables and measured at amortised cost may be classified and measured as FVOCI under the new standard. Other than this change, the Group does not expect the new guidance to result in any significant change on the classification and measurement of its financial assets for these reasons: (i) debt securities currently classified as AFS financial assets appear to satisfy the conditions for classification as FVOCI and hence there will be no change to the accounting for these assets; (ii) a FVOCI election is available for the equity securities which are currently classified as AFS financial assets. Whilst this election has no impact on the measurement of these assets, once the election is made the fair value gains or losses accumulated in the investment revaluation reserve account will not be reclassified to profit or loss following the derecognition of the particular investment, which is different from the current accounting treatment; (iii) equity securities currently measured at FVPL will likely continue to be measured on the same basis under HKFRS 9; and (iv) other loans and receivables financial assets currently measured at amortised cost appear to meet the conditions for classification at amortised cost under HKFRS 9.

The Group does not expect that there will be any impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at FVPL and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 and have not been changed.

HKFRS 9 replaces the 'incurred loss' impairment model in HKAS 39 with a forward-looking 'expected credit loss' ("ECL") model. The new impairment model will apply to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. The Group is continuing to analyse the implications of these changes.

Generally, more hedge relationships might be eligible for hedge accounting under HKFRS 9, as the standard introduces a more principles-based approach. However, at this stage the Group does not expect to identify any new hedge relationships. The Group's existing hedge relationships appear to qualify as continuing hedges upon the adoption of HKFRS 9. As a consequence, the Group does not expect a significant impact on the accounting for its hedging relationships.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new financial instruments standard.

Changes in accounting policies resulting from the adoption of HKFRS 9 will generally be applied retrospectively, except for hedge accounting and where the standard provides transition exemptions. The Group is considering to apply the transition exemptions. If the Group elects to apply the transition exemptions, comparative information for prior periods with respect to classification and measurement (including impairment) changes is not restated and differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 will generally be recognised as an adjustment to the opening balance of retained profit (or other component of equity, as appropriate) in the year of adoption, i.e. as at 1 January 2018.

28 Standards issued but not yet effective and applied by the Group (continued)

(b) HKFRS 15 Revenue from contracts with customers

HKFRS 15 Revenue from Contracts with Customers establishes a framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including HKAS 18 Revenue, HKAS 11 Construction Contracts, and the related Interpretations when it becomes effective. HKFRS 15 is mandatory for the Group's financial statements for annual periods beginning on or after 1 January 2018. The Group currently plans to adopt this new standard from 1 January 2018.

The new revenue standard requires the transaction price of a contract to be allocated to individual performance obligation (or distinct good or service). Under HKFRS 15, the objective when allocating the transaction price is for an entity to allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for transferring the promised goods or services to the customer.

The Group does not expect the new guidance to have a significant impact on the Group's accounting with respect to the allocation of the transaction price to performance obligations identified. Currently, the Group allocates and recognises revenue among the different distinct elements of a contract separately. The Group apportions revenue earned from a contract, based on and in proportion to the respective amount of consideration that the Group expects to be entitled in exchanging for transferring the distinct promised goods or services.

The new revenue standard introduces specific criteria for determining whether to capitalise certain costs, distinguishing between those costs associated with obtaining a contract and those costs associated with fulfilling a contract. Currently, these costs are expensed as incurred. The accounting for some of these costs will change upon adoption of HKFRS 15. The new standard requires the incremental costs of obtaining contracts to be recognised as an asset when incurred, and expensed over the contract period. Incremental costs of obtaining a contract are those costs that would not have incurred if the contract had not been obtained (for example, sales commissions payable on obtaining a contract). HKFRS 15 also requires some contract fulfillment costs, where they relate to performance obligation which is satisfied over time, to be recognised as an asset when incurred, and expensed on a systematic basis consistent with the pattern of satisfying the performance obligation.

The new revenue standard also introduces expanded disclosure requirements relating to revenue and new guidance on the presentation of contract assets and receivables in the statement of financial position. HKFRS 15 distinguishes between a contract asset and a receivable based on whether receipt of the consideration is conditional on something other than passage of time. Upfront unbilled revenues currently included in the consolidated statement of financial position as receivables will be recorded as contract assets if the receipt of the consideration is conditional upon fulfillment of another performance obligation.

HKFRS 15 permits either a full retrospective or a modified retrospective approach for the adoption. The Group is considering to use the modified retrospective approach for transition to the new revenue standard. Under this transition approach, (i) comparative information for prior periods is not restated; (ii) the date of the initial application of HKFRS 15 is the first day of the annual reporting period in which the Group first applies the requirement of HKFRS 15, i.e. 1 January 2018; (iii) the Group recognises the cumulative effect of initially applying the guidance as an adjustment to the opening balance of retained profit (or other component of equity, as appropriate) in the year of adoption, i.e. as at 1 January 2018; and (iv) the Group may elect to apply the new standard only to contracts that are not completed contracts at 1 January 2018. If the Group adopts the full retrospective approach, the Group plans to use the practical expedients for completed contracts. This means that completed contracts that began and ended in the same comparative reporting period, as well as those that are completed contracts at the beginning of the earliest period presented, will not be restated.

28 Standards issued but not yet effective and applied by the Group (continued)

(c) HKFRS 16 Leases

HKFRS 16 specifies how an entity will recognise, measure, present and disclose leases. HKFRS 16 is mandatory for the Group's financial statements for annual periods beginning on or after 1 January 2019. The Group currently plans to adopt this new standard from 1 January 2019.

The new standard provides a single, on balance sheet lease accounting model for lessees. It will result in almost all leases being recognised by the lessee on the balance sheet, as the distinction between operating and finance leases is removed. Under HKFRS 16, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. In addition, the nature of expenses related to those leases will now change as HKFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. With all other variables remain constant the new accounting treatment will lead to a higher EBITDA and EBIT. The combination of a straight-line depreciation of the right-of-use asset and effective interest rate method applied to the lease liability results in a decreasing "total lease expense" over the lease term. In the initial years of a lease, the new standard will result in an income statement expense which is higher than the straight-line operating lease expense typically recognised under the current standard, and a lower expense after the mid-term of the lease as the interest expense reduces. The Group's profit after tax for a particular year may be affected negatively or positively depending on the maturity of the Group's overall lease portfolio in that year.

As a lessee, the Group can either apply the standard using a full retrospective approach, or a modified retrospective approach with optional practical expedients.

The transition accounting under the full retrospective approach requires entities to retrospectively apply the new standard to each prior reporting period presented. Under this transition approach, an entity will require extensive information about its leasing transactions in order to apply the standard retrospectively. This will include historical information about lease payments and discount rates. It will also include the historical information that the entity would have used in order to make the various judgements and estimates that are necessary to apply the lessee accounting model. The information will be required as at lease commencement, and also as at each date on which an entity would have been required to recalculate lease assets and liabilities on a reassessment or modification of the lease.

In view of the costs and massive complexity involved of applying the full retrospective approach the Group is considering to elect the modified retrospective approach. Under the modified retrospective approach, (i) comparative information for prior periods is not restated; (ii) the date of the initial application of HKFRS 16 is the first day of the annual reporting period in which the Group first applies the requirement of HKFRS 16, i.e. 1 January 2019; and (iii) the Group recognises the cumulative effect of initially applying the guidance as an adjustment to the opening balance of retained profit (or other component of equity, as appropriate) in the year of adoption, i.e. as at 1 January 2019.

The new standard will affect primarily the accounting for the Group's operating leases. The Group has not yet quantified to what extent these changes will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows on adoption of HKFRS 16. The quantitative effect will depend on, inter alia, the transition method chosen, the extent to which the Group uses the practical expedients and recognition exemptions, and any additional leases that the Group enters into.

Group Capital Resources and Other Information

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 2017, approximately 36% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 64% were at fixed rates. The Group has entered into various interest rate agreements with major financial institution counterparties to swap approximately HK$26,188 million principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK$28,468 million principal amount of floating interest rate borrowings that were used to finance long term investments have been swapped to fixed interest rate borrowings. After taking into consideration these interest rate swaps, approximately 35% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 65% were at fixed rates at 30 June 2017. 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' cash flow 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. In 2017, the Group entered into hedges by ways of forward contracts against British Pounds, Euro and Renminbi currency risks. These contracts resulted in realised hedging losses of HK$270 million in the first half which were fully offset by translation gains against the hedged rates on the Group's attributable earnings in those currencies in the half.

The Group's total principal amount of bank and other debts are denominated as follows: 26% in Euro, 39% in US dollars, 5% in HK dollars, 20% in British Pounds and 10% 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 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. Our long-term credit ratings were A3 from Moody's, A- from Standard & Poor's and A- from Fitch, with Moody's and Fitch maintaining stable outlooks on the Group's ratings. In July 2017, Standard & Poor's revised the outlook for the Group to positive.

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% (31 December 2016 – approximately 4%) 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$157,793 million at 30 June 2017, a decrease of 3% from the balance of HK$162,224 million at 31 December 2016, mainly reflecting the acquisition of DUET Group of AUD2,966 million (approximately HK$17,213 million) and UK Broadband Limited of GBP293 million (approximately HK$2,963 million), 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, largely offset by the cash arising from positive funds from operations from the Group's businesses. Liquid assets were denominated as to 18% in HK dollars, 64% in US dollars, 6% in Renminbi, 4% in Euro, 3% in British Pounds and 5% in other currencies.

Cash and cash equivalents represented 95% (31 December 2016 – 96%) of the liquid assets, US Treasury notes and listed/traded debt securities 4% (31 December 2016 – 3%) and listed equity securities 1% (31 December 2016 – 1%). The US Treasury notes and listed/traded debt securities, including those held under managed funds, consisted of US Treasury notes of 56%, government and government guaranteed notes of 17%, notes issued by the Group's associated company, Husky Energy of 4%, notes issued by financial institutions of 1%, and others of 22%. Of these US Treasury notes and listed/traded debt securities, 79% are rated at Aaa/AAA or Aa1/AA+ with an average maturity of 2.9 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 [(1)] amounted to HK$45,311 million for the first half of 2017, an increase of 2% compared to HK$44,256 million for the same period last year. Consolidated funds from operations ("FFO") before cash profits from disposals, capital expenditures, investments and changes in working capital amounts to HK$25,656 million for the period, a 3% increase compared to the same period last year.

The Group's capital expenditures (including licences, brand name and other rights) for the first half of 2017 amounted to HK$8,751 million (30 June 2016 – HK$11,335 million). Capital expenditures on fixed assets for the ports and related services division amounted to HK$847 million (30 June 2016 – HK$598 million); for the retail division HK$891 million (30 June 2016 – HK$578 million); for the infrastructure division HK$2,580 million (30 June 2016 – HK$3,393 million); for **3** Group Europe HK$2,840 million (30 June 2016 – HK$4,245 million); for HTHKH HK$429 million (30 June 2016 – HK$457 million); for HAT HK$1,051 million (30 June 2016 – HK$1,960 million); and for the finance and investments and others segment HK$113 million (30 June 2016 – HK$104 million).

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

During the first half of 2017, the Group acquired UK Broadband Limited for HK$2,963 million (30 June 2016 – HK$278 million for acquisition of additional interest in a subsidiary for the ports and relates services division).

Purchases of and advances to associated companies and joint ventures, net of repayments from associated companies and joint ventures, resulted in a net cash outflow of HK$17,944 million (30 June 2016 – net cash inflow HK$915 million). The outflow in the first six months of 2017 mainly represented the payment for the acquisition of DUET Group and the cash inflow for the first six months of 2016 was mainly for the net repayments from various associated companies and joint ventures.

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

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 2017 amounted to HK$327,840 million (31 December 2016 – HK$304,030 million) which comprises principal amount of bank and other debts of HK$316,817 million (31 December 2016 – HK$292,047 million) and unamortised fair value adjustments arising from acquisitions of HK$11,023 million (31 December 2016 – HK$11,983 million). The Group's total principal amount of bank and other debts at 30 June 2017 consist of 64% notes and bonds (31 December 2016 – 70%) and 36% bank and other loans (31 December 2016 – 30%). The Group's weighted average cost of debt for the period ended 30 June 2017 is 2.3% (30 June 2016 – 2.1%). Interest bearing loans from non-controlling shareholders, which are viewed as quasi-equity, totalled HK$2,976 million as at 30 June 2017 (31 December 2016 – HK$4,283 million).

The maturity profile of the Group's total principal amount of bank and other debts at 30 June 2017 is set out below:

	HK$	**US$**	**Euro**	**GBP**	**Others**	**Total**
In the remainder of 2017	–	9%	–	2%	–	**11%**
In 2018	–	1%	1%	–	2%	**4%**
In 2019	2%	7%	–	–	2%	**11%**
In 2020	1%	1%	6%	4%	1%	**13%**
In 2021	1%	4%	8%	–	1%	**14%**
In 2022 – 2026	1%	12%	9%	6%	4%	**32%**
In 2027 – 2036	–	5%	2%	5%	–	**12%**
Beyond 2036	–	–	–	3%	–	**3%**
Total	5%	39%	26%	20%	10%	**100%**

The non-HK dollar and non-US dollar denominated loans are either directly related to the Group's businesses in the countries of the currencies concerned, or the loans are balanced by assets in the same currencies. None of the Group's consolidated borrowings 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 2017 were as follows:

- In January, repaid US$1,000 million (approximately HK$7,800 million) principal amount of fixed rate notes on maturity;
- In January, obtained a five-year floating rate loan facility of US$86 million (approximately HK$671 million);
- In February, listed subsidiary CKI obtained a one-year floating rate loan facility of AUD750 million (approximately HK$4,455 million), a five-year floating rate loan facility of AUD500 million (approximately HK$2,970 million) and a five-year floating rate loan facility of AUD300 million (approximately HK$1,782 million);

- In March, made a drawdown of US$1,200 million (approximately HK$9,360 million) loan under a three-year floating rate Hong Kong / US Dollar loan facility of HK$9,500 million that was obtained in the same month, and applied the proceeds of such loan towards prepayment of a floating rate loan of EUR1,113 million (approximately HK$9,335 million) maturing in May 2017;
- In March, obtained a five-year floating rate loan facility of US$200 million (approximately HK$1,560 million);
- In March, issued US$1,000 million (approximately HK$7,800 million) guaranteed notes due 2022 and US$800 million (approximately HK$6,240 million) guaranteed notes due 2027;
- In March, listed subsidiary CKI obtained a three-year floating rate loan facility of GBP300 million (approximately HK$2,907 million);
- In March, listed subsidiary CKI obtained a five-year floating rate loan facility of AUD103 million (approximately HK$612 million);
- In March, listed subsidiary CKI made a drawdown of an AUD550 million (approximately HK$3,275 million) loan under a five-year floating rate loan facility that was obtained in December 2016 to prepay an AUD550 million (approximately HK$3,275 million) floating rate loan maturing in May 2017;
- In March, listed subsidiary CKI obtained and made a drawdown of an JPY12,000 million (approximately HK$847 million) loan under a five-year floating rate loan facility to prepay a JPY12,000 million (approximately HK$847 million) floating rate loan;
- In April, an unlisted subsidiary of the infrastructure division issued twenty-year, GBP100 million (approximately HK$996 million) fixed rate notes;
- In May, obtained two three-year floating rate loan facilities of HK$1,650 million each;
- In May, obtained a five-year floating rate loan facility of SEK4,300 million (approximately HK$3,784 million);
- In May, the US$1,000 million (approximately HK$7,800 million) Subordinated Guaranteed Perpetual Capital Securities issued by Hutchison Whampoa International (12) Limited were redeemed in full at first call date;
- In May, issued US$1,000 million (approximately HK$7,800 million) Subordinated Guaranteed Perpetual Capital Securities;
- In May, listed subsidiary CKI repaid a floating rate loan facility of AUD103 million (approximately HK$593 million) on maturity;
- In May, repaid a floating rate loan facility of HK$3,296 million on maturity;
- In June, prepaid US$100 million (approximately HK$780 million) of a US$165 million floating rate loan facility maturing in June 2018;
- In June, repaid EUR1,250 million (approximately HK$10,888 million) principal amount of fixed rate notes on maturity;
- In June, obtained a three-year floating rate loan facility of US$1,000 million (approximately HK$7,800 million);
- In June, listed subsidiary CKI repaid US$300 million (approximately HK$2,340 million) principal amount of floating rate notes on maturity; and
- In June, obtained a ten-year fixed rate loan facility of GBP100 million (approximately HK$984 million);

Furthermore, the significant debt financing activities undertaken by the Group subsequent to the period ended 30 June 2017 were as follows:

- In July, the HK$1,000 million Guaranteed Senior Perpetual Securities issued by Cheung Kong Bond Securities (02) Limited were redeemed in full; and
- In August, repaid US$500 million (approximately HK$3,900 million) principal amount of fixed rate notes on maturity.

Capital, Net Debt and Interest Coverage Ratios

The Group's total ordinary shareholders' funds and perpetual capital securities increased to HK$436,941 million as at 30 June 2017, compared to HK$424,679 million as at 31 December 2016, reflecting the Group's profit for the first half of 2017 and other items recognised directly in reserves, partly offset by the 2016 final dividend and distributions paid.

As at 30 June 2017, the consolidated net debt of the Group, excluding interest bearing loans from non-controlling shareholders which are viewed as quasi-equity, was HK$170,047 million (31 December 2016 – HK$141,806 million), a 20% increase compared to the net debt at the beginning of the year, resulting in an increase of the Group's net debt to net total capital ratio to 23.2% as at 30 June 2017 (31 December 2016 – 20.5%). The Group's consolidated cash and liquid investments as at 30 June 2017 were sufficient to repay all outstanding consolidated Group's principal amount of debt maturing before 2021.

The Group's consolidated gross interest expenses and other finance costs of subsidiaries, before capitalisation in the first half of 2017 was HK$4,066 million. Reported EBITDA of HK$45,311 million and FFO of HK$25,656 million for the period covered consolidated net interest expenses and other finance costs 19.1 times and 12.5 times respectively.

Secured Financing

At 30 June 2017, assets of the Group totalling HK$26,041 million (31 December 2016 – HK$24,994 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 2017 amounted to the equivalent of HK$15,908 million (31 December 2016 – HK$15,335 million).

Contingent Liabilities

At 30 June 2017, the Group provided guarantees in respect of bank and other borrowing facilities to its associated companies and joint ventures totalling HK$3,802 million (31 December 2016 – HK$3,797 million), of which HK$3,123 million (31 December 2016 – HK$3,063 million) has been drawn down as at 30 June 2017 and also provided performance and other guarantees of HK$4,006 million (31 December 2016 – HK$3,950 million).

Purchase, Sale or Redemption of Listed Shares

During the six months ended 30 June 2017, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed shares of the Company.

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 as it believes that effective corporate governance practices are fundamental to promoting and safeguarding interests of shareholders and other stakeholders and enhancing shareholder value.

The Company has complied throughout the six months ended 30 June 2017 with all the code provisions of the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), other than those in respect of the nomination committee. The Company has considered the merits of establishing a nomination committee but is of the view that it is in the best interests of the Company that the Board of Directors (the "Board") collectively reviews, determines 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 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.

Compliance with the Model Code for Securities Transactions by Directors

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 that they have complied with the required standards set out in such code regarding their securities transactions throughout the six months ended 30 June 2017.

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 2017 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 of PricewaterhouseCoopers is set out on page 23 in the Announcement. The unaudited condensed consolidated financial statements of the Company and its subsidiary companies for the six months ended 30 June 2017 have also been reviewed by the Audit Committee of the Company.

Record Date for Interim Dividend

The record date for the purpose of determining shareholders' entitlement to the interim dividend is Tuesday, 5 September 2017.

In order to qualify for the interim dividend payable on Thursday, 14 September 2017, 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 Tuesday, 5 September 2017.

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.

Past Performance and Forward Looking Statements

The performance and the results of the operations of the Group contained in the 2017 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 2017 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 2017 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)*
Ms Edith SHIH

Non-executive Directors:

Mr CHOW Kun Chee, Roland
Mrs CHOW WOO Mo Fong, Susan
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

2017 Interim Results

Operations Analysis

(Incorporated in the Cayman Islands with limited liability)

Disclaimer

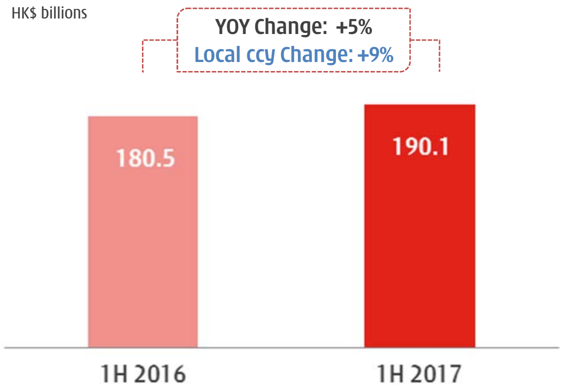
Potential investors and shareholders of the Company (the "Potential Investors and Shareholders") are reminded that information contained in this Presentation comprises extracts of operational data and financial information of the Group for the six months period ended 30 June 2017. The information included 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 2017 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.

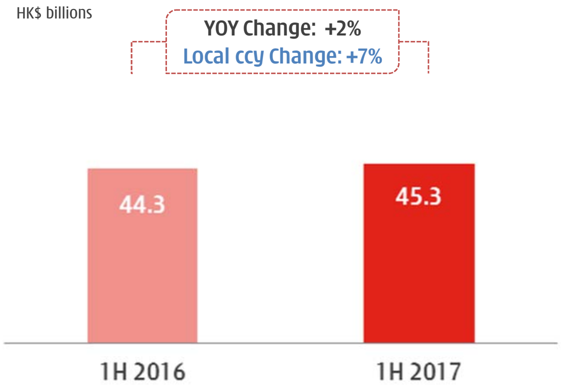
Potential Investors and Shareholders should exercise caution when investing in or dealing in the securities of the Company.

1H 2017 Financial Highlights

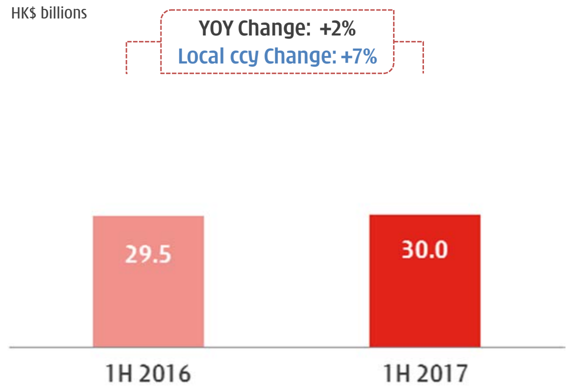
Total Revenue (1)



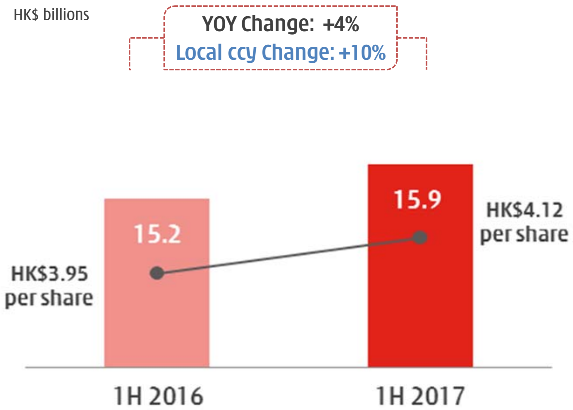
Reported EBITDA (1)



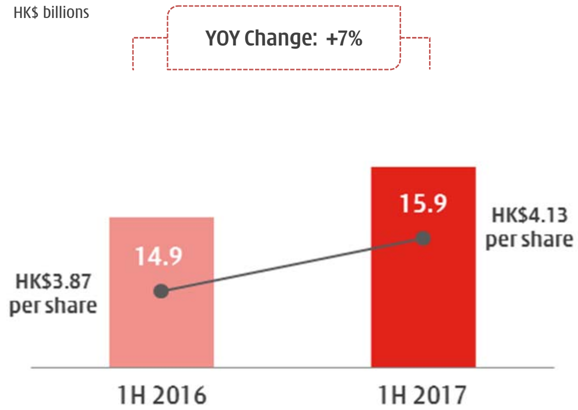
Reported EBIT (1)



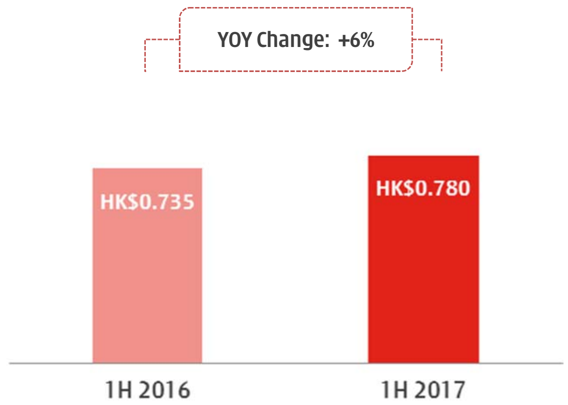
Recurring Earnings & EPS (2)



Reported Earnings & EPS (3)



Interim Dividends



Note (1): Total revenue, EBITDA and EBIT include the Group's proportionate share of associated companies and joint ventures' respective items.

Note (2): Recurring earnings and recurring EPS were calculated based on profit attributable to ordinary shareholders before profits on disposal of investments and others, after tax.

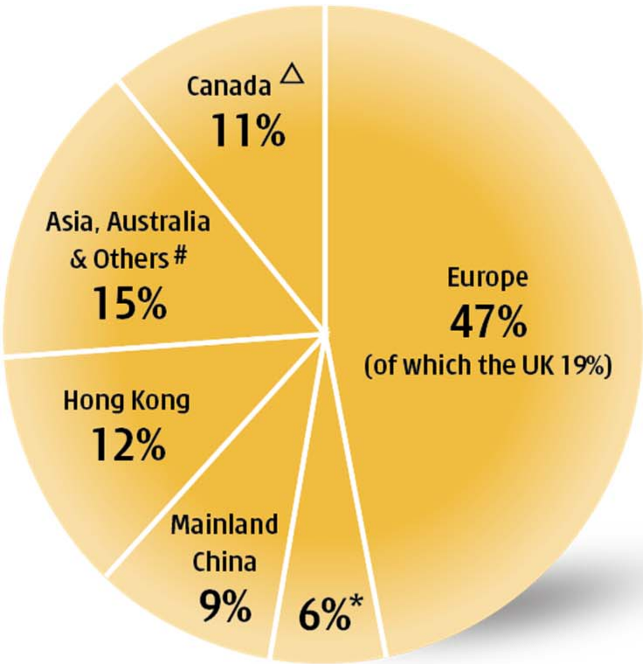
Note (3): Profits on disposal of investments and others after tax in 1H 2017 was a profit of HK$27 million representing the Group's 50% share of operating results, after consolidation adjustments, of Vodafone Hutchison Australia ("VHA") which has reported improved performances in the period. This is compared to a charge of HK$307 million recorded in 1H 2016 that included an impairment charge on certain non-core investments held by the ports operation of HK$577 million, the Group's 50% share of VHA's operating losses of HK$328 million and partially offsetting a marked-to-market gain upon acquisition of additional interest in an existing port operation of HK$598 million. The Group's 50% share of VHA's operating results continued to be included 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.

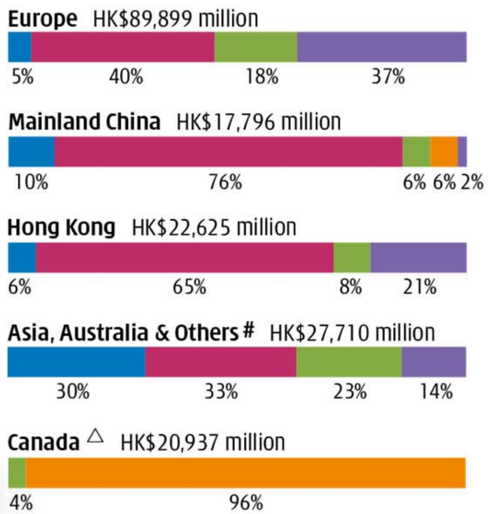
Business & Geographical Diversification

1H 2017 Total Revenue : HK$190,053 million

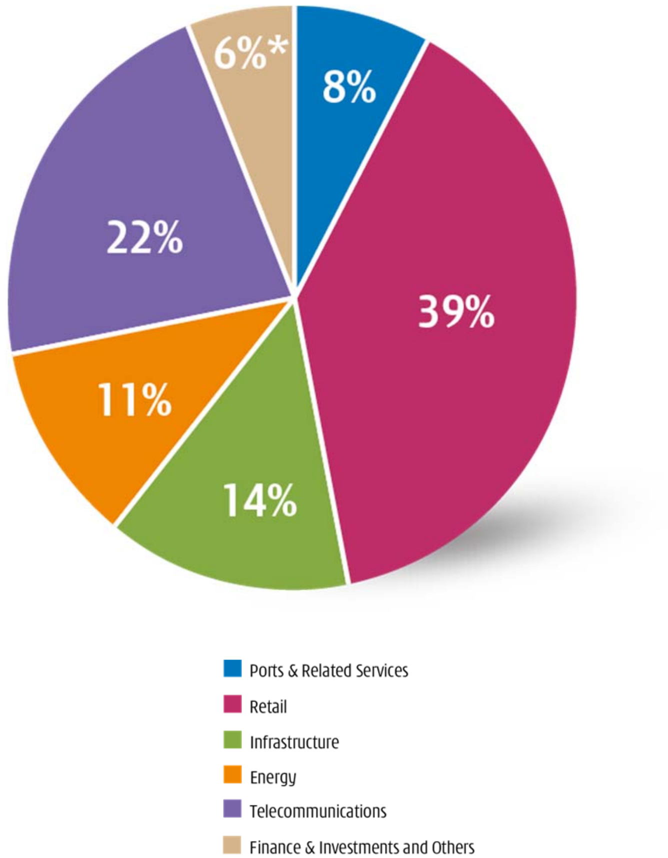
Increase 5% in reported currency (Increase 9% in local currencies)

By Geographical Location





By Division



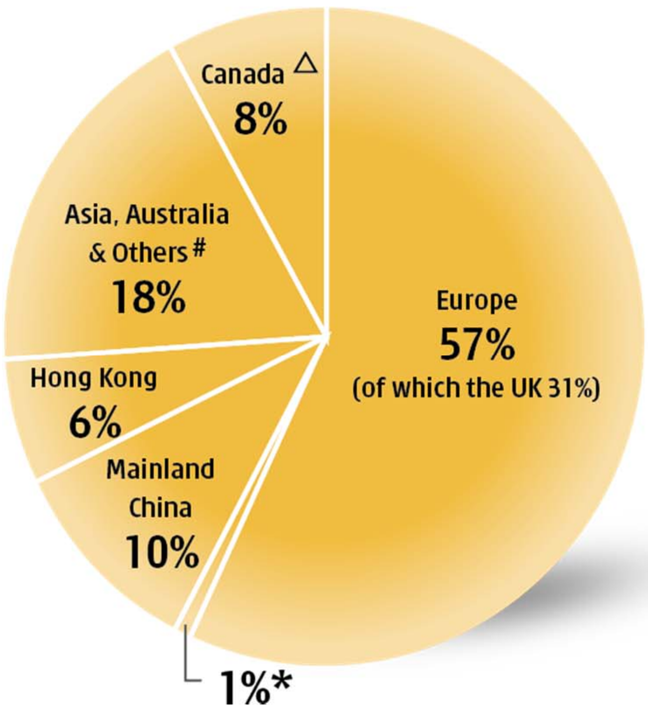
* Represents contributions from Finance & Investments and Others
# Includes Panama, Mexico and the Middle East
△ Includes contribution from the USA for Husky Energy

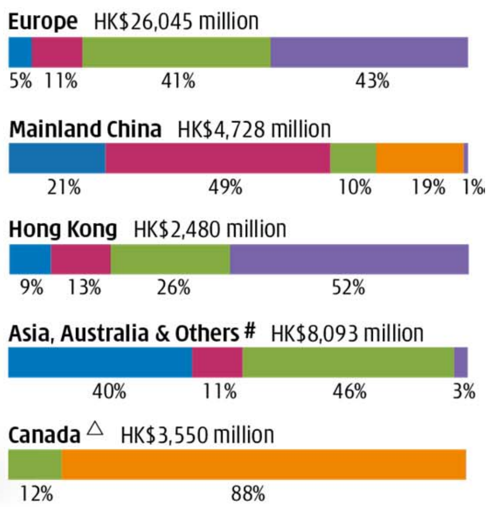
Business & Geographical Diversification

1H 2017 Reported EBITDA: HK$45,311 million

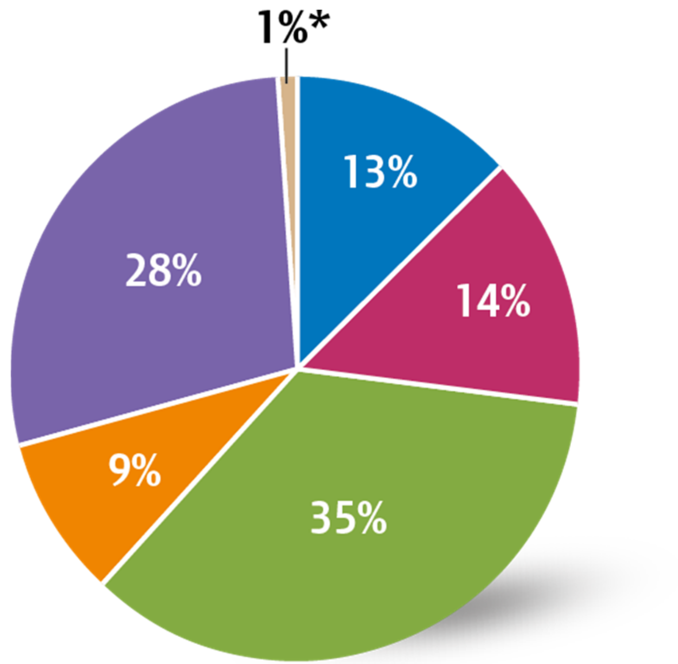
Increase 2% in reported currency (Increase 7% in local currencies)

By Geographical Location





By Division



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

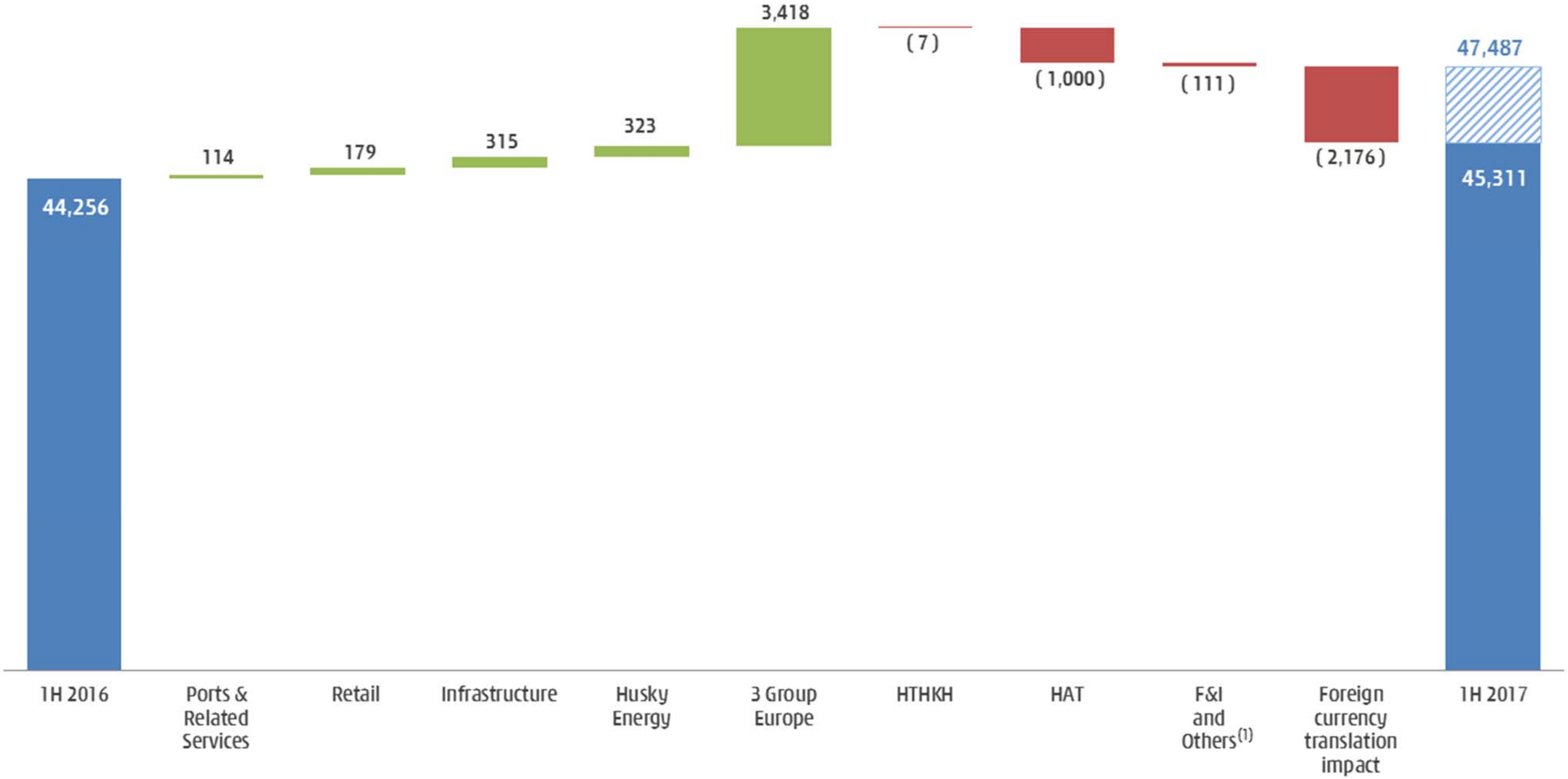
* Represents contributions from Finance & Investments and Others
\# Includes Panama, Mexico and the Middle East
△ Includes contribution from the USA for Husky Energy

Business & Geographical Diversification

Reported EBITDA

EBITDA growth: +2%
Local currencies growth: +7%

HK$ millions



	Ports & Related Services	Retail	Infrastructure	Husky Energy	3 Group Europe	HTHKH	HAT	F&I and Others(1)	Foreign currency translation impact	1H 2017
1H 2017	5,706	6,527	15,841	4,002	11,255	1,309	256	415		45,311
1H 2016	5,744	6,562	16,691	3,686	8,492	1,316	1,248	517		44,256
Variance	(38)	(35)	(850)	316	2,763	(7)	(992)	(102)		1,055
% Change	*-1%*	*-1%*	*-5%*	*9%*	*33%*	*-1%*	*-79%*	*-20%*		*2%*
FX impact	(152)	(214)	(1,165)	(7)	(655)	-	8	9		(2,176)
Underlying variance	114	179	315	323	3,418	(7)	(1,000)	(111)		3,231
% Change in local currencies	*2%*	*3%*	*2%*	*9%*	*40%*	*-1%*	*-80%*	*-21%*		*7%*

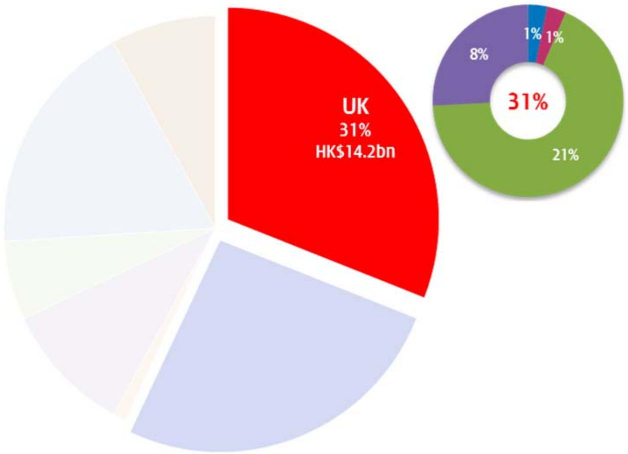
Note (1): F&I and Others includes Hutchison Whampoa (China), Hutchison E-Commerce, Hutchison China MediTech, TOM Group, Hutchison Water, the Marionnaud business, CK Life Sciences, and corporate overheads & expenses.

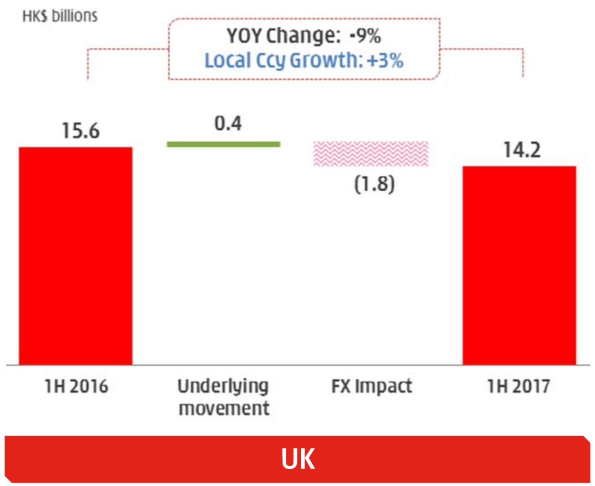
- represents adverse foreign exchange translation impact

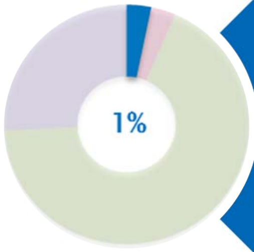
European Contribution

UK Focus

TOTAL EBITDA[1]: HK$45.3 billion

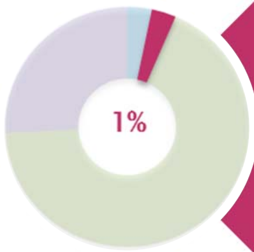






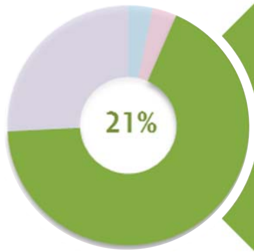
PORTS

- Modest YOY throughput growth & tariffs in 1H 2017
- World's largest container ship with 21,000 TEU made its maiden call at Felixstowe in June 2017



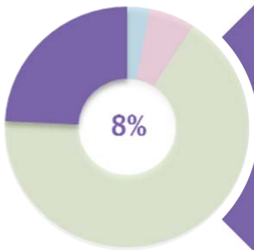
RETAIL

- The UK businesses achieved 4.2% comparable store sales growth & 17% EBITDA growth in local currency in 1H 2017
- Superdrug & Savers growth rates outperformed the UK Retail Sales Index
- Added 13 new stores in 1H 2017 & plans to open around 65 stores in 2H 2017



INFRASTRUCTURE

- Regulatory resets have all completed, laying down the foundation for stable returns for the coming years
- Next tariff reset earliest in 2020



TELECOMMUNICATIONS

- Tariff adjusted for RPI in mid-May
- Operating costs increased as operation going through IT transformation & network enhancement to better position itself for future growth
- Completed UK Broadband acquisition in May 2017 which holds certain spectrum for future 5G network development

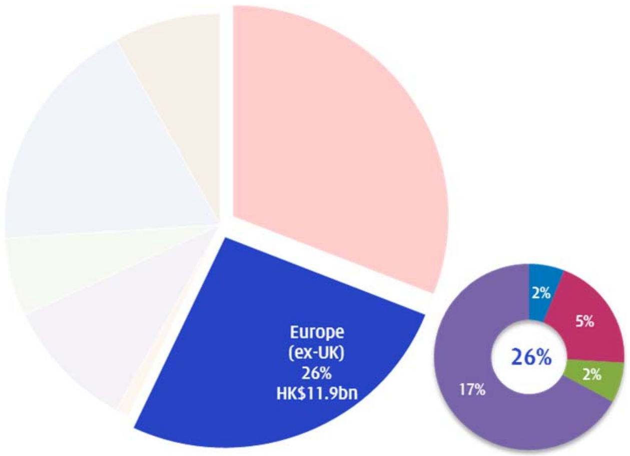
Note (1): EBITDA excludes (i) non-controlling interests' share of results of HPH Trust and (ii) profits on disposal of investments & others.

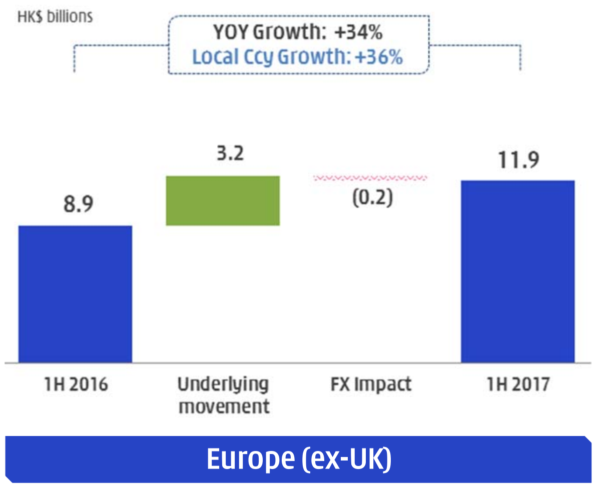
Note (2): All percentages in the pie charts represent % of the Group's total amount.

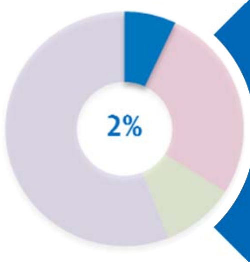
European Contribution

Europe (ex-UK) Focus

TOTAL EBITDA[1]: HK$45.3 billion

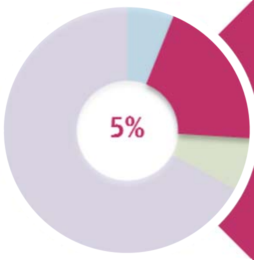






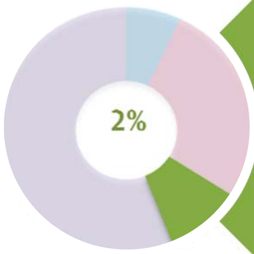
PORTS

- Throughput stable in 1H 2017 as higher volumes at Barcelona fully offset the drop in Rotterdam due to intensified competition in the area
- Improved cost efficiencies through reduction in cost per move, while maintaining high productivity levels compared to its peers



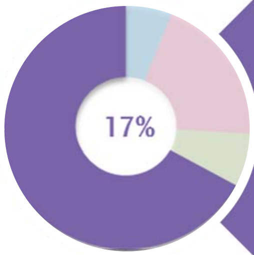
RETAIL

- Kruidvat in Benelux continued to be H&B market leader in Benelux
- Rossmann Poland continued to be the market leader in Poland & delivered solid EBITDA growth



INFRASTRUCTURE

- Non-regulated renewable energy business in Portugal strongly supported by the government
- Largest energy-from-waste company in the Netherlands



TELECOMMUNICATIONS

- Wind Tre in Italy was the largest contributor of growth in 1H 2017 & continue to realise synergies from the merger as planned
- All European operations reported EBITDA less capex positive

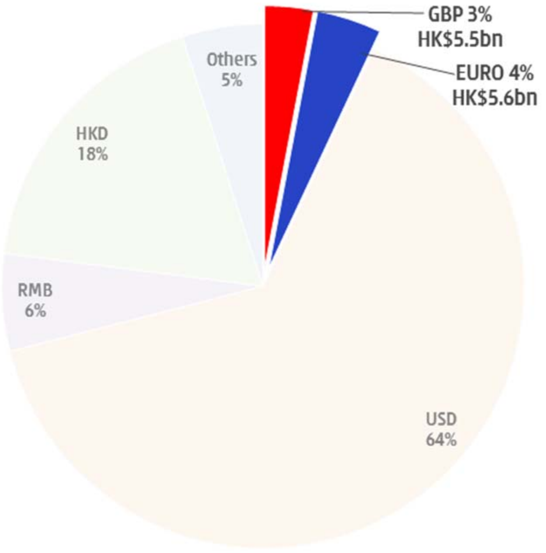
Note (1): EBITDA excludes (i) non-controlling interests' share of results of HPH Trust and (ii) profits on disposal of investments & others.

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

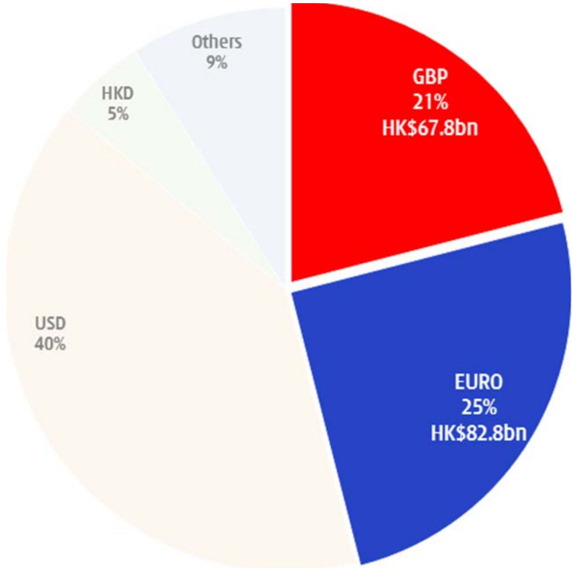
European Contribution

長江和記實業有限公司 CK HUTCHISON HOLDINGS LIMITED

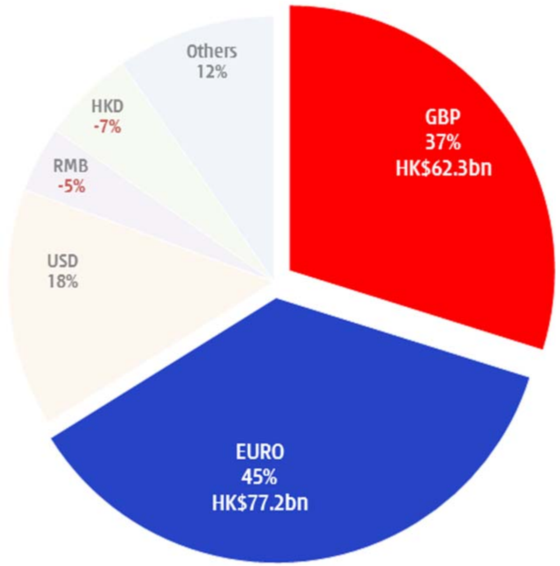
Cash & Cash Equivalent: HK$157.8 billion



Gross Debt[(4)]: HK$327.8 billion

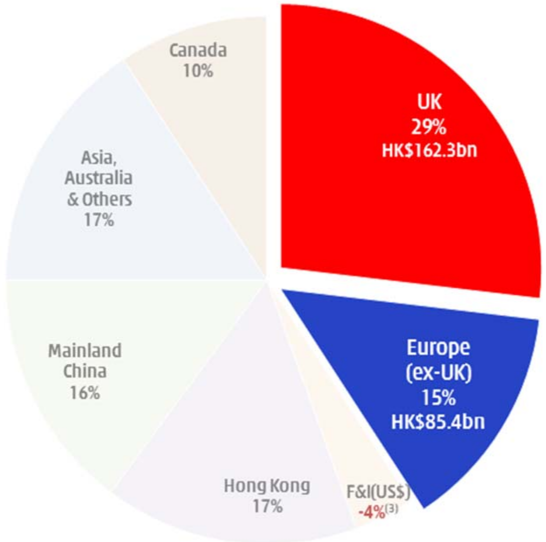


Net Debt: HK$170.0 billion



Currency Sensitivities HK$ billions	10% depreciation GBP against HKD[(2)]	10% depreciation EURO against HKD[(2)]
EBITDA	↓ 1.4	↓ 0.9
Cash & Cash Equivalent	↓ 0.6	↓ 0.6
Gross Debt	↓ 6.8	↓ 8.3
Net Debt	↓ 6.2	↓ 7.7
Net Assets	↓ 11.7	↓ 2.5
Gross Debt / Annualised EBITDA (times)	Flat	Flat
Net Debt Ratio (%-point)	↓ 0.3%	↓ 0.7%

Net Assets: HK$558.7 billion



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

Note (2): Impact on the Group's 1H 2017 results

Note (3): Mainly represents USD debt at corporate level

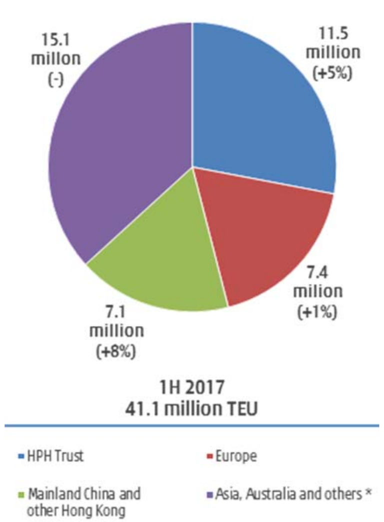
Note (4): Includes amortised fair value adjustments arising from acquisitions of HK$11,023 million

Ports and Related Services

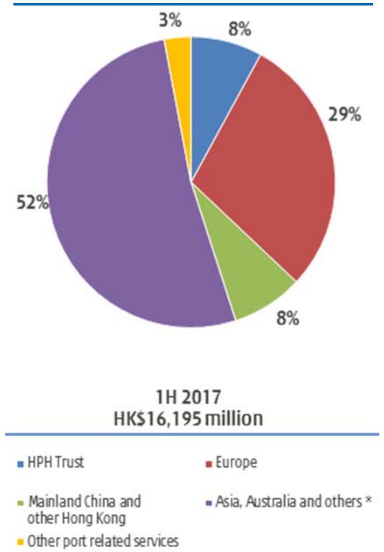
	1H 2017 (1) HK$ millions	1H 2016 (1) HK$ millions	% Change	% Change in local currencies
Total Revenue	**16,195**	16,142	Flat	+3%
EBITDA	**5,706**	5,744	-1%	+2%
EBIT	**3,623**	3,722	-3%	Flat
Throughput	**41.1 million TEU**	40.0 million TEU	+3%	NA

- Throughput increased by 3% to 41.1 million TEU in 1H 2017, mainly due to steady volume growth in Mainland China, Hong Kong, Barcelona and increased contribution from the new port in Pakistan, partly offset by volume reduction in Rotterdam, Jakarta and Dammam from continued intense competition from new market entrants.
- Although underlying performance has improved, the results for 1H 2017 were adversely affected by exchange translation impact with total revenue being flat against 1H 2016 and EBITDA decreased by 1%. In local currencies, revenue and EBITDA increased 3% and 2% respectively, primarily driven by higher throughput. EBIT decreased 3% in reported currency, but remained flat against 1H 2016 in local currencies as the EBITDA improvements were offset by the higher depreciation charge from recent expansions of several ports and facilities.
- The division had 276 operating berths[2] as at 30 June 2017, with the increase of one new berth commencing operations in Pakistan in May 2017.

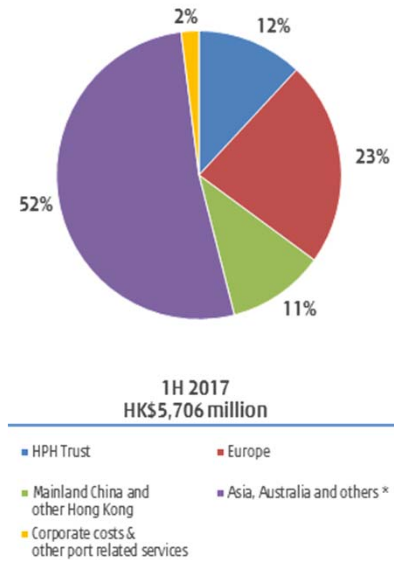
Total Container Throughput (+3%)
by Subdivision



Total Revenue
(flat in reported currency)
by Subdivision



Total EBITDA
(-1% in reported currency)
by Subdivision



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

Outlook

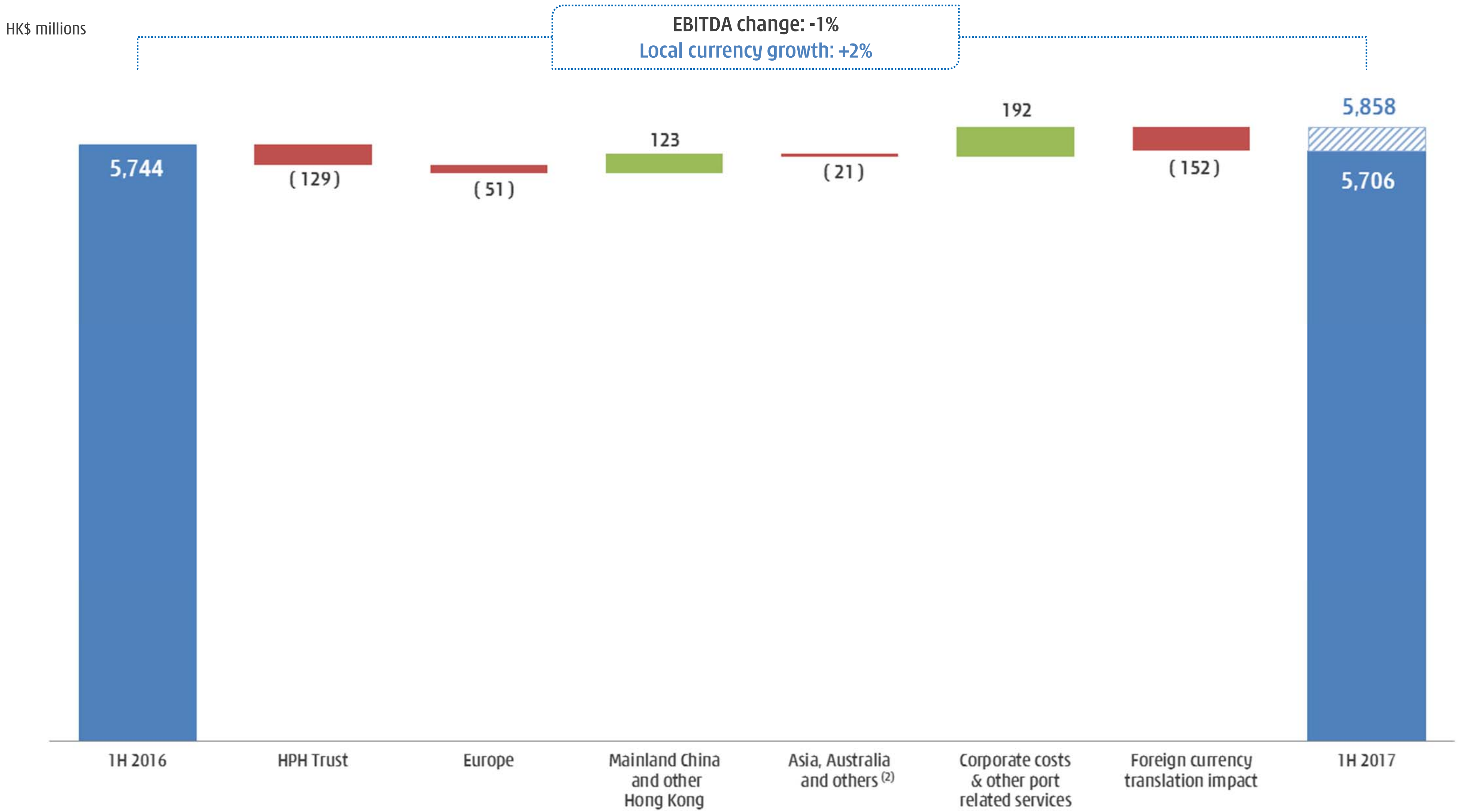
- This division will continue to focus on strict cost discipline and improvements in productivity, and is expected to benefit in the second half from a continuing modest recovery in global trade.

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

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[1] Change



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

Note (2): Asia, Australia and others includes Panama, Mexico and the Middle East.

- represents adverse foreign exchange translation impact

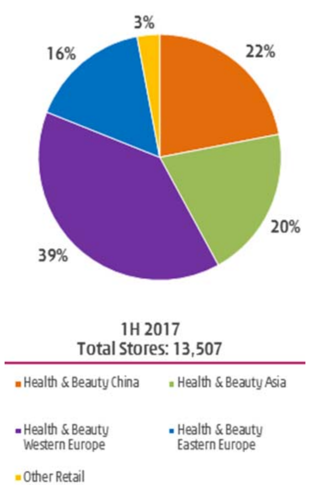
Retail

長江和記實業有限公司
CK HUTCHISON HOLDINGS LIMITED

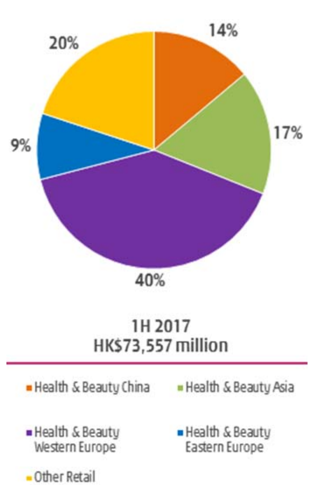
	1H 2017 HK$ millions	1H 2016 HK$ millions	% Change	% Change in local currencies
Total Revenue	73,557	73,413	Flat	+3%
EBITDA	6,527	6,562	-1%	+3%
EBIT	5,232	5,338	-2%	+1%
Store Numbers	13,507	12,657	+7%	NA

	STORE NUMBERS		
	1H 2017	1H 2016	% Change
H&B China	3,014	2,622	+15%
H&B Asia	2,634	2,438	+8%
H&B China & Asia Subtotal	5,648	5,060	+12%
H&B Western Europe	5,232	5,075	+3%
H&B Eastern Europe	2,166	2,048	+6%
H&B Europe Subtotal	7,398	7,123	+4%
H&B Subtotal	13,046	12,183	+7%
Other Retail[(1)]	461	474	-3%
Total Retail	13,507	12,657	+7%

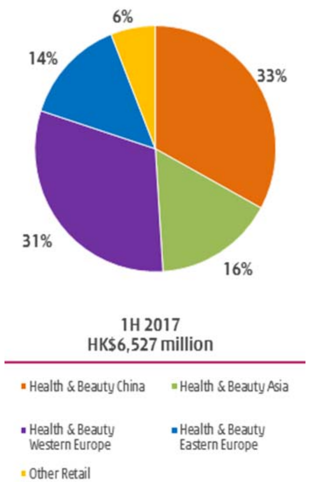
Total Retail Store Numbers (+7%)
by Subdivision



Total Revenue
(flat in reported currency)
by Subdivision



EBITDA
(-1% in reported currency)
by Subdivision



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

- The H&B segment, which represents 94% of the division's EBITDA, demonstrated solid growth rates with revenue and EBITDA up by 7% and 3% respectively in local currencies, mainly driven by a 7% increase in number of stores to 13,046 stores as at 30 June 2017 and a 1.3% comparable store sales growth.
- The H&B segment overall opened around 450 new stores in 1H 2017, of which 65% were in the Mainland and certain Asian countries. On average, new store payback was 10 months in 1H 2017.

Retail

長江和記實業有限公司
CK HUTCHISON HOLDINGS LIMITED

HK$ millions	TOTAL REVENUE				EBITDA						COMPARABLE STORE SALES GROWTH % (1)	
	1H 2017	1H 2016	% Change	Local Ccy % Change	1H 2017	EBITDA Margin %	1H 2016	EBITDA Margin %	% Change	Local Ccy % Change	1H 2017	1H 2016
H&B China	10,615	10,630	-	+4%	2,186	21%	2,349	22%	-7%	-3%	-6.2% (2)	-8.5%
H&B Asia	12,106	11,452	+6%	+7%	1,043	9%	909	8%	+15%	+17%	+3.2%	+2.2%
H&B China & Asia Subtotal	22,721	22,082	+3%	+6%	3,229	14%	3,258	15%	-1%	+3%	-1.3%	-3.1%
H&B Western Europe	29,298	28,962	+1%	+7%	2,047	7%	2,076	7%	-1%	+4%	+2.4%	+3.3%
H&B Eastern Europe	6,772	6,155	+10%	+9%	881	13%	839	14%	+5%	+4%	+4.2%	+5.2%
H&B Europe Subtotal	36,070	35,117	+3%	+7%	2,928	8%	2,915	8%	-	+4%	+2.7%	+3.6%
H&B Subtotal	58,791	57,199	+3%	+7%	6,157	10%	6,173	11%	-	+3%	+1.3%	+1.1%
Other Retail	14,766	16,214	-9%	-9%	370	3%	389	2%	-5%	-5%	-5.5%	-9.7%
Total Retail	73,557	73,413	-	+3%	6,527	9%	6,562	9%	-1%	+3%	-	-1.2%

Note (1): *Comparable stores 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.*

Note (2): *Including CRM sales recovered in the new stores, comparable store sales decline reduced from 6.2% to 2.2% in 1H 2017.*

- Comparable store sales growth remained healthy for the H&B segment at 1.3% with good growth in H&B Asia and Eastern Europe, as well as narrowing declines in Watsons China, for which the negative comparable store sales growth reduced to 2.7% in Q2 2017. Although H&B UK reported a slight reduction in comparable store sales growth rate, they have outperformed the UK retail market index.
- H&B China, the largest profit contributor to this division, was negatively impacted by a 5% RMB depreciation in reported currency. In local currency, revenue grew 4% against same period last year reflecting a 15% increase in store numbers, partly offset by a negative 6.2% comparable stores sales decline in mature stores.
  - Encouragingly, comparable store sales decline recovered from the negative 10.1% for the full year 2016 and also showed continuing improvement with the decline narrowed to negative 2.7% in Q2-2017.
  - As the new store opening strategy follows closely with trade zone shifts, by tracking CRM sales performance, approx. 65% of the sales decline in the comparable store base have been recovered in the new stores opened in the proximity. Taking into account the CRM sales recovery, the comparable store sales decline would reduce from 6.2% to 2.2% in 1H 2017 (Full year 2016 would reduce from 10.1% to 5.0%).
  - Other strategic actions taken since late 2016, such as store segregation and renovations have led to a notable improvement in the performance of the mature stores. Although EBITDA was 3% lower than same period last year in local currency due to comparable store sales decline in mature stores and extended lead times in new store maturities resulting in a higher overall store operating cost base, EBITDA margin still maintained at a good profitability level of 21%.
- EBITDA growth in the H&B segment remained strong, particularly H&B Asia with a 17% growth in local currencies as well as in Europe, which grew 4% in 1H 2017.

Outlook

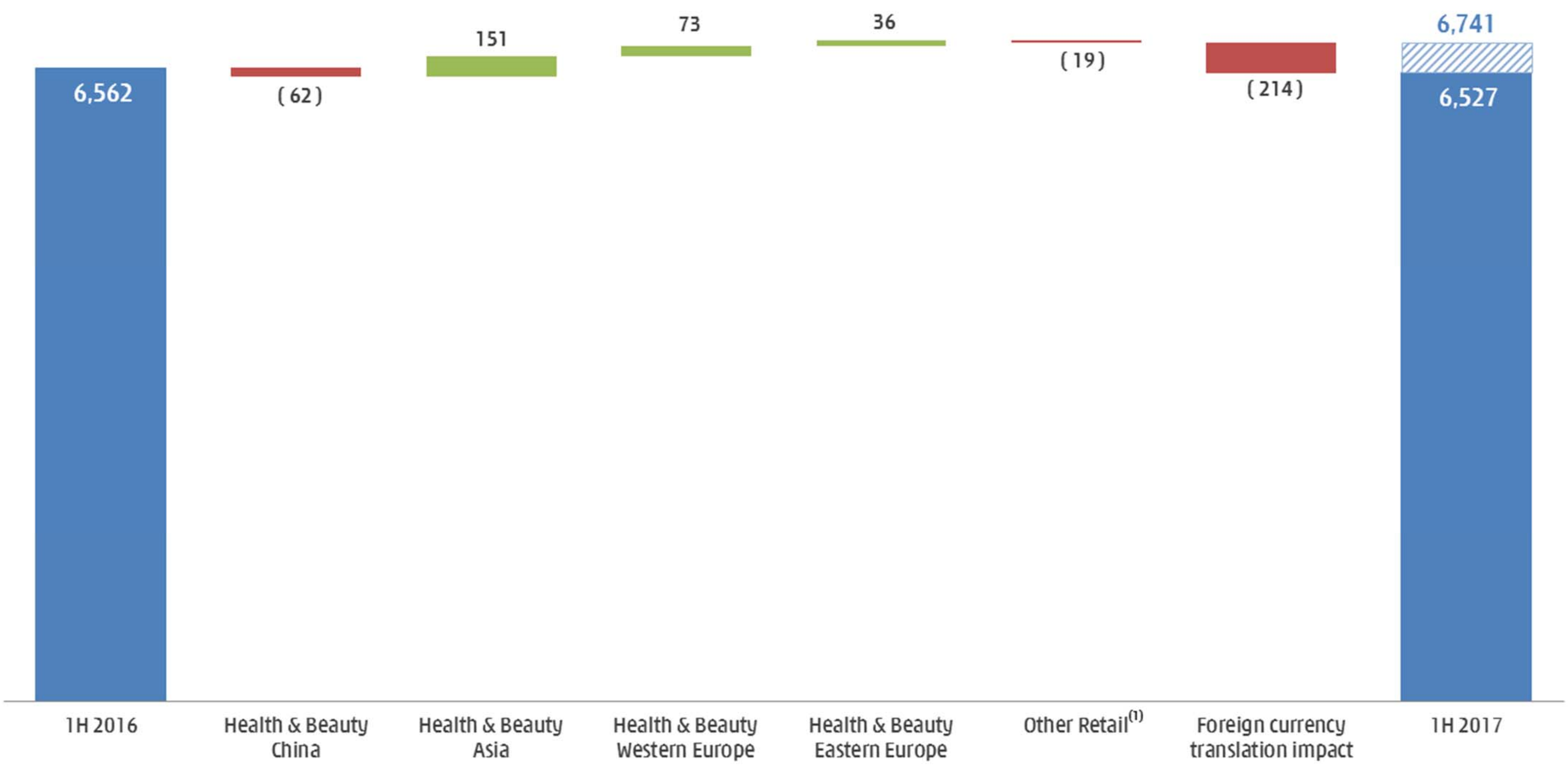
- Strategically, the retail division plans to continue expanding its store network through organic growth in 2H 2017, as well as focusing on developing big data analytics capabilities to complement its extensive store network.

Retail

EBITDA Change

HK$ millions

EBITDA change: -1%
Local currencies growth: +3%



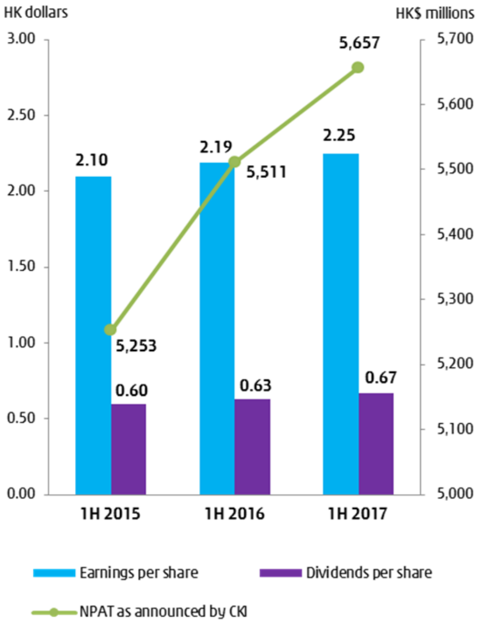
Note (1): Other Retail includes PARKnSHOP, Fortress, Watson's Wine and manufacturing operations for water and beverage businesses.

- represents adverse foreign exchange translation impact

Infrastructure

	1H 2017 HK$ millions	1H 2016 HK$ millions	% Change	% Change in local currency
Total Revenue	25,918	27,221	-5%	+2%
EBITDA	15,841	16,691	-5%	+2%
EBIT	11,949	12,291	-3%	+4%

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



- In reported currency, excluding the disposed aircraft leasing business contribution in 1H 2016, total revenue, EBITDA and EBIT of HK$25,918 million, HK$15,841 million and HK$11,949 million respectively remained relatively stable compared to 1H 2016, as the improved underlying performance were largely offset by adverse foreign currency translation.

CK Infrastructure ("CKI")

- CKI announced profit attributable to shareholders for 1H 2017 of HK$5,657 million, 3% higher than HK$5,511 million reported for 1H 2016, which includes the accretive contributions from the acquisition of DUET Group in May 2017 and Husky Midstream Limited Partnership in July 2016. The result was achieved despite the Sterling reduction of over 10% compared to 1H 2016, as well as the one-off gain on disposal of Spark Infrastructure Group in 1H 2016.
- In May 2017, CKI acquired 40% interest in the DUET Group, owner and operator of energy utility assets in Australia, the United States, the United Kingdom and Europe, which was listed on the Australian Securities Exchange, for an estimated total consideration of approximately A$3.0 billion.
- In July 2017, CKI entered into an agreement with Cheung Kong Property Holdings Limited to acquire 25% interest in CKP (Canada) Holdings Limited, with its subsidiaries principally engaged in building equipment services business in Canada and the United States, for a consideration of approximately C$715 million. Completion of the transaction is subject to approval of independent shareholders of Cheung Kong Property Holdings Limited.
- In July 2017, CKI and Cheung Kong Property Holdings Limited entered into an agreement to acquire 100% interest in ista Luxemburg GmbH, a fully integrated energy management services provider in Europe. CKI's maximum financial commitment will be €1,575 million. Completion is subject to the approvals by independent shareholders of both CKI and Cheung Kong Property Holdings Limited, as well as regulatory approvals. Upon completion, CKI will hold 35% interest in the target company.
- The aircraft leasing business was sold in December 2016.

Outlook

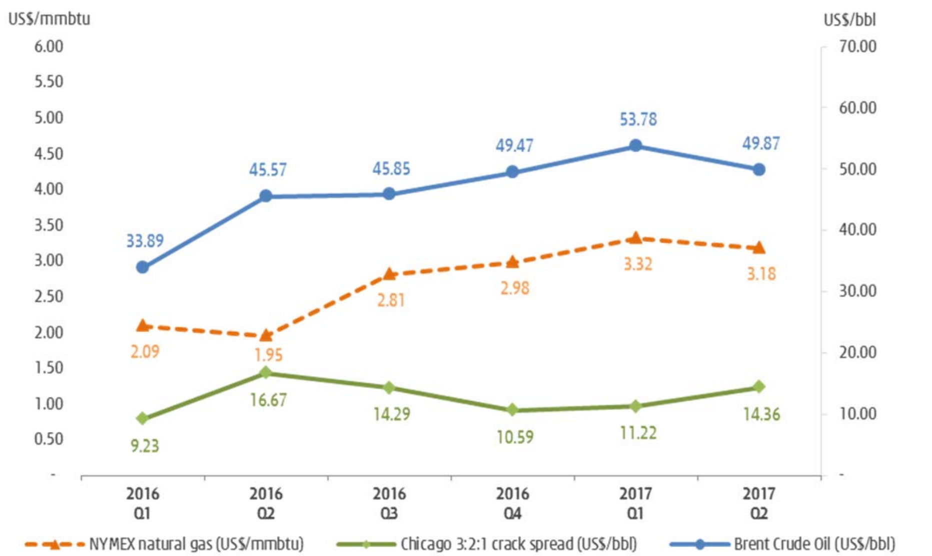
- CKI will continue to maintain its strong financial position and continue to pursue further growth opportunities.

Energy

長江和記實業有限公司
CK HUTCHISON HOLDINGS LIMITED

	1H 2017 HK$ millions	1H 2016 HK$ millions	% Change	% Change in local currency
Total Revenue	21,184	13,392	+58%	+58%
EBITDA	4,002	3,686	+9%	+9%
EBIT	839	612	+37%	+37%
Average Production	326.7 mboe/day	328.6 mboe/day	-1%	NA

Average Benchmark



- Husky Energy's announced a net loss of C$22 million in 1H 2017, a 97% improvement from a net loss of C$654 million in 1H 2016, mainly driven by higher Upstream commodity prices, higher contributions from increased production of higher margin thermal developments in Western Canada and the Liwan Gas Project in Asia Pacific, and the recognition of a net loss on disposal of certain legacy crude oil & natural gas assets in Western Canada during 1H 2016. These favourable variances were partly offset by an after-tax impairment charge of C$123 million on certain Upstream legacy assets in Western Canada and lower Downstream contribution due to lower Chicago 3:2:1 crack and planned turnarounds at the Upgrader and Lloydminster Refinery in Q2 2017.
- After translation into HK dollars and including consolidation adjustments, the Group's share of EBITDA and EBIT increased 9% and 37% against 1H 2016 respectively. As the Group rebased Husky Energy's assets to their fair values in the 2015 Reorganisation, the impairment charge recognised by Husky Energy in 1H 2017 has a lower impact to the Group's result, while the Group recognised a net gain on disposal of certain legacy assets in Western Canada in 1H 2016 rather than a loss as reported by Husky Energy. Correspondingly, the improvement in the Group's share of Husky Energy's results was less substantial.

Energy

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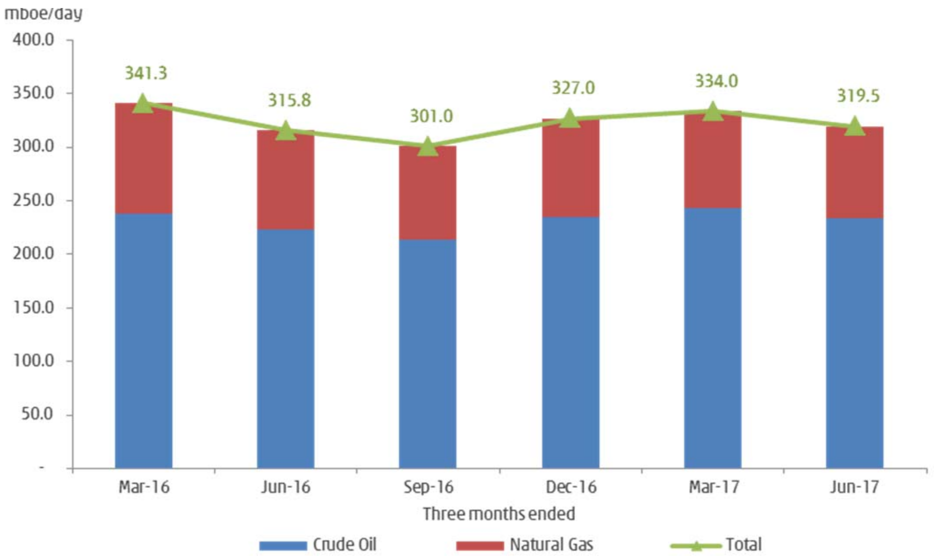
Average Production



- Average production marginally decreased by 1% to 326.7 mboe/day in 1H 2017 compared to 1H 2016, mainly due to the sale of selected low margin legacy assets, partly offset by increased production from thermal developments including production ramp up at the Sunrise Energy Project, new production from Edam West, Vawn and Edam East thermal developments and strong production performance from the Tucker Thermal Project, as well as increased natural gas and NGLs production from the Liwan Gas Project in Asia Pacific.

Outlook

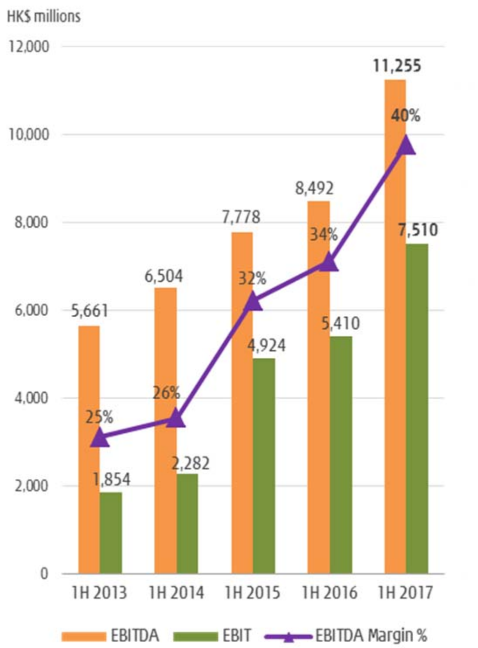
- Husky Energy will continue with its cost structure enhancement including managing the sustainability and operating cost profiles of its reserve base, while maintaining a strong balance sheet to deliver returns-focused growth.

Telecommunications - 3 Group Europe

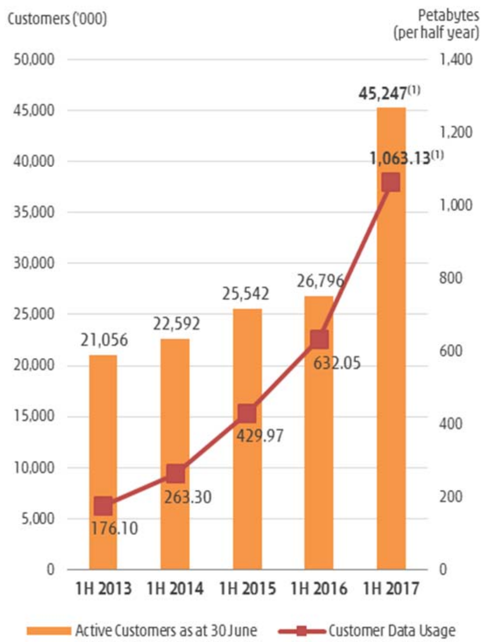
長江和記實業有限公司
CK HUTCHISON HOLDINGS LIMITED

	1H 2017 HK$ millions	1H 2016 HK$ millions	% Change	% Change in local currency
Total Revenue (incl. handset revenue)	33,215	30,165	+10%	+17%
EBITDA	11,255	8,492	+33%	+40%
EBIT	7,510	5,410	+39%	+46%

3 Group Europe - EBITDA & EBIT
In reported currency



3 Group Europe 's
Active Customers and Data Usage

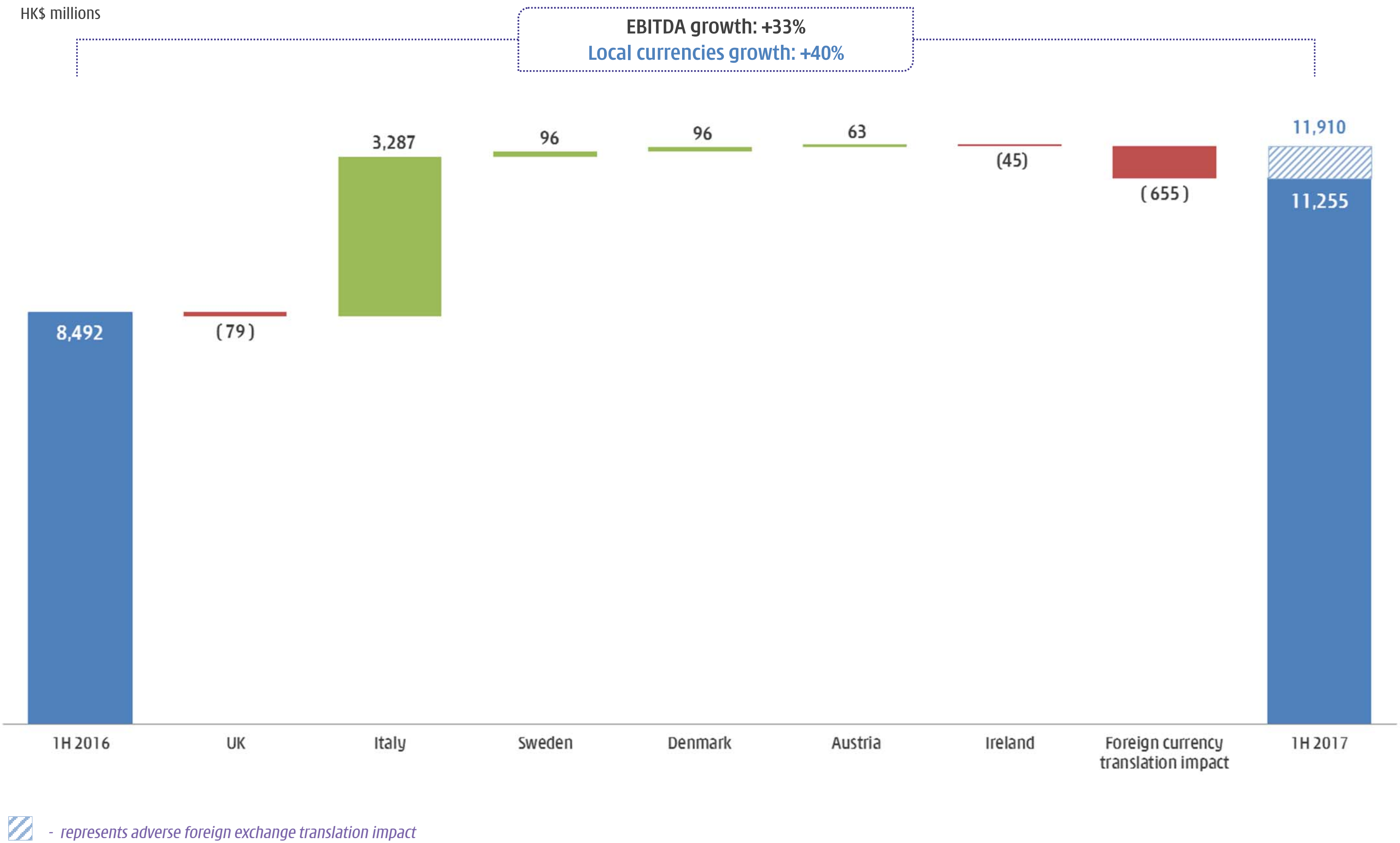


- Following the successful formation of the Italian joint venture, Wind Tre in November 2016, **3** Group Europe's active customers surpassed 45.2 million as at 30 June 2017, an increase of 69% over 1H 2016.
- Revenue increased by 10% in reported currency when compared to the same period last year, while EBITDA and EBIT in reported currency grew by 33% and 39% respectively. In local currencies, EBITDA and EBIT increased 40% and 46% respectively primarily due to the accretive contribution from the Wind Tre joint venture, which is now the largest mobile operator in Italy. All other **3** Group Europe operations also delivered promising results and continued to achieve positive EBITDA less capex for the period.
- On 31 May 2017, **3** UK completed the acquisition of UK Broadband for a total consideration of approximately £300 million. UK Broadband provides wireless home and business broadband services in Central London and Swindon, and has spectrum holdings in the 3.4GHz and 3.6 to 3.8 GHz bandwidths.

*Note (1): **3** Group Europe's active customers and data usage were calculated on 100% basis of all **3** Group Europe operations.*

Telecommunications - 3 Group Europe

EBITDA Growth



Telecommunications - 3 Group Europe

長江和記實業有限公司
CK HUTCHISON HOLDINGS LIMITED

Results by operations

In millions	UK *GBP*		Italy [(1)] *EURO*		Sweden *SEK*		Denmark *DKK*		Austria *EURO*		Ireland *EURO*		3 Group Europe *HK$*	
	1H 2017	1H 2016	1H 2017 Wind Tre (50%)	1H 2016 3 Italia (100%)	1H 2017	1H 2016	1H 2017	1H 2016	1H 2017	1H 2016	1H 2017	1H 2016	1H 2017	1H 2016
Total Revenue	1,161	1,052	1,360	906	3,646	3,569	1,114	1,019	386	373	298	330	33,215	30,165
% change	*+10%*		*+50%*		*+2%*		*+9%*		*+3%*		*-10%*		*+10%*	
												Local currency growth %	*+17%*	
- Net Customer Service Revenue	799	771	1,290	752	2,446	2,390	980	929	315	307	234	256	26,696	23,283
% change	*+4%*		*+72%*		*+2%*		*+5%*		*+3%*		*-9%*		*+15%*	
												Local currency growth %	*+21%*	
- Handset Revenue	284	216	51	141	1,070	1,038	58	31	53	54	33	42	4,965	5,456
- Other Revenue	78	65	19	13	130	141	76	59	18	12	31	32	1,554	1,426
Net Customer Service Margin [(2)]	701	671	1,030	593	2,099	2,044	834	775	270	261	203	209	22,418	19,487
% change	*+4%*		*+74%*		*+3%*		*+8%*		*+3%*		*-3%*		*+15%*	
												Local currency growth %	*+22%*	
Net Customer Service Margin %	88%	87%	80%	79%	86%	86%	85%	83%	86%	85%	87%	82%	84%	84%
Other margin	24	15	15	12	65	56	53	36	11	10	21	20	743	619
TOTAL CACs	(388)	(316)	(115)	(277)	(1,451)	(1,405)	(171)	(147)	(71)	(72)	(51)	(65)	(7,296)	(8,577)
Less: Handset Revenue	284	216	51	141	1,070	1,038	58	31	53	54	33	42	4,965	5,456
Total CACs (net of handset revenue)	(104)	(100)	(64)	(136)	(381)	(367)	(113)	(116)	(18)	(18)	(18)	(23)	(2,331)	(3,121)
Operating Expenses	(280)	(238)	(467)	(334)	(660)	(712)	(364)	(367)	(92)	(90)	(129)	(124)	(9,575)	(8,493)
Opex as a % of net customer service margin	40%	36%	45%	56%	31%	35%	44%	47%	34%	34%	64%	59%	43%	44%
EBITDA	341	348	514	135	1,123	1,021	410	328	171	163	77	82	11,255	8,492
% change	*-2%*		*+281%*		*+10%*		*+25%*		*+5%*		*-6%*		*+33%*	
												Local currency growth %	*+40%*	
EBITDA margin % [(3)]	39%	42%	39%	18%	44%	40%	39%	33%	51%	51%	29%	28%	40%	34%
Depreciation & Amortisation	(144)	(117)	(134)	(72)	(319)	(295)	(147)	(127)	(49)	(47)	(40)	(37)	(3,745)	(3,082)
EBIT	197	231	380	63	804	726	263	201	122	116	37	45	7,510	5,410
% change	*-15%*		*+503%*		*+11%*		*+31%*		*+5%*		*-18%*		*+39%*	
												Local currency growth %	*+46%*	
			Wind Tre (100%)	3 Italia (100%)										
Capex (excluding licence) [(4)]	(177)	(154)	(457)	(158)	(337)	(458)	(52)	(69)	(38)	(28)	(46)	(55)		
EBITDA less Capex [(4)]	164	194	571	(23)	786	563	358	259	133	135	31	27		
Licence [(5)]	(1)	-	-	-	-	-	-	-	-	-	-	-		

Note (1): 1H 2017 represents 50% share of Wind Tre's results and includes the Group's 50% of fixed line business revenue was €266 million and EBITDA was €91 million. 1H 2016 represents 3 Italy's standalone results.

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.

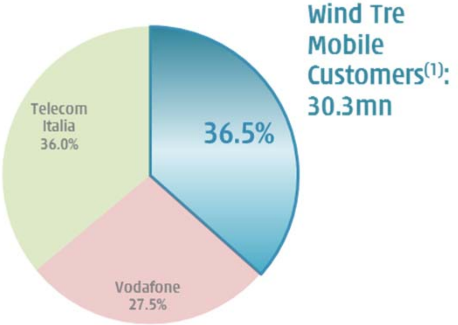
Note (4): Excluding 3 UK's acquisition of UKB for £300 million in May 2017.

Note (5): Licence costs as at 30 June 2017 represent incidental costs in relation to acquired licence.

Telecommunications - Wind Tre, Italy

Wind Tre Joint Venture (Formed on 5 November 2016)

Mobile Customer Market Share as at 30 June 2017



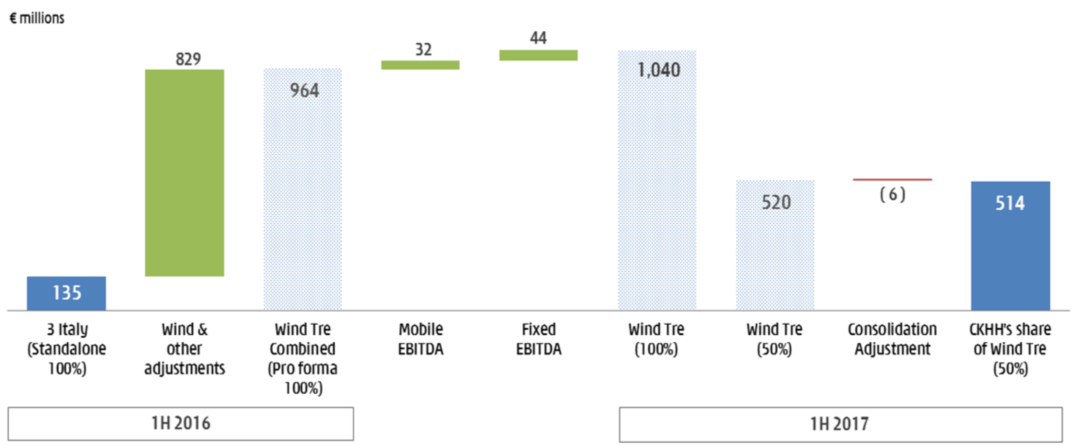
Key Strategic Initiatives

- √ Total synergies on track with target confirmed at €700mn annual run-rate (with 90% achieved by end of 2019)
- √ New Wind Tre CEO appointed to lead the next phase of integration and build on innovation, convergence & digitalisation
- √ Invested approximately €500mn in 1H 2017 to strengthen its network with the aim to develop the most extensive and innovative network in Italy
- √ Digital strategy continues, with release of version 2.0 of the Veon app in Italy expected in the second half

1H 2017

€ millions	Wind Tre combined results (50% share)	CKHH's consolidation adjustments	CKHH's share of Wind Tre
Total Revenue [2]	1,541	(181)	1,360
EBITDA before integration cost [2]	520	(6)	514
EBITDA after integration cost [3]	450	64	514
(LBIT) EBIT [3]	(361)	741	380

Accretive EBITDA[4] growth from WIND TRE



Note (1): Wind Tre registered mobile customers as at 30 June 2017. Fixed customers as at 30 June 2017 was 2.7 million.

Note (2): For revenue, the consolidation adjustments mainly represent reclassification of the handset and other revenue arising from customer acquisition and retention activities to conform with the Group's definition of revenue. The consolidation adjustments for EBITDA before integration costs mainly represent reclassification of sale of handset receivables related items to conform with the Group's accounting treatment and presentation.

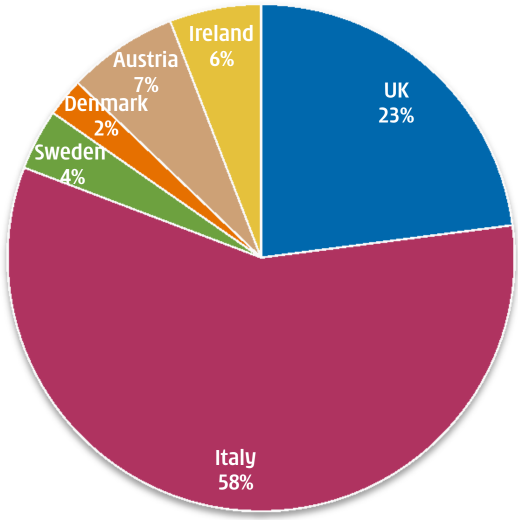
Note (3): For EBITDA and EBIT, consolidation adjustments reflect the fair value adjustments to the assets and liabilities of the telecommunications businesses in Italy upon formation of the joint venture have been made when the Group's 50% interest in the joint venture is incorporated into the Group's consolidated results. For details, see "Voluntary Announcement - 2017 first half results of Wind Tre S.p.A." on 2 August 2017 posted on the CKHH website.

*Note (4): EBITDA in 1H 2016 represented 100% standalone **3** Italy EBITDA while 1H 2017 reflected 50% share of Wind Tre's EBITDA before integration cost.*

Telecommunications - 3 Group Europe

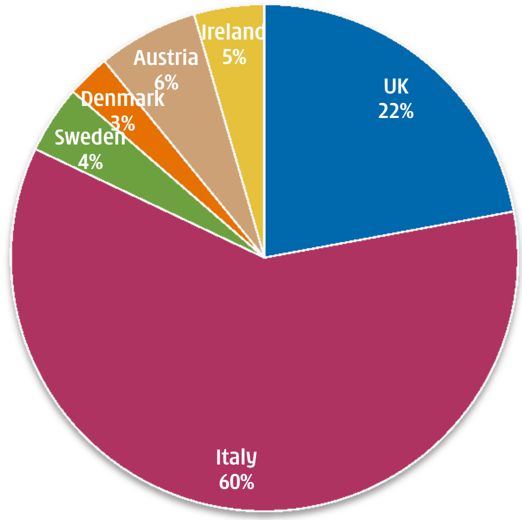
Customer Base - Mobile businesses

Total Registered Customers at 30 June 2017: 52,316k
1% decrease against 31 December 2016



	Customer '000 at 30 Jun 2017	% Change against	
		30 Jun 2016	31 Dec 2016
UK	12,010	+11%	+5%
Italy (2)	30,251	+189%	-3%
Sweden	2,036	-2%	-2%
Denmark	1,283	+5%	+4%
Austria	3,681	-2%	-3%
Ireland	3,055	+7%	+2%
3 GROUP EUROPE	52,316	+67%	-1%

Total Active Customers(1) at 30 June 2017: 45,247k
2% decrease against 31 December 2016



	Customer '000 at 30 Jun 2017	Contract / Non- Contract	% Change against	
			30 Jun 2016	31 Dec 2016
UK	9,992	65% / 35%	+9%	+9%
Italy (2)	27,129	25% / 75%	+185%	-5%
Sweden	1,955	87% / 13%	-2%	-2%
Denmark	1,249	63% / 37%	+5%	+4%
Austria	2,893	86% / 14%	-	-2%
Ireland	2,029	56% / 44%	-	-2%
3 GROUP EUROPE	45,247	43% / 57%	+69%	-2%

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.

Note (2): Italy's customer base as at 30 June 2017 was calculated based on 100% of Wind Tre.

Telecommunications - 3 Group Europe

長江和記實業有限公司 CK HUTCHISON HOLDINGS LIMITED

Key Business Indicators - Mobile businesses

		UK	Italy (3)	Sweden	Denmark	Austria	Ireland	3 GROUP EUROPE AVERAGE (6)
12-month Trailing Net ARPU (1) to 30 June 2017	Contract	£18.80	€16.10	SEK215.24	DKK155.84	€19.54	€22.73	€20.10
	Non-Contract	£5.52	€11.09	SEK127.92	DKK99.09	€10.22	€15.42	€10.38
	Blended Total	£14.38	€12.58	SEK205.64	DKK136.13	€18.17	€19.58	€15.54
	% change against 30 Jun 2016	*-2%*	*-10%*	-	*+2%*	*+2%*	*-10%*	*-12%*
12-month Trailing Net AMPU (2) to 30 June 2017	Blended Total	£12.63	€10.39	SEK175.96	DKK113.99	€15.47	€16.78	€13.20
	% change against 30 Jun 2016	*-1%*	*-5%*	-	*+1%*	*+3%*	*-5%*	*-11%*
Contract Customers' Contribution to Net Customer Service Revenue Base (%)		87%	31%	93%	74%	92%	65%	57%
Contract Activity Ratio (%) (4)		98%	95%	100%	100%	100%	98%	97%
Average Monthly Churn Rate of Total Contract Registered Customer Base (%) (5)		1H 2016: 1.4%; 1H 2017: 1.3%	1H 2016: 2.5%; 1H 2017: 2.3%	1H 2016: 1.6%; 1H 2017: 1.9%	1H 2016: 2.2%; 1H 2017: 2.3%	1H 2016: 0.3%; 1H 2017: 0.2%	1H 2016: 1.6%; 1H 2017: 2.4%	1H 2016: 1.7%; 1H 2017: 1.7%
LTE Coverage by population (%)		97%	79%	83%	90%	99%	91%	

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

Note (2): Net AMPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in 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.

Note (3): Italy's net ARPU and net AMPU were calculated based on approx. four months (Jul to Oct-2016) of 3 Italy's standalone figures and approx. eight months (Nov-2016 to Jun-2017) of Wind Tre's figures.

Note (4): Contract activity ratio represents active contract customers as a percentage of the total contract registered customer base.

Note (5): Italy's average monthly churn rate for 1H 2016 was based on 3 Italy's standalone results and for 1H 2017 was based on Wind Tre's results.

Note (6) 3 Group Europe net ARPU, net AMPU and contract customers' contribution to net customer service revenue base (%) in 1H 2017 were calculated based on 50% contribution from Wind Tre.

Telecommunications - HTHKH & HAT

CK HUTCHISON HOLDINGS LIMITED 長江和記實業有限公司

HTHKH

	1H 2017 HK$ millions	1H 2016 HK$ millions	% Change
Total Revenue	5,069	5,369	-6%
EBITDA	1,309	1,316	-1%
EBIT	494	553	-11%

- HTHKH announced profit attributable to shareholders of HK$324 million and earnings per share of 6.72 HK cents, a decrease of 10% compared to 1H 2016 due to the continued reduction in mobile roaming revenue and hardware sales, as well as higher amortisation of licence fees for renewed and new licences which commenced in 2H 2016, partly offset by lower customer acquisition costs. The lower total revenue was primarily driven by the reduction in low margin hardware sales in 1H 2017.
- HTHKH's combined active mobile customer base in Hong Kong and Macau was approximately 3.3 million as of 30 June 2017.
- In July 2017, HTHKH entered into an agreement to sell its fixed-line telecommunications business for a consideration of approximately HK$14.5 billion in cash. The transaction is subject to shareholders' approval and is expected to complete in October 2017. The Group has undertaken to vote in favour of the transaction. As the Group rebased HTHKH's assets to their fair values in the 2015 Reorganisation, on completion, the Group will recognise a lower gain on disposal of the fixed-line business as compared to HTHKH. The Group's attributable net gain on disposal will be approximately HK$1.4 billion.

HAT

	1H 2017 HK$ millions	1H 2016 HK$ millions	% Change	% Change in local currency
Total Revenue	3,829	4,007	-4%	-5%
EBITDA	256	1,248	-79%	-80%
EBIT	117	1,197	-90%	-91%

- HAT had an active customer base of approximately 75.3 million as of 30 June 2017, with Indonesia representing 86% of the base.
- Total revenue decreased 4% from same period last year to HK$3,829 million, as Indonesia was only able to offer competitive LTE price plans upon the LTE network launch in May 2017, while other incumbents have offered aggressively-priced LTE services since the beginning of the year. Since the launch of LTE services, the Indonesian operation has fully recovered its market share in data volume previously lost to competitors and is expected to report improved contributions in 2H 2017. EBITDA and EBIT decreased to HK$256 million and HK$117 million respectively, 79% and 90% below 1H 2016, reflecting the reduced margin contribution and higher operating costs in Indonesia, after the completion of its major network rollout in late 2016.
- As at 30 June 2017, the Indonesian operation had approximately 14,000 LTE cell sites and will continue to expand its LTE network in 2H 2017. Network rollout and enhancement plans in Vietnam and Sri Lanka will also continue and are expected to allow the businesses to offer services at the most competitive prices in their respective markets.

Telecommunications
HTAL, share of VHA

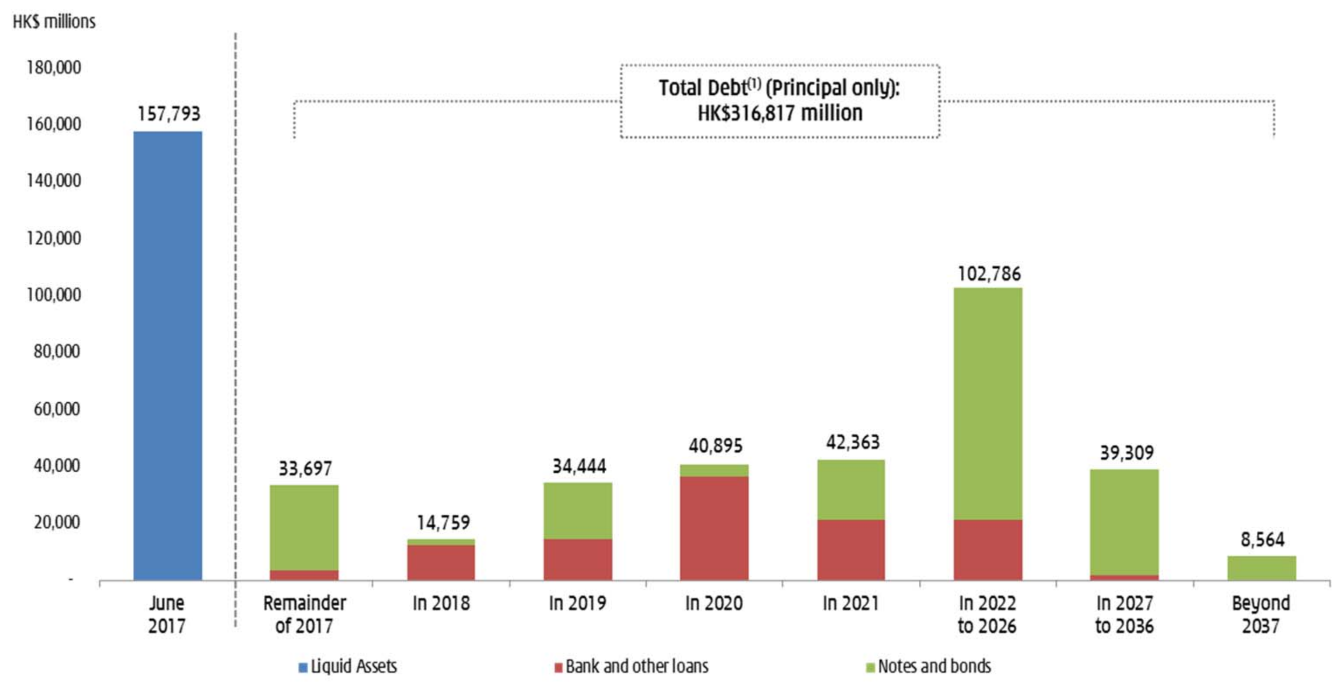
- VHA's customer base increased to approximately 5.7 million (including MVNOs) at 30 June 2017.
- Attributable share of EBITDA of A$239 million represented a 16% increase over the same period last year driven by the growth in revenue from its improved contract customer base and increase contribution from MVNO customers, as well as sound financial discipline. After consolidation adjustments, the Group's 50% share of VHA's operating profit was HK$27 million in 1H 2017, a turnaround from the share of operating loss of HK$328 million in the same period last year.
- VHA recorded the lowest ratio of complaints for mobile network operators in 1H 2017.
- In 2H 2017, VHA will launch fixed broadband services via National Broadband Network to complement its mobile network and to meet demand from customers seeking a bundled mobile and fixed broadband solution from VHA with the focus on offering to its customers simplicity, transparency and a great customer experience.

Note (1) : The Group's share of VHA's operating results continue to be included 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.

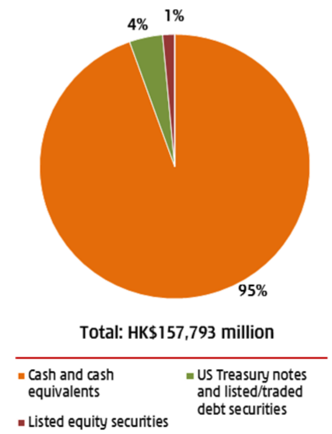
Financial profile

Healthy maturity and liquidity profile

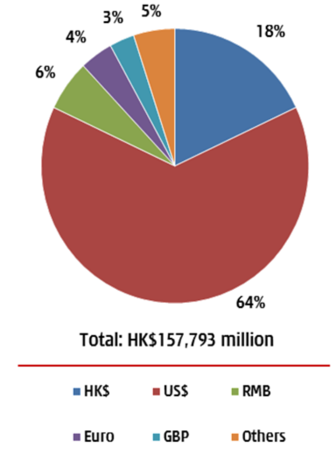
Debt[(1)] Maturity Profile at 30 June 2017 - Principal Only



Liquid Assets by Type at 30 June 2017



Liquid Assets by Currency at 30 June 2017



Net Debt as at 30 June 2017

Net debt [(2)]	HK$170,047 million
Net debt to net total capital ratio[(2)]	23.2%

Credit Ratings as at 30 June 2017

Moody's	A3 (Stable)
S & P	A- (Positive)
Fitch	A- (Stable)

Note (1): Excludes unamortised fair value adjustments arising from acquisitions of HK$11,023 million.

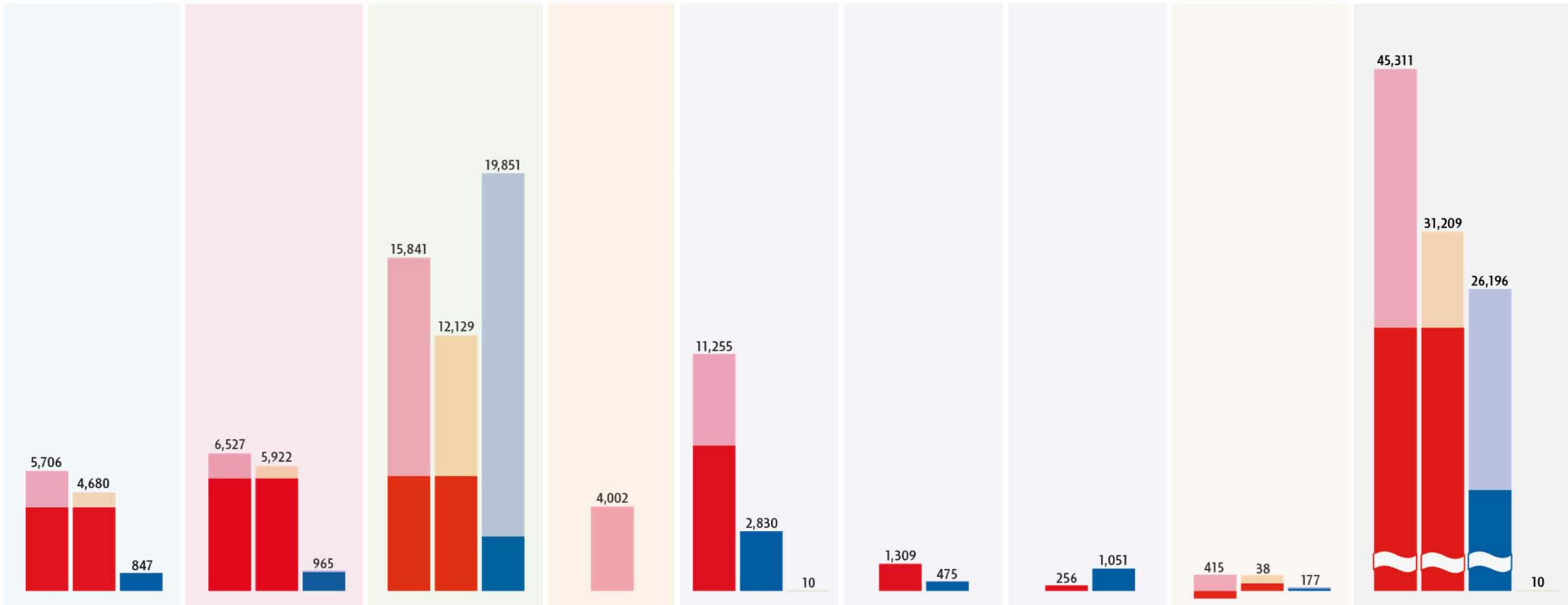
Note (2): Net debt is defined on the Consolidated Statement of Cash Flows. Total bank and other debts are defined, for the purpose of "Net debt" calculation, as the total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions. Net total capital is defined 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 2017 EBITDA, Dividends from Associated Companies & JVs less Capex of Company & Subsidiaries and Investments in Associated Companies & JVs

by division

HK$ millions



	Ports	Retail	Infrastructure	Energy	3 Group Europe	HTHKH	HAT	F&I and Others	Total
EBITDA [1] - Co & Subsid	3,966	5,339	5,451	-	6,907	1,277	256	(353)	22,843
EBITDA [1] - Asso. & JVs	1,740	1,188	10,390	4,002	4,348	32	-	768	22,468
Dividends from Asso. & JVs	714	583	6,678	-	-	-	-	391	8,366
Capex[2]	847	891	2,580	-	2,830	429	1,051	113	8,741
Investment in Asso. & JVs	-	74	17,271	-	-	46	-	64	17,455
Capex - Telecom Licences	-	-	-	-	10	-	-	-	10

Note (1): EBITDA excludes (i) non-controlling interests' share of results of HPH Trust and (ii) profits on disposal of investments & others.
Note (2): Excluding 3 UK's acquisition of UKB for £300 million in May 2017.