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 2018

HIGHLIGHTS

	For the six months ended 30 June 2018 HK$ million	For the six months ended 30 June 2017 [1] HK$ million	Change	Local currency change
Total Revenue [2]	**224,507**	193,659	+16%	+9%
Total EBITDA [2]	**55,350**	46,661	+19%	+11%
Total EBIT [2]	**35,388**	30,542	+16%	+8%
Profit attributable to ordinary shareholders	**18,020**	15,919	+13%	+5%
Earnings per share	**HK$4.67**	HK$4.13	+13%	
Interim dividend per share	**HK$0.87**	HK$0.78	+11.5%	

(1) The first half of 2017 comparative has been reclassified to enable a better comparison of performance and to conform to the presentation basis of first half of 2018 and 2017 annual results. The items in "profit on disposal of investments & others" in first half of 2017 have been reclassified to the respective lines under revenue, EBITDA and EBIT, as well as the Group's share of Husky Energy's revenue reclassification for the first half of 2017.

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

CHAIRMAN'S STATEMENT

Despite increased growth in the US, the outlook for the global economy has deteriorated during the past six months. Mounting trade conflicts, uncertainty as to economic and interest rates policies, as well as continuing geopolitical risks have led to increasing financial market volatility in the first half. These factors will likely remain as downside risks to global economic performance for the rest of the year. Although conditions are deteriorating in some markets, the Group's business and geographic diversification serve it well and enabled it to report strong year on year earnings and cash flow growth for the half.

The Group reported EBITDA and EBIT growth of 19% and 16% compared to same period last year respectively. The principal contributors to growth were accretive acquisitions made by the Infrastructure division during 2017, together with improved operational and financial performances from Husky Energy and the Retail division.

Profit attributable to ordinary shareholders for the first half of 2018 increased 13% to HK$18,020 million from HK$15,919 million for the first half of 2017, reflecting EBITDA and EBIT improvements partly offset by higher interest expense associated with new acquisitions, as well as higher tax charges from improved profitability. The Group's balance sheet and liquidity remained strong and its investment grade ratings have been reaffirmed by Moody's, S&P and Fitch.

Earnings per share were HK$4.67 for the first half of 2018, an increase of 13%.

Dividend

The Board of Directors ("the Board") declares an interim dividend of HK$0.87 per share (30 June 2017 – HK$0.78 per share), payable on Thursday, 13 September 2018, to shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 4 September 2018, being the record date for determining shareholders' entitlement to the interim dividend.

Ports and Related Services

The ports and related services division handled throughput of 40.6 million twenty-foot equivalent units ("TEU") through 290 operating berths in the first half of 2018, a 1% decrease compared to the same period in 2017. Lower volume in HPH Trust, the Mainland China, Klang, Mexico and Panama were partly offset by higher throughput in Barcelona, Pakistan and Thailand. Despite the slight drop in throughput, total revenue, EBITDA and EBIT of HK$17,591 million, HK$6,205 million and HK$3,864 million increased 9%, 9% and 7% against the same period last year respectively, driven primarily by favourable margin mix, disciplined cost control and favourable foreign currency translation impact.

This division will continue to pursue cost saving initiatives, enhance operational efficiency through technology and increased process automation, and will further strengthen strategic alliances with customers. It is expected that trade conflicts will impact this division in the second half. Although the severity of such impact cannot be known except as events unfold, the division's diverse customer base and geographical operations in markets all around the world ensure that it will be more resilient against potential headwinds compared to its peers.

Retail

The retail division had over 14,400 stores across 24 markets at the end of first half 2018, a 7% increase compared to the same period last year. Total revenue, EBITDA and EBIT of HK$83,874 million, HK$7,532 million and HK$5,992 million increased by 14%, 15% and 15% respectively. The principal contributors to growth were the Health and Beauty segment generally, recovery of the other retail operations in Hong Kong, as well as favourable foreign currency translation impact.

Overall, the Health and Beauty segment reported total sales growth of 17% from a 7% increase in store numbers and a 2.3% growth in comparable store sales. EBITDA and EBIT growth were 15% and 14% respectively in the first half of 2018. Notably, Health and Beauty Asia and Health and Beauty China subdivisions have reported strong double-digit growth in both revenue and EBITDA, with Health and Beauty China maintaining a healthy EBITDA margin of 20% from its flexible cost structure and the sale of exclusive products.

Enhancement in e-commerce capabilities and investment in digital platforms will continue alongside organic growth of the division's global network through new store openings. The retail division has over 130 million loyalty members, which is the world's largest retail loyalty base. This division will continue to expand membership on this important platform which provides a unique ability to deliver better products and services to these valuable customers.

Infrastructure

The Infrastructure division comprises a 75.67%[1] 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. Total reported revenue, EBITDA and EBIT of this division of HK$34,225 million, HK$18,945 million and HK$13,242 million respectively were 32%, 20% and 11% higher than the same period last year.

CKI

CKI announced profit attributable to shareholders of HK$5,942 million, 5% higher than HK$5,657 million reported for the same period last year. The EBITDA and EBIT growth from the full six month contributions of DUET Group, Reliance Home Comfort and ista acquired during 2017 were partly offset by the absence of several non-recurring items which occurred in the UK and Australia in the first half of 2017, including certain one-off UK capital allowance claims and a liability indemnity release in Australia. Excluding these non-recurring items, CKI's underlying businesses reported a double digit profit growth.

Husky Energy

Husky Energy ("Husky"), our associated company listed in Canada, announced net earnings of C$696 million in the first half of 2018, compared to a net loss of C$22 million in the same period last year, which included an after-tax impairment charge of C$123 million recognised in the first half of 2017. Husky's underlying performance improved significantly this year, benefiting from its integrated business model. Although year on year production volumes were reduced for the reasons described below, performance improved primarily due to the higher earnings from crude oil marketing with the widening of the location pricing differentials between Canada and the U.S., higher realised margins for both U.S. Refining & Marketing and Upgrading operations. In Asia, Husky reported strong contributions from natural gas production in Liwan which operates under fixed-price contracts, as well as production ramp up of the liquids-rich BD Project in Indonesia which achieved first gas in the second half of 2017.

Average production in the first six months of 2018 was 297,900 barrels of oil equivalent per day, a 9% decrease when compared to the same period last year, mainly due to lower production in Western Canada subsequent to the disposition of certain low margin legacy assets in 2017, the regulatory suspension and planned turnaround at the SeaRose FPSO vessel in Atlantic, expiry of Husky's participation in the Wenchang contract in late 2017 and reduction of heavy crude oil production from natural declines as well as in response to the widening of the light/heavy oil differentials during the period. The reduction was partly offset by higher production in Asia mentioned above.

Husky's management is committed to sustain the growth from the first half of 2018 with an increased weighting in its base of low sustaining capital and higher margin producing assets with lower earnings break-evens thresholds, as well as its strong balance sheet and integrated model.

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

3 Group Europe

As at 30 June 2018, **3** Group Europe's active customer base stands at 44.6 million, a slight 1% drop against the same period last year mainly from the lower Wind Tre's base due to intense market competition, partly offset by more customers acquired in the UK, Ireland and Denmark.

3 Group Europe's revenue and EBITDA of HK$36,124 million and HK$12,797 million were 9% and 14% higher against the same period last year respectively, while EBIT of HK$7,488 million remained stable, reflecting higher depreciation and amortisation relating to on-going network enhancements and investments in technology transformation. **3** Group Europe continued to report healthy growth in EBITDA margin to 42% and also continued to improve its networks and service offerings and accelerated investment in advanced IT and technology solutions to achieve a more agile, flexible, sustainable and lower cost operating model going forward. All **3** Group Europe operations continued to deliver positive EBITDA less capital expenditure in the first half of 2018.

In July 2018, the Group announced having reached agreement to acquire Veon's remaining 50% share in the Wind Tre joint venture at a cash consideration of €2.45 billion. The acquisition will be accretive to earnings and cash flow in the second half, depending on the timing of completion. The transaction is subject to regulatory approval and is expected to complete in the third quarter of 2018.

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 from continuing mobile operations of HK$198 million and earnings per share of 4.11 HK cents. As of 30 June 2018, HTHKH had approximately 3.4 million active mobile customers in Hong Kong and Macau.

Hutchison Asia Telecommunications

As of 30 June 2018, Hutchison Asia Telecommunications ("HAT") had an active customer base of approximately 64.2 million, with Indonesia representing 81% of the total active customer base.

HAT reported revenue and EBITDA of HK$4,081 million and HK$346 million respectively, a 7% and 35% increase compared to the same period last year, primarily driven by better operating performances in Indonesia which has been focusing on higher margin customers and growth in recharge volumes. This is partly offset by the decline in revenue in Vietnam as the operation has been going through network transformation and brand re-positioning in early 2018. EBIT of HK$69 million was 41% lower than the first half of 2017 arising from higher depreciation and amortisation with the continued network rollout and enhancements in Indonesia and Vietnam, as well as additional amortisation of the new carrier licences in Indonesia.

Positive growth momentum is expected from the HAT operations in the second half of the year.

Finance & Investments and Others

As at 30 June 2018, the Group's consolidated cash and liquid investments totalled HK$150,443 million and consolidated gross debt amounted to HK$335,925 million, resulting in consolidated net debt of HK$185,482 million and a net debt to net total capital ratio of 24.1%, increase from 21.7% as at 31 December 2017, mainly due to the redemption of perpetual securities in the first half of the year.

Financing for the Wind Tre acquisition is in place and is structured in a manner which will not adversely affect the Group's overall financial profile or its credit ratings.

Outlook

Volatility in currency, commodity and financial markets is expected to continue in the second half, as trade tensions are unlikely to ease off in the short term. However, with the deepening economic and financial reforms in the Mainland, as well as the initiatives on “One Belt, One Road” and the “Greater Bay Area” continuing to be strategic priorities, Hong Kong and the surrounding areas should benefit from the policies to generate sustainable growth and resilient domestic demand in the Mainland.

The Group is built on strong foundations of business and geographic diversification and will continue to follow the fundamental objectives of achieving strong earnings and cash flow growth without compromising financial stability and strength. Prudent capital management on all investment activities, strict financial management, as well as a healthy liquidity and debt profile which supports its current investment grade ratings, all remain as the core disciplines and strategic directions of the Group.

Finally, 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 Tzar Kuoi, Victor
Chairman
Hong Kong, 2 August 2018

Financial Performance Summary

	Unaudited Results for the six months ended 30 June 2018 HK$ million	%	Unaudited Results for the six months ended 30 June 2017 [2] HK$ million	%	Change %
Revenue [1]					
Ports and Related Services [1]	**17,591**	**8%**	16,195	8%	9%
Retail	**83,874**	**37%**	73,557	38%	14%
Infrastructure	**34,225**	**15%**	25,918	14%	32%
Husky Energy	**27,315**	**12%**	19,935	10%	37%
3 Group Europe	**36,124**	**16%**	33,215	17%	9%
Hutchison Telecommunications Hong Kong Holdings	**4,021**	**2%**	5,069	3%	-21%
Hutchison Asia Telecommunications	**4,081**	**2%**	3,829	2%	7%
Finance & Investments and Others	**17,276**	**8%**	15,941	8%	8%
Total Revenue	**224,507**	**100%**	193,659	100%	16%
EBITDA [1]					
Ports and Related Services [1]	**6,205**	**11%**	5,706	12%	9%
Retail	**7,532**	**14%**	6,527	14%	15%
Infrastructure	**18,945**	**34%**	15,841	34%	20%
Husky Energy	**5,877**	**11%**	4,002	9%	47%
3 Group Europe	**12,797**	**23%**	11,255	24%	14%
Hutchison Telecommunications Hong Kong Holdings	**690**	**1%**	1,309	3%	-47%
Hutchison Asia Telecommunications	**346**	**1%**	256	–	35%
Finance & Investments and Others	**2,958**	**5%**	1,765	4%	68%
Total EBITDA	**55,350**	**100%**	46,661	100%	19%
EBIT [1]					
Ports and Related Services [1]	**3,864**	**11%**	3,623	12%	7%
Retail	**5,992**	**17%**	5,232	17%	15%
Infrastructure	**13,242**	**37%**	11,949	39%	11%
Husky Energy	**2,761**	**8%**	839	3%	229%
3 Group Europe	**7,488**	**21%**	7,510	25%	–
Hutchison Telecommunications Hong Kong Holdings	**284**	**1%**	494	2%	-43%
Hutchison Asia Telecommunications	**69**	**–**	117	–	-41%
Finance & Investments and Others	**1,688**	**5%**	778	2%	117%
Total EBIT	**35,388**	**100%**	30,542	100%	16%
Interest expenses and other finance costs [1]	**(8,914)**		(8,101)		-10%
Profit Before Tax	**26,474**		22,441		18%
Tax [1]					
Current tax	**(3,659)**		(2,977)		-23%
Deferred tax	**(605)**		844		-172%
	(4,264)		(2,133)		-100%
Profit after tax	**22,210**		20,308		9%
Non-controlling interests and perpetual capital securities holders' interests	**(4,190)**		(4,389)		5%
Profit Attributable to Ordinary Shareholders	**18,020**		15,919		13%

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: The first half of 2017 comparative has been reclassified to enable a better comparison of performance and to conform to the presentation basis of first half of 2018 and 2017 annual results. The items in "profit on disposal of investments & others" in first half of 2017 have been reclassified to the respective lines under revenue, EBITDA and EBIT, as well as the Group's share of Husky Energy's revenue reclassification for the first half of 2017.

Operations Highlights

Ports and Related Services

	30 June 2018 HK$ million	30 June 2017 HK$ million	Change	Change in local currencies
Total Revenue [1]	**17,591**	16,195	+9%	+5%
EBITDA [1]	**6,205**	5,706	+9%	+5%
EBIT [1]	**3,864**	3,623	+7%	+3%
Throughput (million TEU)	**40.6**	41.1	-1%	

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

Number of Berths	30 June 2018	31 December 2017	Change
HPH Trust	**52**	50	+2
Mainland China and Other Hong Kong	**44**	44	–
Europe	**61**	61	–
Asia, Australia and Others [2]	**133**	132	+1
Total	**290**	287	+3

The division had 290 operating berths [3] as at 30 June 2018, with the increase of three new berths commencing operations in Yantian and Thailand.

Throughput (million TEU)	30 June 2018	30 June 2017	Change
HPH Trust	**11.4**	11.5	-1%
Mainland China and Other Hong Kong	**6.7**	7.1	-6%
Europe	**7.6**	7.4	+3%
Asia, Australia and Others [2]	**14.9**	15.1	-1%
Total	**40.6**	41.1	-1%

Total Revenue	30 June 2018 HK$ million	30 June 2017 HK$ million	Change	Change in local currencies
HPH Trust	**1,290**	1,310	-2%	-2%
Mainland China and Other Hong Kong	**1,282**	1,225	+5%	-3%
Europe	**5,648**	4,736	+19%	+7%
Asia, Australia and Others [2]	**8,799**	8,387	+5%	+5%
Other related services	**572**	537	+7%	+7%
Total	**17,591**	16,195	+9%	+5%

Note 2: Asia, Australia and Others includes Panama, Mexico and Middle East.

Note 3: Based on 300 metres per berth and is computed by dividing the total berth length by 300 metres.

Ports and Related Services (continued)

EBITDA	30 June 2018 HK$ million	30 June 2017 HK$ million	Change	Change in local currencies
HPH Trust	**648**	663	-2%	-2%
Mainland China and Other Hong Kong	**635**	655	-3%	-10%
Europe	**1,627**	1,300	+25%	+13%
Asia, Australia and Others (2)	**3,032**	2,985	+2%	+1%
Corporate costs & other related services	**263**	103	+155%	+155%
Total	**6,205**	5,706	+9%	+5%

Throughput decreased by 1% to 40.6 million TEU in the first half of 2018, with 65% and 35% local and transhipment volume respectively, mainly due to lower volume in HPH Trust, the Mainland China, Klang, Mexico and Panama were partly offset by higher throughput in Barcelona, Pakistan and Thailand.

Although throughput was marginally lower than first half of 2017, underlying performance has improved with total revenue and EBITDA both increased 9% in reported currency and 5% in local currencies against the same period last year. The growth was primarily driven by favourable throughput mix with higher margin, particularly for the European division, as well as disciplined cost controls across all business units. EBIT increased 7% and 3% in reported currency and local currencies respectively, as the EBITDA improvements were partly offset by the higher depreciation charge from the recent expansions of several ports and facilities.

Retail

	30 June 2018 HK$ million	30 June 2017 HK$ million	Change	Change in local currencies
Total Revenue	83,874	73,557	+14%	+6%
EBITDA	7,532	6,527	+15%	+7%
EBIT	5,992	5,232	+15%	+6%
Store Numbers	14,432	13,507	+7%	

Total Revenue	30 June 2018 HK$ million	30 June 2017 HK$ million	Change	Change in local currencies
Health & Beauty China	12,353	10,615	+16%	+7%
Health & Beauty Asia	14,363	12,106	+19%	+16%
Health & Beauty China & Asia Subtotal	26,716	22,721	+18%	+12%
Health & Beauty Western Europe	33,685	29,298	+15%	+4%
Health & Beauty Eastern Europe	8,073	6,772	+19%	+7%
Health & Beauty Europe Subtotal	41,758	36,070	+16%	+4%
Health & Beauty Subtotal	68,474	58,791	+17%	+7%
Other Retail (4)	15,400	14,766	+4%	+4%
Total Retail	83,874	73,557	+14%	+6%

Retail (continued)

Comparable Stores Sales Growth (%)[5]	**30 June 2018**	30 June 2017
Health & Beauty China (unadjusted)	**-1.4%**	-6.2%
Health & Beauty China (adjusted to include loyalty members' sales recovered in proximate new stores)	**+2.0%**	-2.2%
Health & Beauty Asia	**+7.4%**	+3.2%
Health & Beauty China & Asia Subtotal	**+3.3%**	-1.3%
Health & Beauty Western Europe	**+1.5%**	+2.4%
Health & Beauty Eastern Europe	**+2.5%**	+4.2%
Health & Beauty Europe Subtotal	**+1.6%**	+2.7%
Health & Beauty Subtotal	**+2.3%**	+1.3%
Other Retail[4]	**+4.5%**	-5.5%
Total Retail	**+2.6%**	–

Store Numbers	**30 June 2018**	30 June 2017	Change
Health & Beauty China	**3,377**	3,014	+12%
Health & Beauty Asia	**2,951**	2,634	+12%
Health & Beauty China & Asia Subtotal	**6,328**	5,648	+12%
Health & Beauty Western Europe	**5,413**	5,232	+3%
Health & Beauty Eastern Europe	**2,236**	2,166	+3%
Health & Beauty Europe Subtotal	**7,649**	7,398	+3%
Health & Beauty Subtotal	**13,977**	13,046	+7%
Other Retail[4]	**455**	461	-1%
Total Retail	**14,432**	13,507	+7%

EBITDA	**30 June 2018 HK$ million**	30 June 2017 HK$ million	Change	Change in local currencies
Health & Beauty China	**2,470**	2,186	+13%	+4%
Health & Beauty Asia	**1,332**	1,043	+28%	+22%
Health & Beauty China & Asia Subtotal	**3,802**	3,229	+18%	+10%
Health & Beauty Western Europe	**2,259**	2,047	+10%	–
Health & Beauty Eastern Europe	**1,043**	881	+18%	+6%
Health & Beauty Europe Subtotal	**3,302**	2,928	+13%	+2%
Health & Beauty Subtotal	**7,104**	6,157	+15%	+6%
Other Retail[4]	**428**	370	+16%	+16%
Total Retail	**7,532**	6,527	+15%	+7%

Retail (continued)

EBITDA Margin %	**30 June 2018**	30 June 2017
Health & Beauty China	**20%**	21%
Health & Beauty Asia	**9%**	9%
Health & Beauty China & Asia Subtotal	**14%**	14%
Health & Beauty Western Europe	**7%**	7%
Health & Beauty Eastern Europe	**13%**	13%
Health & Beauty Europe Subtotal	**8%**	8%
Health & Beauty Subtotal	**10%**	10%
Other Retail (4)	**3%**	3%
Total Retail	**9%**	9%

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

Note 5: Comparable stores 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.

The overall Health and Beauty subdivision, which represents 94% of the division's EBITDA, grew revenue and EBITDA by 17% and 15% respectively, mainly driven by a 7% increase in number of stores to 13,977 stores as at 30 June 2018, a 2.3% comparable store sales growth as well as favourable foreign currency translation impact. In local currencies, revenue and EBITDA increased by 7% and 6% respectively.

The Health and Beauty subdivision opened 460 new stores in the first half of 2018, of which 65% were in the Mainland and certain Asian countries.

Comparable stores sales growth remained healthy overall at 2.3% with good growth in Health and Beauty Asia, as well as narrowing declines in Health and Beauty China, for which the comparable stores sales declines reduced to negative 1.4% in the second quarter of 2018. After adjusting to include sales recovered from loyalty members in proximate new stores, the comparable stores sales growth was 2.0% for first half of 2018. The Benelux countries and Eastern Europe experienced aggressive price competition and reported a slight reduction in comparable stores sales growth rate.

The Health and Beauty subdivision currently has around 130 million loyalty members. 62% of total revenue is generated from these loyalty members during the first half of 2018. Exclusives sales contributed 34% of total sales. The retail group will continue to enhance its e-commerce capabilities and digital platforms to provide an integrated online and offline service to its valuable customers.

Infrastructure

	30 June 2018 HK$ million	30 June 2017 HK$ million	Change	Change in local currencies
Total Revenue	**34,225**	25,918	+32%	+24%
EBITDA	**18,945**	15,841	+20%	+12%
EBIT	**13,242**	11,949	+11%	+4%

The Infrastructure division reported growth with total revenue, EBITDA and EBIT up by 32%, 20% and 11% respectively against the same period in 2017. The increase was partially attributable to favourable foreign currency translation effect and EBITDA and EBIT growth in local currencies were 12% and 4% respectively, mainly driven by accretive contributions from the acquisitions of DUET Group, Reliance Home Comfort and ista in 2017.

CKI

CKI is the largest publicly listed infrastructure company on the SEHK, with diversified investments in energy, transportation and water infrastructure, waste management, waste-to-energy, household infrastructure and infrastructure-related businesses. CKI operates in Hong Kong, the Mainland, the UK, Continental Europe, Australia, New Zealand and North America.

CKI announced profit attributable to shareholders of HK$5,942 million in the first half of 2018, 5% higher than HK$5,657 million reported for the same period last year, which includes full six month contributions from the acquisitions in 2017.

The underlying performance of the Power Assets division recorded stable growth, partly offset by lower interest income due to the special dividends distributions in August 2017 and April 2018.

The UK portfolio contribution improved against 2017, the underlying growth was partly offset by certain one-off items recorded in 2017.

The Australia, North America and Continental Europe divisions all benefited from acquisitions, namely DUET Group, Reliance Home Comfort and ista respectively, which made immediate profit and cash flow contributions.

Husky Energy

	30 June 2018 HK$ million	30 June 2017 HK$ million	Change	Change in local currencies
Total Revenue [6]	**27,315**	19,935	+37%	+30%
EBITDA	**5,877**	4,002	+47%	+40%
EBIT	**2,761**	839	+229%	+213%
Production (mboe/day)	**297.9**	326.7	-9%	

Note 6: The Group's share of Husky Energy's total revenue has been reclassified for the first half of 2017.

The Group's share of EBITDA and EBIT, after translation into Hong Kong dollars and including consolidation adjustments, increased 47% and 229% against the first half of 2017 respectively. Although year on year production decreased by 9%, the underlying performance improved significantly as Husky Energy is benefiting from its integrated business model during the first half of 2018. The improvement was primarily driven by higher earnings from crude oil marketing activities due to the widening of the location pricing differentials between Canada and the U.S. and higher realised Upgrading and U.S. Refining & Marketing margins. In the Asia Pacific, Husky Energy reported strong contributions from natural gas production in Liwan which operates under fixed-price contracts, as well as production ramp up of the liquids-rich BD project in Indonesia which achieved first gas in the second half of 2017. Natural gas production in the Asia Pacific region represented 15% of total production in the first half of 2018. As the Group rebased Husky Energy assets to their fair value 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. Correspondingly, the year on year improvement in the Group's reported share of results is lower than that reported by Husky Energy.

Husky Energy continued to increase production from low cost thermal projects during the first half of 2018. Thermal bitumen production, including Lloydminster thermal projects, the Tucker Thermal Project and the Sunrise Energy Project, averaged 123.3 barrels per day in the first half of 2018, representing 41% of Husky Energy's total production. Overall thermal operating costs were C$11.32 per barrel in the first half of 2018.

3 Group Europe

	30 June 2018 HK$ million	30 June 2017 HK$ million	Change	Change in local currencies
Total Revenue	**36,124**	33,215	+9%	-2%
- Net customer service revenue	**28,551**	26,696	+7%	-4%
- Handset revenue	**5,410**	4,965	+9%	
- Other revenue	**2,163**	1,554	+39%	
Net customer service margin [7]	**23,672**	22,418	+6%	-5%
Net customer service margin %	***83%***	*84%*		
Other margin	**1,091**	743	+47%	
Total CACs	**(7,268)**	(7,296)	–	
Less: Handset revenue	**5,410**	4,965	+9%	
Total CACs (net of handset revenue)	**(1,858)**	(2,331)	+20%	
Operating expenses	**(10,108)**	(9,575)	-6%	
Opex as a % of Net customer service margin	***43%***	*43%*		
EBITDA	**12,797**	11,255	+14%	+3%
EBITDA margin % [8]	***42%***	*40%*		
Depreciation & Amortisation	**(5,309)**	(3,745)	-42%	
EBIT	**7,488**	7,510	–	-10%

Note 7: Net customer service margin represents net customer service revenue deducting direct variable costs (including interconnection charges and roaming costs).

Note 8: EBITDA margin % represents EBITDA as a percentage of total revenue (excluding handset revenue).

3 Group Europe - Results by operations

In million	UK GBP		Italy [9] EURO		Sweden SEK		Denmark DKK		Austria EURO		Ireland EURO		3 Group Europe [9] HK$	
	1H 2018	1H 2017	**1H 2018 Wind Tre (50%)**	1H 2017 Wind Tre (50%)	**1H 2018**	1H 2017	**1H 2018**	1H 2017	**1H 2018**	1H 2017	**1H 2018**	1H 2017	**1H 2018**	1H 2017
Total Revenue	**1,186**	1,161	**1,246**	1,360	**3,556**	3,646	**1,076**	1,114	**427**	386	**290**	298	**36,124**	33,215
% change	***+2%***		***-8%***		***-2%***		***-3%***		***+11%***		***-3%***		***+9%***	
											Local currencies growth %		***-2%***	
- Net Customer Service Revenue	**807**	799	**1,168**	1,290	**2,362**	2,446	**927**	980	**344**	315	**221**	234	**28,551**	26,696
% change	***+1%***		***-10%***		***-3%***		***-5%***		***+9%***		***-6%***		***+7%***	
											Local currencies growth %		***-4%***	
- Handset Revenue	**286**	284	**44**	51	**1,089**	1,070	**62**	58	**51**	53	**35**	33	**5,410**	4,965
- Other Revenue	**93**	78	**34**	19	**105**	130	**87**	76	**32**	18	**34**	31	**2,163**	1,554
Net Customer Service Margin [10]	**699**	701	**908**	1,030	**2,002**	2,099	**777**	834	**294**	270	**195**	203	**23,672**	22,418
% change	**–**		***-12%***		***-5%***		***-7%***		***+9%***		***-4%***		***+6%***	
											Local currencies growth %		***-5%***	
Net Customer Service Margin %	***87%***	*88%*	***78%***	*80%*	***85%***	*86%*	***84%***	*85%*	***85%***	*86%*	***88%***	*87%*	***83%***	*84%*
Other margin	**30**	24	**31**	15	**54**	65	**61**	53	**14**	11	**23**	21	**1,091**	743
TOTAL CACs [14]	**(370)**	(388)	**(89)**	(115)	**(1,359)**	(1,451)	**(158)**	(171)	**(58)**	(71)	**(44)**	(51)	**(7,268)**	(7,296)
Less: Handset Revenue	**286**	284	**44**	51	**1,089**	1,070	**62**	58	**51**	53	**35**	33	**5,410**	4,965
Total CACs (net of handset revenue)	**(84)**	(104)	**(45)**	(64)	**(270)**	(381)	**(96)**	(113)	**(7)**	(18)	**(9)**	(18)	**(1,858)**	(2,331)
Operating Expenses	**(281)**	(280)	**(411)**	(467)	**(625)**	(660)	**(376)**	(364)	**(108)**	(92)	**(115)**	(129)	**(10,108)**	(9,575)
Opex as a % of net customer service margin	***40%***	*40%*	***45%***	*45%*	***31%***	*31%*	***48%***	*44%*	***37%***	*34%*	***59%***	*64%*	***43%***	*43%*
EBITDA	**364**	341	**483**	514	**1,161**	1,123	**366**	410	**193**	171	**94**	77	**12,797**	11,255
% change	***+7%***		***-6%***		***+3%***		***-11%***		**+13%**		***+22%***		***+14%***	
HKD equivalent	***3,938***	*3,353*	***4,585***	*4,350*	***1,088***	*990*	***466***	*467*	***1,827***	*1,444*	***893***	*651*	***12,797***	*11,255*
											Local currencies growth %		***+3%***	
EBITDA margin % [11]	***40%***	*39%*	***40%***	*39%*	***47%***	*44%*	***36%***	*39%*	***51%***	*51%*	***37%***	*29%*	***42%***	*40%*
Depreciation & Amortisation [14]	**(167)**	(144)	**(189)**	(134)	**(406)**	(319)	**(158)**	(147)	**(71)**	(49)	**(48)**	(40)	**(5,309)**	(3,745)
EBIT	**197**	197	**294**	380	**755**	804	**208**	263	**122**	122	**46**	37	**7,488**	7,510
% change	**–**		***-23%***		***-6%***		***-21%***		**–**		***+24%***		**–**	
											Local currencies growth %		***-10%***	
			Wind Tre (50%)	Wind Tre (50%)										
Capex (excluding licence) [12]	**(125)**	(177)	**(154)**	(173)	**(515)**	(337)	**(70)**	(52)	**(43)**	(38)	**(62)**	(46)	**(4,200)**	(4,336)
EBITDA less Capex [12]	**239**	164	**329**	341	**646**	786	**296**	358	**150**	133	**32**	31	**8,597**	6,919
Licence [13]	**(165)**	(1)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(1,747)**	(10)

Note 9: **3** Group Europe includes 50% share of Wind Tre's results, of which fixed line business revenue was €290 million and €296 million in first six months of 2018 and 2017 respectively and EBITDA was €83 million and €91 million in first half of 2018 and 2017 respectively. **3** Group Europe Capex and EBITDA less Capex each includes 50% share of Wind Tre's capex for illustrative purpose only.

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

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

Note 12: Excluding UK's acquisition of UKB for £300 million in May 2017.

Note 13: 1H 2018 licence cost for UK represents investment for 4x5 MHz of 3.4 GHz spectrum acquired in April 2018. 1H 2017 licence cost for UK represents incidental costs to acquire licence.

Note 14: 1H 2018 included the effect under the adoption of HKFRS 15 of HK$415 million capitalisation impact on Total CACs and HK$479 million amortisation impact on Depreciation & Amortisation. Net impact to **3** Group Europe was a reduction in EBIT of HK$64 million.

	UK		Italy [15]		Sweden		Denmark		Austria		Ireland		3 Group Europe	
	1H 2018	1H 2017	**1H 2018**	1H 2017	**1H 2018**	1H 2017	**1H 2018**	1H 2017	**1H 2018**	1H 2017	**1H 2018**	1H 2017	**1H 2018**	1H 2017
Total registered customer base (million)	**13.0**	12.0	**28.6**	30.3	**2.0**	2.0	**1.3**	1.3	**3.6**	3.7	**3.4**	3.1	**51.9**	52.3
Total active customer base (million)	**10.1**	10.0	**26.2**	27.1	**1.9**	2.0	**1.3**	1.2	**2.9**	2.9	**2.1**	2.0	**44.6**	45.2
Contract customers as a % of the total registered customer base	**54%**	55%	**26%**	24%	**78%**	84%	**60%**	61%	**69%**	68%	**38%**	38%	**40%**	38%
Contract customers' contribution to the net customer service margin (%) [16]	**88%**	87%	**33%**	31%	**91%**	93%	**72%**	74%	**92%**	91%	**63%**	65%	**68%**	66%
Average monthly churn rate of the total contract registered customer base (%)	**1.2%**	1.3%	**1.9%**	2.3%	**1.9%**	1.9%	**2.0%**	2.3%	**0.2%**	0.2%	**1.0%**	2.4%	**1.4%**	1.7%
Active contract customers as a % of the total contract registered customer base	**98%**	98%	**93%**	95%	**100%**	100%	**100%**	100%	**100%**	100%	**98%**	98%	**97%**	97%
Active customers as a % of the total registered customer base	**78%**	83%	**92%**	90%	**96%**	96%	**97%**	97%	**80%**	79%	**63%**	66%	**86%**	86%
LTE coverage by population (%)	**94%**	91% [17]	**97%**	79%	**84%**	83%	**96%**	90%	**99%**	99%	**97%**	91%	**–**	–
Six month data usage per active customer (Gigabyte)													**33.1**	24.5

Note 15: Key business indicators were calculated based on Wind Tre's figures.

Note 16: **3** Group Europe contract customers' contribution to net customer service margin was calculated based on 50% contribution from Wind Tre.

Note 17: 1H 2017 LTE coverage by population for UK is restated to conform with current year presentation.

Key Business Indicators

Registered Customer Base

	Registered Customers at 30 June 2018 ('000)			Registered Customer Growth (%) from 31 December 2017 to 30 June 2018		
	Non-contract	Contract	**Total**	Non-contract	Contract	**Total**
United Kingdom	6,002	6,960	**12,962**	+6%	–	**+3%**
Italy [18]	21,211	7,435	**28,646**	-5%	+2%	**-3%**
Sweden	447	1,564	**2,011**	+26%	-4%	**+1%**
Denmark	535	809	**1,344**	+4%	+1%	**+3%**
Austria	1,098	2,495	**3,593**	-2%	-1%	**-1%**
Ireland	2,094	1,287	**3,381**	+5%	+7%	**+6%**
3 Group Europe Total	31,387	20,550	**51,937**	-2%	+1%	**-1%**

Active [19] Customer Base

	Active Customers at 30 June 2018 ('000)			Active Customer Growth (%) from 31 December 2017 to 30 June 2018		
	Non-contract	Contract	**Total**	Non-contract	Contract	**Total**
United Kingdom	3,297	6,836	**10,133**	+2%	–	**+1%**
Italy [18]	19,320	6,906	**26,226**	-2%	+1%	**-1%**
Sweden	364	1,564	**1,928**	+33%	-4%	**+1%**
Denmark	496	809	**1,305**	+4%	+1%	**+2%**
Austria	379	2,486	**2,865**	-4%	-1%	**-1%**
Ireland	870	1,261	**2,131**	-1%	+7%	**+4%**
3 Group Europe Total	24,726	19,862	**44,588**	-1%	–	**–**

Note 18: Italy's customer base as at 30 June 2018 was calculated based on 100% of Wind Tre. In addition to the above, Wind Tre has 2.7 million fixed line customers.

Note 19: 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") [20] to 30 June 2018

	Non-contract	Contract	**Blended Total**	% Variance compared to 30 June 2017
United Kingdom	£5.22	£24.27	**£17.97**	-4%
Italy	€11.29	€14.89	**€12.21**	-3%
Sweden	SEK120.51	SEK334.93	**SEK302.61**	+3%
Denmark	DKK89.06	DKK158.37	**DKK132.33**	-8%
Austria	€10.98	€23.21	**€21.53**	+2%
Ireland	€15.65	€24.75	**€20.89**	-7%
3 Group Europe Average [23]	€10.39	€24.30	**€17.58**	-3%

Key Business Indicators (continued)

12-month Trailing Net Average Revenue per Active User ("Net ARPU")[21] to 30 June 2018

	Non-contract	Contract	**Blended Total**	% Variance compared to 30 June 2017
United Kingdom	£5.22	£17.70	**£13.57**	-6%
Italy	€11.29	€14.89	**€12.21**	-3%
Sweden	SEK120.51	SEK223.27	**SEK207.78**	+1%
Denmark	DKK89.06	DKK143.21	**DKK122.87**	-10%
Austria	€10.98	€19.29	**€18.15**	–
Ireland	€15.65	€20.23	**€18.28**	-7%
3 Group Europe Average[23]	€10.39	€19.06	**€14.87**	-4%

12-month Trailing Net Average Margin per Active User ("Net AMPU")[22] to 30 June 2018

	Non-contract	Contract	**Blended Total**	% Variance compared to 30 June 2017
United Kingdom	£4.53	£15.34	**£11.76**	-7%
Italy	€9.11	€12.92	**€10.09**	-3%
Sweden	SEK98.86	SEK189.65	**SEK175.96**	–
Denmark	DKK73.84	DKK118.19	**DKK101.53**	-11%
Austria	€9.64	€16.50	**€15.56**	+1%
Ireland	€13.77	€17.48	**€15.90**	-5%
3 Group Europe Average[23]	€8.56	€16.41	**€12.61**	-4%

Note 20: 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 21: 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 22: 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 23: **3** Group Europe ARPU, Net ARPU and Net AMPU in the first half of 2018 and 2017 were calculated based on 50% contribution from Wind Tre.

United Kingdom

EBITDA increased by 7% compared to the same period last year, mainly driven by the benefits in total CACs from the adoption of new accounting standard, partly offset by higher cost incurred for UK Broadband acquired in May 2017 and network and IT transformation projects, both pivotal for future revenue growth potential. EBIT remained flat against the same period last year primarily due to higher depreciation and amortisation from an enlarged asset base and accelerated depreciation charges on certain assets to be replaced under the network and IT transformation projects.

Italy

The Group's share of Wind Tre joint venture's EBITDA and EBIT decreased 6% and 23% to €483 million and €294 million respectively, mainly due to customer base shortfall from unfavourable market condition, partly offset by the continued synergy realisation during the period.

Sweden

Sweden, where the Group has a 60% interest, reported 3% EBITDA growth compared to the same period last year, mainly due to benefits in total CACs from the adoption of new accounting standard and lower operating costs from stringent cost control, partly offset by lower net customer service margin from market competition driven by 1% decrease in active customer base. EBIT decreased 6% from same period last year primarily due to higher depreciation and amortisation from an enlarged asset base.

Denmark

The operation in Denmark, where the Group has a 60% interest, reported 11% and 21% decrease in EBITDA and EBIT respectively compared to the same period last year, mainly due to lower net customer service margin as VAT reclaim was not recognised from August 2017 onwards. Underlying EBITDA and EBIT growth would be both 8% before the VAT reclaim benefits in the first half of 2017.

Austria

EBITDA improved 13% arising from a 9% improvement in net customer service margin from fixed line operations acquired from Tele2 in November 2017, good cost controls as well as the benefits in total CACs from the adoption of new accounting standard. EBIT remained stable at €122 million in first half of 2018 as a result of higher depreciation and amortisation offsetting the growth in EBITDA.

Ireland

EBITDA and EBIT were 22% and 24% respectively higher than the same period last year due to the lower operating cost from disciplined spending, partly offset by decrease in net customer service margin driven by the adverse impact of the EU roaming regulation which more than offsets the new price plans implemented on contract customers since the first half of 2017.

Hutchison Telecommunications Hong Kong Holdings

	30 June 2018 HK$ million	30 June 2017 HK$ million	Change
Total Revenue	**4,021**	5,069	-21%
- Mobile operation - service	**1,843**	1,929	-4%
- Mobile operation - hardware	**2,178**	1,173	+86%
- Discontinued Fixed operation	**–**	1,967	-100%
EBITDA	**690**	1,309	-47%
- Mobile operation	**690**	653	+6%
- Discontinued Fixed operation	**–**	656	-100%
EBIT	**284**	494	-43%
- Mobile operation	**284**	223	+27%
- Discontinued Fixed operation	**–**	271	-100%
Total active customer base ('000)	**3,414**	3,268	+4%

Total revenue, EBITDA and EBIT of HTHKH were 21%, 47% and 43% lower respectively as compared to the same period last year mainly due to the disposal of the fixed-line telecommunication business in October 2017.

Hutchison Asia Telecommunications

	30 June 2018 HK$ million	30 June 2017 HK$ million	Change	Change in local currencies
Total Revenue	**4,081**	3,829	+7%	+9%
- Indonesia	**3,658**	3,388	+8%	+11%
- Vietnam	**258**	307	-16%	-16%
- Sri Lanka	**165**	134	+23%	+26%
EBITDA	**346**	256	+35%	+45%
- Indonesia	**645**	457	+41%	+47%
- Vietnam	**(249)**	(117)	-113%	-113%
- Sri Lanka	**17**	(6)	+383%	+383%
- Corporate costs	**(67)**	(78)	+14%	+14%
EBIT	**69**	117	-41%	-27%
- Indonesia	**405**	322	+26%	+31%
- Vietnam	**(282)**	(119)	-137%	-137%
- Sri Lanka	**13**	(8)	+263%	+263%
- Corporate costs	**(67)**	(78)	+14%	+14%
Total active customer base ('000)	**64,240**	75,320	-15%	

As of 30 June 2018, HAT had an active customer base of approximately 64.2 million, with Indonesia representing 81% of the total active customer base. The 15% decrease in active customer base primarily from 19% decrease in Indonesia's customer base for the government-imposed subscriber registration which resulted in a significant number of disconnections of multi-SIM users. This is partly offset by an 8% increase in Vietnam's customer base subsequent to brand-repositioning and new price-plan launched in early 2018.

Total revenue and EBITDA of HK$4,081 million and HK$346 million respectively, a 7 % and 35% increase compared to the same period last year, primarily driven by better operating performances in Indonesia, which has been focusing on higher margin customers and growth in recharge volumes. In the first half of 2018, Indonesia operation reported Revenue Generating Subscribers ("RGS") ARPU of US$2.30 and 832.6 pb per half year of data usage, representing 24% and 112% increase from the same period last year, respectively. The growth was partly offset by the declines in the Vietnam operation. EBIT of HK$69 million was 41% lower than the first half of 2017 arising from higher depreciation and amortisation with the continued network rollout and enhancements in Indonesia and Vietnam, as well as additional amortisation of the new carrier licences in Indonesia.

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 21 to 65, 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 2018 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, 2 August 2018

CK Hutchison Holdings Limited
Condensed Consolidated Income Statement
for the six months ended 30 June 2018

Unaudited 2018 # US$ million		Note	Unaudited 2018 HK$ million	2017 * HK$ million
16,793	Revenue	2, 3	**130,984**	117,755
(6,993)	Cost of inventories sold		**(54,546)**	(47,650)
(2,308)	Staff costs		**(18,004)**	(16,290)
(923)	Expensed customer acquisition and retention costs		**(7,201)**	(7,350)
(1,135)	Depreciation and amortisation	3	**(8,855)**	(7,238)
(3,150)	Other operating expenses	4	**(24,561)**	(23,592)
	Share of profits less losses of:			
524	Associated companies		**4,089**	2,587
798	Joint ventures		**6,221**	6,232
3,606			**28,127**	24,454
(556)	Interest expenses and other finance costs	5	**(4,335)**	(3,856)
3,050	**Profit before tax**		**23,792**	20,598
(249)	Current tax	6	**(1,939)**	(1,652)
51	Deferred tax	6	**395**	1,418
2,852	**Profit after tax**		**22,248**	20,364
(542)	**Profit attributable to non-controlling interests and holders of perpetual capital securities**		**(4,228)**	(4,445)
2,310	**Profit attributable to ordinary shareholders**		**18,020**	15,919
US 59.9 cents	**Earnings per share for profit attributable to ordinary shareholders**	7	**HK$ 4.67**	HK$ 4.13

Details of distribution paid to the holders of perpetual capital securities and interim dividend payable to the ordinary shareholders are set out in note 8.

See note 27.
* See note 28.

CK Hutchison Holdings Limited
Condensed Consolidated Statement of Comprehensive Income
for the six months ended 30 June 2018

Unaudited 2018 # US$ million		Unaudited 2018 HK$ million	2017 * HK$ million
2,852	**Profit after tax**	**22,248**	20,364
	Other comprehensive income (losses)		
	Items that will not be reclassified to profit or loss:		
	Remeasurement of defined benefit obligations recognised directly		
72	in reserves	**559**	(3)
	Equity securities at FVOCI *		
(39)	Valuation losses recognised directly in reserves	**(306)**	-
13	Share of other comprehensive income of associated companies	**103**	43
31	Share of other comprehensive income of joint ventures	**245**	256
(11)	Tax relating to items that will not be reclassified to profit or loss	**(83)**	(9)
66		**518**	287
	Items that have been reclassified or may be subsequently reclassified to profit or loss:		
	Debt securities at FVOCI *		
(7)	Valuation losses recognised directly in reserves	**(55)**	-
	Available-for-sale investments		
-	Valuation gains recognised directly in reserves	**-**	19
-	Valuation gains previously in reserves recognised in income statement	**-**	(41)
	Cash flow hedges (forward foreign currency contracts, cross currency interest rate swap contracts and interest rate swap contracts)		
42	Gains recognised directly in reserves	**332**	357
	Losses previously in reserves recognised in initial cost of		
-	non-financial items	**-**	2
	Cost of hedging previously accumulated in reserves recognised in		
(2)	income statement	**(17)**	-
	Gains (losses) on net investment hedges (forward foreign currency		
187	contracts) recognised directly in reserves	**1,454**	(2,421)
	Gains (losses) on translating overseas subsidiaries' net assets recognised		
(291)	directly in reserves	**(2,271)**	1,795
	Losses previously in exchange reserve related to joint ventures disposed		
-	during the period recognised in income statement	**-**	9
(149)	Share of other comprehensive income (losses) of associated companies	**(1,162)**	635
(178)	Share of other comprehensive income (losses) of joint ventures	**(1,389)**	5,042
	Tax relating to items that have been reclassified or may be subsequently		
(6)	reclassified to profit or loss	**(50)**	(69)
(404)		**(3,158)**	5,328
(338)	Other comprehensive income (losses), net of tax	**(2,640)**	5,615
2,514	**Total comprehensive income**	**19,608**	25,979
(540)	**Total comprehensive income attributable to non-controlling interests and holders of perpetual capital securities**	**(4,212)**	(5,875)
1,974	**Total comprehensive income attributable to ordinary shareholders**	**15,396**	20,104

See note 27.
* See note 28.

CK Hutchison Holdings Limited
Condensed Consolidated Statement of Financial Position
at 30 June 2018

Unaudited 30 June 2018 # US$ million		Note	Unaudited 30 June 2018 HK$ million	Audited 31 December 2017 * HK$ million
	Non-current assets			
20,480	Fixed assets	9	**159,745**	158,789
46	Investment properties		**360**	360
1,032	Leasehold land		**8,049**	8,305
3,890	Telecommunications licences		**30,344**	27,271
9,639	Brand names and other rights		**75,183**	75,985
32,643	Goodwill		**254,617**	255,334
18,066	Associated companies		**140,915**	145,343
20,941	Interests in joint ventures		**163,338**	162,134
2,659	Deferred tax assets	10	**20,738**	20,195
986	Liquid funds and other listed investments	11	**7,689**	7,813
1,005	Other non-current assets	12	**7,837**	5,180
111,387			**868,815**	866,709
	Current assets			
18,302	Cash and cash equivalents	13	**142,754**	160,470
2,895	Inventories		**22,584**	21,708
6,642	Trade receivables and other current assets	14	**51,810**	51,368
27,839			**217,148**	233,546
	Current liabilities			
2,911	Bank and other debts	15	**22,708**	21,712
308	Current tax liabilities		**2,400**	2,948
10,432	Trade payables and other current liabilities	16	**81,372**	90,228
13,651			**106,480**	114,888
14,188	Net current assets		**110,668**	118,658
125,575	Total assets less current liabilities		**979,483**	985,367
	Non-current liabilities			
39,979	Bank and other debts	15	**311,835**	310,276
400	Interest bearing loans from non-controlling shareholders		**3,122**	3,143
3,364	Deferred tax liabilities	10	**26,236**	25,583
413	Pension obligations		**3,221**	3,770
6,993	Other non-current liabilities	17	**54,545**	51,048
51,149			**398,959**	393,820
74,426	**Net assets**		**580,524**	591,547
	Capital and reserves			
495	Share capital	18 (a)	**3,858**	3,858
31,347	Share premium	18 (a)	**244,505**	244,505
24,516	Reserves	19	**191,230**	181,693
56,358	Total ordinary shareholders' funds		**439,593**	430,056
1,005	Perpetual capital securities	18 (b)	**7,842**	29,481
17,063	Non-controlling interests		**133,089**	132,010
74,426	**Total equity**		**580,524**	591,547

\# See note 27.
* See note 28.

CK Hutchison Holdings Limited
Condensed Consolidated Statement of Changes in Equity
for the six months ended 30 June 2018

Unaudited Total equity # US$ million		Ordinary shareholders: Share capital and share premium (a) HK$ million	Ordinary shareholders: Reserves (b) HK$ million	Ordinary shareholders: 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
		Attributable to						
75,839	At 31 December 2017, as previously reported, and 1 January 2018	248,363	181,693	430,056	29,481	459,537	132,010	591,547
102	Effect on adoption of HKFRS 9 and HKFRS 15 (see note 28)	-	430	430	-	430	364	794
75,941	At 1 January 2018, as adjusted	248,363	182,123	430,486	29,481	459,967	132,374	592,341
2,852	Profit for the period	-	18,020	18,020	386	18,406	3,842	22,248
	Other comprehensive income (losses)							
	Equity securities at FVOCI *							
(39)	Valuation losses recognised directly in reserves	-	(306)	(306)	-	(306)	-	(306)
	Debt securities at FVOCI *							
(7)	Valuation losses recognised directly in reserves	-	(55)	(55)	-	(55)	-	(55)
72	Remeasurement of defined benefit obligations recognised directly in reserves	-	439	439	-	439	120	559
	Cash flow hedges (forward foreign currency contracts, cross currency interest rate swap contracts and interest rate swap contracts)							
42	Gains recognised directly in reserves	-	267	267	-	267	65	332
(2)	Cost of hedging previously accumulated in reserves recognised in income statement	-	(17)	(17)	-	(17)	-	(17)
187	Gains on net investment hedges (forward foreign currency contracts) recognised directly in reserves	-	1,151	1,151	-	1,151	303	1,454
(291)	Losses on translating overseas subsidiaries' net assets recognised directly in reserves	-	(1,861)	(1,861)	-	(1,861)	(410)	(2,271)
(136)	Share of other comprehensive income (losses) of associated companies	-	(1,107)	(1,107)	-	(1,107)	48	(1,059)
(147)	Share of other comprehensive income (losses) of joint ventures	-	(1,029)	(1,029)	-	(1,029)	(115)	(1,144)
(17)	Tax relating to components of other comprehensive income (losses)	-	(106)	(106)	-	(106)	(27)	(133)
(338)	Other comprehensive income (losses), net of tax	-	(2,624)	(2,624)	-	(2,624)	(16)	(2,640)
2,514	Total comprehensive income	-	15,396	15,396	386	15,782	3,826	19,608
(1)	Hedging reserve gains transferred to the carrying value of non-financial item during the period	-	(4)	(4)	-	(4)	(1)	(5)
(1,024)	Dividends paid relating to 2017	-	(7,985)	(7,985)	-	(7,985)	-	(7,985)
(403)	Dividends paid to non-controlling interests	-	-	-	-	-	(3,146)	(3,146)
(109)	Distribution paid on perpetual capital securities	-	-	-	(850)	(850)	-	(850)
2	Equity contribution from non-controlling interests	-	-	-	-	-	16	16
(2,492)	Redemption of perpetual capital securities	-	1,740	1,740	(21,175)	(19,435)	-	(19,435)
(1)	Share option schemes and long term incentive plans of subsidiary companies	-	(5)	(5)	-	(5)	(3)	(8)
6	Relating to purchase of subsidiary companies	-	-	-	-	-	44	44
(7)	Relating to purchase of non-controlling interests	-	(28)	(28)	-	(28)	(28)	(56)
-	Relating to partial disposal of subsidiary companies	-	(7)	(7)	-	(7)	7	-
(4,029)		-	(6,289)	(6,289)	(22,025)	(28,314)	(3,111)	(31,425)
74,426	At 30 June 2018	248,363	191,230	439,593	7,842	447,435	133,089	580,524

\# See note 27.

* See note 28.

CK Hutchison Holdings Limited
Condensed Consolidated Statement of Changes in Equity
for the six months ended 30 June 2018

Unaudited Total equity # US$ million		Attributable to: Ordinary shareholders: Share capital and share premium *(a) HK$ million	Ordinary shareholders: Reserves *(b) HK$ million	Ordinary shareholders: 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 (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 (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

See note 27.
* See note 28.
(a) See note 18(a) for further details on share capital and share premium.
(b) 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 2018

Unaudited 2018 # US$ million		Note	Unaudited 2018 HK$ million	2017 * HK$ million
	Operating activities			
4,611	Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	20 (a)	**35,968**	32,209
(615)	Interest expenses and other finance costs paid		**(4,797)**	(4,576)
(328)	Tax paid		**(2,557)**	(1,977)
3,668	**Funds from operations**		**28,614**	25,656
(930)	Changes in working capital	20 (b)	**(7,253)**	(3,454)
2,738	**Net cash from operating activities**		**21,361**	22,202
	Investing activities			
(1,174)	Purchase of fixed assets		**(9,158)**	(8,735)
(499)	Additions to telecommunications licences		**(3,890)**	(10)
(8)	Additions to brand names and other rights		**(68)**	(6)
4	Purchase of subsidiary companies	20 (c)	**29**	(2,963)
(51)	Additions to other unlisted investments		**(398)**	(31)
122	Repayments from associated companies and joint ventures		**953**	689
(138)	Purchase of and advances to associated companies and joint ventures		**(1,074)**	(18,633)
4	Proceeds on disposal of fixed assets		**31**	22
19	Proceeds on disposal of associated companies and joint ventures		**149**	80
1	Proceeds on disposal of other unlisted investments		**4**	4
(1,720)	Cash flows used in investing activities before additions to / disposal of liquid funds and other listed investments		**(13,422)**	(29,583)
-	Disposal of liquid funds and other listed investments		**-**	226
(7)	Additions to liquid funds and other listed investments		**(57)**	(1,897)
(1,727)	**Cash flows used in investing activities**		**(13,479)**	(31,254)
1,011	**Net cash inflow (outflow) before financing activities**		**7,882**	(9,052)
	Financing activities			
2,779	New borrowings	20 (d)	**21,679**	59,492
(2,037)	Repayment of borrowings	20 (d)	**(15,892)**	(43,456)
(1)	Net loans to non-controlling shareholders	20 (d)	**(6)**	(1,519)
1	Issue of equity securities by subsidiary companies to non-controlling shareholders		**6**	1
(7)	Purchase of non-controlling interests		**(56)**	-
-	Proceeds on issue of perpetual capital securities, net of transaction costs		**-**	7,738
(2,492)	Redemption of perpetual capital securities		**(19,435)**	(7,800)
(1,024)	Dividends paid to ordinary shareholders		**(7,985)**	(7,503)
(392)	Dividends paid to non-controlling interests		**(3,059)**	(3,027)
(109)	Distribution paid on perpetual capital securities		**(850)**	(921)
(3,282)	**Cash flows from (used in) financing activities**		**(25,598)**	3,005
(2,271)	Decrease in cash and cash equivalents		**(17,716)**	(6,047)
20,573	Cash and cash equivalents at 1 January		**160,470**	156,270
18,302	**Cash and cash equivalents at 30 June**		**142,754**	150,223

See note 27.
* See note 28.

CK Hutchison Holdings Limited
Condensed Consolidated Statement of Cash Flows
for the six months ended 30 June 2018

Unaudited 2018 # US$ million		Note	**Unaudited 2018 HK$ million**	2017 * HK$ million
	Analysis of cash, liquid funds and other listed investments at 30 June			
18,302	Cash and cash equivalents, as above	13	**142,754**	150,223
986	Liquid funds and other listed investments	11	**7,689**	7,570
19,288	**Total cash, liquid funds and other listed investments**		**150,443**	157,793
43,067	Total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions	15	**335,925**	327,840
400	Interest bearing loans from non-controlling shareholders		**3,122**	2,976
24,179	**Net debt**		**188,604**	173,023
(400)	Interest bearing loans from non-controlling shareholders		**(3,122)**	(2,976)
23,779	**Net debt (excluding interest bearing loans from non-controlling shareholders)**		**185,482**	170,047
(6,835)	Non-recourse investment graded debt and related cash balances of Northumbrian Water Group Limited and UK Rails S.à r.l.		**(53,317)**	(48,891)
16,944	**Net debt (excluding interest bearing loans from non-controlling shareholders and net debt balances of Northumbrian Water Group Limited and UK Rails S.à r.l.)**		**132,165**	121,156

See note 27.
* See note 28.

Notes to the Interim Financial Statements

1 Basis of preparation and presentation

These unaudited consolidated financial statements of CK Hutchison Holdings Limited (the "Company") and its subsidiaries (the "Group") for the half-year reporting period ended 30 June 2018 (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 do not contain all the notes of the type normally included in the annual consolidated financial statements. Accordingly, the Interim Financial Statements should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2017 (the "2017 Annual Financial Statements"), which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

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 2018. The Group had to change its accounting policies with effect from 1 January 2018 as a result of adopting Hong Kong Financial Reporting Standard 9 "Financial Instruments" ("HKFRS 9") and Hong Kong Financial Reporting Standard 15 "Revenue from Contracts with Customers" ("HKFRS 15"). The adoption of these two standards has resulted in a HK$794 million (HKFRS 9: HK$36 million; and HKFRS 15: HK$758 million) increase in the opening balance of total equity on 1 January 2018 (the date of initial application of HKFRS 9 and HKFRS 15) (see note 28). The adoption of the other standards did not require the Group to change its accounting policies or make retrospective adjustments as they did not have a material effect on the Group's financial statements. Except for these changes, the accounting policies applied and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in the 2017 Annual Financial Statements.

The Group has initially applied HKFRS 9 and HKFRS 15 with effect from 1 January 2018 and has taken transitional provisions and methods not to restate comparative information for prior periods. The comparative information continues to be reported under the accounting policies prevailing prior to 1 January 2018, with certain changes in presentation as explained below.

With effect from 1 January 2018, "Total ordinary shareholders' funds" is shown as a separate item within the "Capital and reserves" section of the consolidated statement of financial position. This change in presentation has no impact on the total equity. The comparative information has been reclassified accordingly. In addition, the comparative balance for "Profits on disposal of investments and others" of HK$30 million previously reported in the Group's unaudited consolidated financial statements for the half-year reporting period ended 30 June 2017 (the "2017 Interim Financial Statements") has been reclassified and reported under "Other operating expenses" to conform with the presentation of the 2017 Annual Financial Statements.

The Interim Financial Statements were authorised for issue by the Company's Board of Directors on 2 August 2018.

2 Revenue

An analysis of revenue of the Company and subsidiary companies is as follows:

	Six months ended 30 June	
	2018	2017
	HK$ million	HK$ million
Sale of goods	**81,795**	71,689
Revenue from services	**46,249**	44,226
Revenue from contracts with customers (note (a))	**128,044**	115,915
Interest	**2,877**	1,782
Dividend income	**63**	58
	130,984	117,755

2 Revenue (continued)

(a) Disaggregation of revenue:

In the following table, revenue of the Company and subsidiaries from contracts with customers is disaggregated by timing of satisfaction of performance obligations. The table also includes a reconciliation to the segment information in respect of revenue of the Company and subsidiaries that is disclosed in the operating segment note.

By operating segments:

	Revenue from contracts with customers of the Company and subsidiaries					
	Six months ended 30 June 2018			Six months ended 30 June 2017		
	Revenue recognised at a point in time HK$ million	**Revenue recognised over time HK$ million**	**Total HK$ million**	Revenue recognised at a point in time HK$ million	Revenue recognised over time HK$ million	Total HK$ million
Revenue from contracts with customers						
Ports and Related Services	**-**	**13,349**	**13,349**	-	12,237	12,237
Retail	**66,560**	**-**	**66,560**	58,798	-	58,798
Infrastructure	**2,177**	**6,820**	**8,997**	1,865	6,134	7,999
3 Group Europe	**5,338**	**18,962**	**24,300**	4,741	16,953	21,694
Hutchison Telecommunications Hong Kong Holdings	**2,178**	**1,843**	**4,021**	1,173	3,896	5,069
Hutchison Asia Telecommunications	**-**	**4,081**	**4,081**	-	3,829	3,829
Finance & Investments and Others	**6,570**	**166**	**6,736**	6,231	58	6,289
	82,823	**45,221**	**128,044**	72,808	43,107	115,915
Interest			**2,877**			1,782
Dividend income			**63**			58
			130,984			117,755

By geographical locations:

	Revenue from contracts with customers of the Company and subsidiaries					
	Six months ended 30 June 2018			Six months ended 30 June 2017		
	Revenue recognised at a point in time HK$ million	**Revenue recognised over time HK$ million**	**Total HK$ million**	Revenue recognised at a point in time HK$ million	Revenue recognised over time HK$ million	Total HK$ million
Revenue from contracts with customers						
Hong Kong	**17,970**	**1,772**	**19,742**	16,361	3,790	20,151
Mainland China	**16,477**	**291**	**16,768**	14,023	324	14,347
Europe	**29,830**	**30,976**	**60,806**	26,103	27,584	53,687
Canada	**205**	**-**	**205**	180	-	180
Asia, Australia and Others	**11,771**	**12,016**	**23,787**	9,910	11,351	21,261
Finance & Investments and Others	**6,570**	**166**	**6,736**	6,231	58	6,289
	82,823	**45,221**	**128,044**	72,808	43,107	115,915
Interest			**2,877**			1,782
Dividend income			**63**			58
			130,984			117,755

2 Revenue (continued)

(b) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	30 June 2018		1 January 2018 *	
	Current portion HK$ million	**Non-current portion HK$ million**	Current portion HK$ million	Non-current portion HK$ million
Receivables, which are included in "Trade receivables and other current assets" (see note 14)	**11,128**	-	11,546	-
Contract assets, which are included in "Trade receivables and other current assets" and "'Other non-current assets" (see notes 14 and 12)	**2,771**	**272**	3,586	256
Contract liabilities, which are included in "Trade payables and other current liabilities" and "Other non-current liabilities" (see notes 16 and 17)	**(2,703)**	**(3,778)**	(2,788)	(3,537)

* The Group recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance at 1 January 2018.

The contract assets primarily relate to the Group's rights to consideration for delivered goods or services but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. The contract liabilities primarily relate to the advance consideration received from customers, where the Group has the unconditional right to considerations before the goods or services are delivered.

3 Operating segment information

The following presents information regarding the Group's operating segments. 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 87.87% interest in the Australian Securities Exchange listed Hutchison Telecommunications (Australia) ("HTAL"), which has a 50% interest in a joint venture company, Vodafone Hutchison Australia Pty Limited ("VHA"), Hutchison Whampoa (China), Hutchison E-Commerce, Hutchison Water (which was disposed during 2017) 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 2018 mainly attributable to Retail of HK$17 million (30 June 2017 - HK$31 million), Hutchison Telecommunications Hong Kong Holdings of HK$5 million (30 June 2017 - HK$128 million) and Hutchison Asia Telecommunications of HK$1 million (30 June 2017 - HK$4 million).

HKFRS 9 and HKFRS 15 are applied with effect from 1 January 2018 without restating the comparative information. See note 28. The comparative information set out in this note continues to be reported under the accounting policies prevailing prior to 1 January 2018. See notes 3(s) and 3(t) for the reclassifications relating to first-half 2017 that had already been incorporated in the 2017 Annual Financial Statements.

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 2018				Six months ended 30 June 2017			
	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 #	**13,385**	**4,206**	**17,591**	**8%**	12,275	3,920	16,195	8%
Retail	**66,560**	**17,314**	**83,874**	**37%**	58,798	14,759	73,557	38%
Infrastructure	**10,430**	**23,795**	**34,225**	**15%**	8,780	17,138	25,918	14%
Husky Energy (t)	**-**	**27,315**	**27,315**	**12%**	-	19,935	19,935	10%
3 Group Europe	**24,300**	**11,824**	**36,124**	**16%**	21,694	11,521	33,215	17%
Hutchison Telecommunications Hong Kong Holdings	**4,021**	**-**	**4,021**	**2%**	5,069	-	5,069	3%
Hutchison Asia Telecommunications	**4,081**	**-**	**4,081**	**2%**	3,829	-	3,829	2%
Finance & Investments and Others	**8,207**	**9,069**	**17,276**	**8%**	7,310	8,631	15,941	8%
	130,984	**93,523**	**224,507**	**100%**	117,755	75,904	193,659	100%
Non-controlling interests' share of HPH Trust's revenue	**-**	**503**	**503**		-	488	488	
	130,984	**94,026**	**225,010**		117,755	76,392	194,147	

\# includes the Group's attributable share of HPH Trust's revenue based on the effective shareholdings in HPH Trust during 2018. Revenue reduced by HK$503 million (30 June 2017 - HK$488 million) for the six months ended 30 June 2018, 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 2018				Six months ended 30 June 2017			
	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 #	**4,420**	**1,785**	**6,205**	**11%**	3,966	1,740	5,706	12%
Retail	**6,137**	**1,395**	**7,532**	**14%**	5,339	1,188	6,527	14%
Infrastructure	**6,094**	**12,851**	**18,945**	**34%**	5,451	10,390	15,841	34%
Husky Energy	**-**	**5,877**	**5,877**	**11%**	-	4,002	4,002	9%
3 Group Europe	**8,212**	**4,585**	**12,797**	**23%**	6,907	4,348	11,255	24%
Hutchison Telecommunications Hong Kong Holdings	**654**	**36**	**690**	**1%**	1,277	32	1,309	3%
Hutchison Asia Telecommunications	**346**	**-**	**346**	**1%**	256	-	256	-
Finance & Investments and Others	**912**	**2,046**	**2,958**	**5%**	(353)	2,118	1,765	4%
EBITDA	**26,775**	**28,575**	**55,350**	**100%**	22,843	23,818	46,661	100%
Non-controlling interests' share of HPH Trust's EBITDA	**-**	**349**	**349**		-	336	336	
EBITDA (see note 20(a))	**26,775**	**28,924**	**55,699**		22,843	24,154	46,997	
Depreciation and amortisation	**(8,855)**	**(11,242)**	**(20,097)**		(7,238)	(9,012)	(16,250)	
Interest expenses and other finance costs	**(4,335)**	**(4,579)**	**(8,914)**		(3,856)	(4,245)	(8,101)	
Current tax	**(1,939)**	**(1,720)**	**(3,659)**		(1,652)	(1,325)	(2,977)	
Deferred tax	**395**	**(1,000)**	**(605)**		1,418	(574)	844	
Non-controlling interests	**(4,228)**	**(176)**	**(4,404)**		(4,445)	(149)	(4,594)	
	7,813	**10,207**	**18,020**		7,070	8,849	15,919	

\# includes the Group's attributable share of HPH Trust's EBITDA based on the effective shareholdings in HPH Trust during 2018. EBITDA reduced by HK$349 million (30 June 2017 - HK$336 million) for the six months ended 30 June 2018, 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 2018				Six months ended 30 June 2017			
	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 #	**2,818**	**1,046**	**3,864**	**11%**	2,577	1,046	3,623	12%
Retail	**4,947**	**1,045**	**5,992**	**17%**	4,332	900	5,232	17%
Infrastructure	**4,297**	**8,945**	**13,242**	**37%**	4,219	7,730	11,949	39%
Husky Energy	**-**	**2,761**	**2,761**	**8%**	-	839	839	3%
3 Group Europe								
EBITDA before the following non-cash items:	**8,212**	**4,585**	**12,797**		6,907	4,348	11,255	
Depreciation	**(2,406)**	**(704)**	**(3,110)**		(2,057)	(477)	(2,534)	
Amortisation of licence fees, customer acquisition and retention costs and other rights	**(1,112)**	**(1,087)**	**(2,199)**		(554)	(657)	(1,211)	
EBIT - **3** Group Europe	**4,694**	**2,794**	**7,488**	**21%**	4,296	3,214	7,510	25%
Hutchison Telecommunications Hong Kong Holdings	**273**	**11**	**284**	**1%**	485	9	494	2%
Hutchison Asia Telecommunications	**69**	**-**	**69**	**-**	117	-	117	-
Finance & Investments and Others	**822**	**866**	**1,688**	**5%**	(421)	1,199	778	2%
EBIT	**17,920**	**17,468**	**35,388**	**100%**	15,605	14,937	30,542	100%
Non-controlling interests' share of HPH Trust's EBIT	**-**	**214**	**214**		-	205	205	
Interest expenses and other finance costs	**(4,335)**	**(4,579)**	**(8,914)**		(3,856)	(4,245)	(8,101)	
Current tax	**(1,939)**	**(1,720)**	**(3,659)**		(1,652)	(1,325)	(2,977)	
Deferred tax	**395**	**(1,000)**	**(605)**		1,418	(574)	844	
Non-controlling interests	**(4,228)**	**(176)**	**(4,404)**		(4,445)	(149)	(4,594)	
	7,813	**10,207**	**18,020**		7,070	8,849	15,919	

\# includes the Group's attributable share of HPH Trust's EBIT based on the effective shareholdings in HPH Trust during 2018. EBIT reduced by HK$214 million (30 June 2017 - HK$205 million) for the six months ended 30 June 2018, 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 2018			Six months ended 30 June 2017		
	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 #	**1,602**	**739**	**2,341**	1,389	694	2,083
Retail	**1,190**	**350**	**1,540**	1,007	288	1,295
Infrastructure	**1,797**	**3,906**	**5,703**	1,232	2,660	3,892
Husky Energy	**-**	**3,116**	**3,116**	-	3,163	3,163
3 Group Europe	**3,518**	**1,791**	**5,309**	2,611	1,134	3,745
Hutchison Telecommunications Hong Kong Holdings	**381**	**25**	**406**	792	23	815
Hutchison Asia Telecommunications	**277**	**-**	**277**	139	-	139
Finance & Investments and Others	**90**	**1,180**	**1,270**	68	919	987
	8,855	**11,107**	**19,962**	7,238	8,881	16,119
Non-controlling interests' share of HPH Trust's depreciation and amortisation	**-**	**135**	**135**	-	131	131
	8,855	**11,242**	**20,097**	7,238	9,012	16,250

\# includes the Group's attributable share of HPH Trust's depreciation and amortisation based on the effective shareholdings in HPH Trust during 2018. Depreciation and amortisation reduced by HK$135 million (30 June 2017 - HK$131 million) for the six months ended 30 June 2018, 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 2018				Six months ended 30 June 2017			
	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	**1,285**	**-**	**-**	**1,285**	847	-	-	847
Retail	**1,142**	**-**	**-**	**1,142**	891	-	-	891
Infrastructure	**2,461**	**-**	**41**	**2,502**	2,580	-	-	2,580
Husky Energy	**-**	**-**	**-**	**-**	-	-	-	-
3 Group Europe	**2,763**	**1,747**	**26**	**4,536**	2,828	10	2	2,840
Hutchison Telecommunications Hong Kong Holdings	**282**	**-**	**-**	**282**	427	-	2	429
Hutchison Asia Telecommunications	**1,157**	**2,143**	**-**	**3,300**	1,051	-	-	1,051
Finance & Investments and Others	**68**	**-**	**1**	**69**	111	-	2	113
	9,158	**3,890**	**68**	**13,116**	8,735	10	6	8,751

3 Operating segment information (continued)

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

	Total assets							
	30 June 2018				31 December 2017			
	Company and Subsidiaries		**Investments in associated**		Company and Subsidiaries		Investments in associated	
	Segment assets (o)	**Deferred tax assets**	**companies and interests in joint ventures**	**Total assets**	Segment assets (o)	Deferred tax assets	companies and interests in joint ventures	Total assets
	HK$ million	**HK$ million**	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million	HK$ million
Ports and Related Services	**74,862**	**211**	**25,768**	**100,841**	75,531	184	26,242	101,957
Retail	**197,924**	**1,120**	**13,210**	**212,254**	196,903	1,140	13,707	211,750
Infrastructure	**174,696**	**432**	**153,748**	**328,876**	172,958	489	157,420	330,867
Husky Energy	**-**	**-**	**63,414**	**63,414**	-	-	62,976	62,976
3 Group Europe	**114,085**	**18,670**	**33,763**	**166,518**	114,415	18,015	32,723	165,153
Hutchison Telecommunications Hong Kong Holdings	**19,419**	**276**	**421**	**20,116**	23,500	338	434	24,272
Hutchison Asia Telecommunications	**10,431**	**-**	**-**	**10,431**	7,973	-	-	7,973
Finance & Investments and Others	**169,555**	**29**	**13,929**	**183,513**	181,303	29	13,975	195,307
	760,972	**20,738**	**304,253**	**1,085,963**	772,583	20,195	307,477	1,100,255

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

	Total liabilities							
	30 June 2018				31 December 2017			
	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	**12,682**	**16,415**	**4,785**	**33,882**	13,746	16,652	4,624	35,022
Retail	**25,112**	**13,643**	**10,336**	**49,091**	25,813	13,768	10,523	50,104
Infrastructure	**10,081**	**101,164**	**7,325**	**118,570**	15,305	102,354	7,165	124,824
Husky Energy	**-**	**-**	**-**	**-**	-	-	-	-
3 Group Europe	**21,429**	**14,260**	**197**	**35,886**	23,866	14,759	460	39,085
Hutchison Telecommunications Hong Kong Holdings	**1,837**	**389**	**7**	**2,233**	2,229	4,286	3	6,518
Hutchison Asia Telecommunications	**5,796**	**17,942**	**1**	**23,739**	5,219	17,010	3	22,232
Finance & Investments and Others	**7,656**	**228,397**	**5,985**	**242,038**	7,820	217,350	5,753	230,923
	84,593	**392,210**	**28,636**	**505,439**	93,998	386,179	28,531	508,708

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 2018					Six months ended 30 June 2017				
	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	**19,755**	**2,252**	**22,007**		**10%**	20,172	2,453	22,625		12%
Mainland China	**16,771**	**3,858**	**20,629**		**9%**	14,350	3,446	17,796		9%
Europe	**61,632**	**43,024**	**104,656**		**47%**	54,126	35,773	89,899		47%
Canada [r]	**322**	**27,013**	**27,335**		**12%**	206	19,482	19,688		10%
Asia, Australia and Others	**24,297**	**8,307**	**32,604**		**14%**	21,591	6,119	27,710		14%
Finance & Investments and Others	**8,207**	**9,069**	**17,276**		**8%**	7,310	8,631	15,941		8%
	130,984	**93,523**	**224,507**	(1)	**100%**	117,755	75,904	193,659	(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 2018					Six months ended 30 June 2017				
	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	**938**	**948**	**1,886**		**3%**	1,340	1,140	2,480		5%
Mainland China	**2,918**	**2,438**	**5,356**		**10%**	2,467	2,261	4,728		10%
Europe	**16,875**	**13,163**	**30,038**		**54%**	14,497	11,548	26,045		56%
Canada [r]	**220**	**5,115**	**5,335**		**10%**	120	3,430	3,550		8%
Asia, Australia and Others	**4,912**	**4,865**	**9,777**		**18%**	4,772	3,322	8,094		17%
Finance & Investments and Others	**912**	**2,046**	**2,958**		**5%**	(353)	2,117	1,764		4%
	26,775	**28,575**	**55,350**	(2)	**100%**	22,843	23,818	46,661	(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 2018					Six months ended 30 June 2017				
	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	**370**	**423**	**793**		**2%**	376	636	1,012		3%
Mainland China	**2,416**	**1,722**	**4,138**		**12%**	2,051	1,526	3,577		12%
Europe	**10,796**	**9,054**	**19,850**		**56%**	9,994	8,703	18,697		61%
Canada [r]	**209**	**2,201**	**2,410**		**7%**	110	582	692		2%
Asia, Australia and Others	**3,307**	**3,202**	**6,509**		**18%**	3,495	2,291	5,786		19%
Finance & Investments and Others	**822**	**866**	**1,688**		**5%**	(421)	1,199	778		3%
	17,920	**17,468**	**35,388**	(3)	**100%**	15,605	14,937	30,542	(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 2018				Six months ended 30 June 2017			
	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	**531**	**-**	**-**	**531**	563	-	2	565
Mainland China	**242**	**-**	**-**	**242**	262	-	-	262
Europe	**5,996**	**1,747**	**26**	**7,769**	5,591	10	2	5,603
Canada	**3**	**-**	**36**	**39**	173	-	-	173
Asia, Australia and Others	**2,318**	**2,143**	**5**	**4,466**	2,035	-	-	2,035
Finance & Investments and Others	**68**	**-**	**1**	**69**	111	-	2	113
	9,158	**3,890**	**68**	**13,116**	8,735	10	6	8,751

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

	Total assets							
	30 June 2018				31 December 2017			
	Company and Subsidiaries		**Investments in associated companies and interests in joint ventures**		Company and Subsidiaries		Investments in associated companies and interests in joint ventures	
	Segment assets (o) HK$ million	**Deferred tax assets HK$ million**	**HK$ million**	**Total assets HK$ million**	Segment assets (o) HK$ million	Deferred tax assets HK$ million	HK$ million	Total assets HK$ million
Hong Kong	**54,130**	**304**	**13,443**	**67,877**	55,423	366	22,521	78,310
Mainland China	**51,887**	**721**	**28,567**	**81,175**	48,697	726	27,190	76,613
Europe	**370,292**	**19,421**	**126,704**	**516,417**	370,864	18,830	120,642	510,336
Canada (r)	**6,197**	**6**	**63,433**	**69,636**	6,249	3	63,977	70,229
Asia, Australia and Others	**108,911**	**257**	**58,177**	**167,345**	110,047	241	59,172	169,460
Finance & Investments and Others	**169,555**	**29**	**13,929**	**183,513**	181,303	29	13,975	195,307
	760,972	**20,738**	**304,253**	**1,085,963**	772,583	20,195	307,477	1,100,255

3 Operating segment information (continued)

(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. 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.

(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$70,669 million (31 December 2017 - HK$81,118 million), HK$88,273 million (31 December 2017 - HK$84,307 million), HK$450,079 million (31 December 2017 - HK$443,138 million), HK$69,443 million (31 December 2017 - HK$68,789 million) and HK$154,087 million (31 December 2017 - HK$156,169 million) respectively.

(p) Segment liabilities comprise trade payables and other current liabilities 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.

(s) In this operating segment note, HTAL's share of VHA's results is presented within the line item titled "Finance & Investments and Others" to conform with the presentation of the 2017 Annual Financial Statements. Certain comparative figures in this Operating segment information note have been reclassified accordingly.

(t) The comparative information for the Group's share of revenue of Husky Energy has been re-presented to conform with Husky Energy's revenue reclassification for the first half of 2017 that had previously been incorporated and reflected in the Group's 2017 Annual Financial Statements.

4 Other operating expenses

The comparative balance for "Profits on disposal of investments and others" of HK$30 million previously reported in the 2017 Interim Financial Statements has been reclassified and reported under "Other operating expenses" to conform with the presentation of the 2017 Annual Financial Statements.

5 Interest expenses and other finance costs

	Six months ended 30 June	
	2018	2017
	HK$ million	HK$ million
Interest on borrowings	**4,951**	4,746
Other finance costs	**78**	40
	5,029	4,786
Amortisation of loan facilities fees and premiums or discounts relating to borrowings	**100**	71
Other non-cash interest adjustments [(a)]	**(562)**	(791)
	4,567	4,066
Less: interest capitalised	**(232)**	(210)
	4,335	3,856

(a) Other non-cash interest adjustments represent amortisation of bank and other debts' fair value adjustments arising from acquisitions of HK$759 million (30 June 2017 - HK$987 million) net with 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 of HK$197 million (30 June 2017 - HK$196 million).

6 Tax

	Six months ended 30 June	
	2018	2017
	HK$ million	HK$ million
Current tax charge		
Hong Kong	**192**	170
Outside Hong Kong	**1,747**	1,482
	1,939	1,652
Deferred tax charge (credit)		
Hong Kong	**38**	78
Outside Hong Kong	**(433)**	(1,496)
	(395)	(1,418)
	1,544	234

Hong Kong profits tax has been provided for at the rate of 16.5% (30 June 2017 - 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$18,020 million (30 June 2017 - HK$15,919 million) and on 3,857,678,500 shares in issue during the six months ended 30 June 2018 (30 June 2017 - 3,857,678,500 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 2018. The employee share options of these subsidiary and associated companies outstanding as at 30 June 2018 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	
	2018	2017
	HK$ million	HK$ million
Distribution paid on perpetual capital securities	**850**	921

(b) Dividends

	Six months ended 30 June	
	2018	2017
	HK$ million	HK$ million
Interim dividend, declared of HK$0.87 per share (30 June 2017 - HK$0.78 per share)	**3,356**	3,009

In addition, final dividend in respect of the year 2017 of HK$2.07 per share totalling HK$7,985 million (2016 - HK$1.945 per share totalling HK$7,503 million) was approved and paid during the current period.

9 Fixed assets

During the six months ended 30 June 2018, the Group acquired fixed assets with a cost of HK$9,158 million (30 June 2017 - HK$8,735 million). Fixed assets with a net book value of HK$66 million (30 June 2017 - HK$159 million) were disposed of during the period, resulting in a loss of HK$36 million (30 June 2017 - HK$73 million).

10 Deferred tax

	30 June	31 December
	2018	2017
	HK$ million	HK$ million
Deferred tax assets	**20,738**	20,195
Deferred tax liabilities	**26,236**	25,583
Net deferred tax assets (liabilities)	**(5,498)**	(5,388)

Analysis of net deferred tax assets (liabilities):

	30 June	31 December
	2018	2017
	HK$ million	HK$ million
Unused tax losses	**18,054**	16,687
Accelerated depreciation allowances	**(9,520)**	(9,588)
Fair value adjustments arising from acquisitions	**(9,603)**	(8,905)
Revaluation of investment properties and other investments	**99**	119
Withholding tax on undistributed profits	**(474)**	(461)
Other temporary differences	**(4,054)**	(3,240)
	(5,498)	(5,388)

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 2018, the Group has recognised accumulated deferred tax assets amounting to HK$20,738 million (31 December 2017 - HK$20,195 million) of which HK$18,670 million (31 December 2017 - HK$18,015 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$56,818 million (31 December 2017 - HK$55,385 million). Their potential tax effect amounted to HK$13,568 million at 30 June 2018 (31 December 2017 - HK$13,354 million).

11 Liquid funds and other listed investments

	30 June 2018 HK$ million	31 December 2017 HK$ million
Financial assets at amortised cost		
Managed funds, outside Hong Kong	**67**	-
Financial assets at FVOCI *		
Managed funds, outside Hong Kong	**4,862**	-
Listed / traded debt securities, outside Hong Kong	**1,132**	-
Listed equity securities, Hong Kong	**1,280**	-
Listed equity securities, outside Hong Kong	**226**	-
	7,500	-
Available-for-sale investments		
Managed funds, outside Hong Kong	-	4,916
Listed / traded debt securities, outside Hong Kong	-	1,168
Listed equity securities, Hong Kong	-	1,546
Listed equity securities, outside Hong Kong	-	25
	-	7,655
Financial assets at fair value through profit or loss	**122**	158
	7,689	7,813

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

	30 June 2018 HK$ million	31 December 2017 HK$ million
Listed debt securities	**4,694**	4,697
Listed equity securities	**168**	169
	4,862	4,866
Cash and cash equivalents	**67**	50
	4,929	4,916

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 financial assets measured at fair value are based on quoted market prices.

* See note 28.

12 Other non-current assets

	30 June 2018 HK$ million	31 December 2017 HK$ million
Other unlisted investments		
Financial assets at amortised costs		
Unlisted debt securities [(a)]	**178**	-
Financial assets at FVOCI *		
Unlisted equity securities [(b)]	**2,568**	-
Financial assets at fair value through profit or loss	**825**	-
Loans and receivables		
Unlisted debt securities	-	179
Available-for-sale investments		
Unlisted equity securities	-	2,649
Contract assets	**272**	-
Customer acquisition and retention costs [(c)]	**1,001**	-
Fair value hedges		
Interest rate swaps	**23**	45
Cash flow hedges		
Interest rate swaps	**23**	31
Forward foreign exchange contracts	**249**	293
Other contracts	**5**	-
Net investment hedges	**2,393**	1,791
Other derivative financial instruments	**300**	192
	7,837	5,180

(a) The carrying value of the unlisted debt securities approximate their fair values as these investments bear floating interest rates and are repriced within one to six-month periods at the prevailing market interest rates.

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

(c) Customer acquisition and retention costs primarily relate to incremental commission costs incurred to obtain telecommunications contracts with customers. The amount capitalised as at 30 June 2018 was HK$1,001 million (including HK$472 million capitalised during the current period). The amount of amortisation charged to the income statement for the current period was HK$536 million and there was no impairment loss in relation to the cost capitalised.

* See note 28.

13 Cash and cash equivalents

	30 June 2018 HK$ million	31 December 2017 HK$ million
Cash at bank and in hand	**26,716**	27,356
Short term bank deposits	**116,038**	133,114
	142,754	160,470

The carrying amount of cash and cash equivalents approximate their fair values.

14 Trade receivables and other current assets

	30 June 2018 HK$ million	31 December 2017 HK$ million
Trade receivables	**13,646**	14,132
Less: loss allowance provision	**(2,518)**	(2,586)
Trade receivables - net [(a)]	**11,128**	11,546
Other current assets		
Contract assets	**2,771**	-
Other receivables	**25,575**	29,461
Prepayments	**11,539**	10,351
Fair value hedges		
Interest rate swaps	**2**	9
Cash flow hedges		
Forward foreign exchange contracts	**8**	1
Other contracts	**13**	-
Net investment hedges	**774**	-
	51,810	51,368

(a) Trade receivables are stated at the expected recoverable amount, net of any allowance for expected credit losses. The carrying amounts of these assets approximates 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 2018 HK$ million	31 December 2017 HK$ million
Less than 31 days	**7,273**	8,271
Within 31 to 60 days	**1,863**	1,779
Within 61 to 90 days	**1,046**	797
Over 90 days	**3,464**	3,285
	13,646	14,132

15 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 2018			31 December 2017		
	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	**7,929**	**96,233**	**104,162**	19,080	92,091	111,171
Other loans	**247**	**1,255**	**1,502**	249	1,279	1,528
Notes and bonds	**14,071**	**206,804**	**220,875**	2,377	207,740	210,117
Total principal amount of bank and other debts	**22,247**	**304,292**	**326,539**	21,706	301,110	322,816
Unamortised fair value adjustments arising from acquisitions	**461**	**8,925**	**9,386**	2	10,337	10,339
Total bank and other debts before the following items	**22,708**	**313,217**	**335,925**	21,708	311,447	333,155
Unamortised loan facilities fees and premiums or discounts related to debts	**(1)**	**(846)**	**(847)**	(5)	(822)	(827)
Adjustments to bank and other debts pursuant to unrealised gains (losses) on interest rate swap contracts	**1**	**(536)**	**(535)**	9	(349)	(340)
	22,708	**311,835**	**334,543**	21,712	310,276	331,988

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

	30 June 2018			
	Bank loans HK$ million	**Other loans HK$ million**	**Notes and bonds HK$ million**	**Total HK$ million**
2018, remainder of year	**4,627**	**200**	**2,360**	**7,187**
2019	**8,053**	**255**	**19,739**	**28,047**
2020	**36,952**	**234**	**12,264**	**49,450**
2021	**24,553**	**121**	**21,501**	**46,175**
2022	**19,284**	**71**	**30,775**	**50,130**
2023 to 2027	**10,058**	**111**	**88,524**	**98,693**
2028 to 2037	**635**	**280**	**35,774**	**36,689**
2038 and thereafter	**-**	**230**	**9,938**	**10,168**
	104,162	**1,502**	**220,875**	**326,539**
Less: current portion	**(7,929)**	**(247)**	**(14,071)**	**(22,247)**
	96,233	**1,255**	**206,804**	**304,292**

	31 December 2017			
	Bank loans HK$ million	Other loans HK$ million	Notes and bonds HK$ million	Total HK$ million
2018	19,080	249	2,377	21,706
2019	7,937	256	19,736	27,929
2020	37,693	230	12,279	50,202
2021	22,230	116	21,687	44,033
2022	19,495	66	30,689	50,250
2023 to 2027	4,115	104	82,101	86,320
2028 to 2037	621	277	31,326	32,224
2038 and thereafter	-	230	9,922	10,152
	111,171	1,528	210,117	322,816
Less: current portion	(19,080)	(249)	(2,377)	(21,706)
	92,091	1,279	207,740	301,110

16 Trade payables and other current liabilities

	30 June 2018 HK$ million	31 December 2017 HK$ million
Trade payables [(a)]	**18,409**	19,252
Other current liabilities		
Other payables and accruals	**58,923**	69,144
Provisions	**934**	1,014
Contract liabilities	**2,703**	-
Interest free loans from non-controlling shareholders	**385**	389
Cash flow hedges		
Interest rate swaps	**3**	11
Forward foreign exchange contracts	**2**	2
Other contracts	**-**	10
Net investment hedges	**3**	396
Other derivative financial instruments	**10**	10
	81,372	90,228

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

	30 June 2018 HK$ million	31 December 2017 HK$ million
Less than 31 days	**12,384**	12,994
Within 31 to 60 days	**3,625**	3,623
Within 61 to 90 days	**1,301**	1,500
Over 90 days	**1,099**	1,135
	18,409	19,252

17 Other non-current liabilities

	30 June 2018 HK$ million	31 December 2017 HK$ million
Contract liabilities	**3,778**	-
Fair value hedges		
Interest rate swaps	**202**	37
Cash flow hedges		
Interest rate swaps	**621**	532
Cross currency interest rate swaps	**1,435**	1,888
Forward foreign exchange contracts	**-**	1
Other contracts	**311**	374
Net investment hedges	**583**	895
Other derivative financial instruments	**4,309**	4,059
Obligations for telecommunications licences and other rights	**6,725**	5,670
Other non-current liabilities	**9,929**	9,580
Provisions	**26,652**	28,012
	54,545	51,048

18 Share capital, share premium and perpetual capital securities

(a) Share capital and share premium

	30 June 2018 Number of shares	31 December 2017 Number of shares	**30 June 2018 HK$ million**	31 December 2017 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 2018 HK$ million	31 December 2017 HK$ million
US$425.3 million issued in 2013	**-**	3,373
EUR1,750 million issued in 2013	**-**	18,266
US$1,000 million issued in 2017	**7,842**	7,842
	7,842	29,481

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.

In January 2013, May 2013 and May 2017, wholly owned subsidiary companies of the Group issued perpetual capital securities with nominal amount of 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 ended 30 June 2018, the Group had redeemed the remaining outstanding nominal amount of the perpetual capital securities that were originally issued in January 2013 and May 2013. During the period ended 30 June 2017, 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.

19 Reserves

	Attributable to ordinary shareholders			
	Retained profits HK$ million	**Exchange reserve HK$ million**	**Others [a] HK$ million**	**Total HK$ million**
At 31 December 2017, as previously reported, and 1 January 2018	**546,498**	**(20,642)**	**(344,163)**	**181,693**
Effect on adoption of HKFRS 9 and HKFRS 15 (see note 28)	**1,379**	**-**	**(949)**	**430**
At 1 January 2018, as adjusted	**547,877**	**(20,642)**	**(345,112)**	**182,123**
Profit for the period	**18,020**	**-**	**-**	**18,020**
Other comprehensive income (losses)				
Equity securities at FVOCI *				
Valuation losses recognised directly in reserves	**-**	**-**	**(306)**	**(306)**
Debt securities at FVOCI *				
Valuation losses recognised directly in reserves	**-**	**-**	**(55)**	**(55)**
Remeasurement of defined benefit obligations recognised directly in reserves	**439**	**-**	**-**	**439**
Cash flow hedges (forward foreign currency contracts, cross currency interest rate swap contracts and interest rate swap contracts)				
Gains recognised directly in reserves	**-**	**-**	**267**	**267**
Cost of hedging previously accumulated in reserves recognised in income statement	**-**	**-**	**(17)**	**(17)**
Gains on net investment hedges (forward foreign currency contracts) recognised directly in reserves	**-**	**1,151**	**-**	**1,151**
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	**-**	**(1,861)**	**-**	**(1,861)**
Losses previously in other reserves related to subsidiaries and joint ventures disposed during the period transferred directly to retained profits	**(3)**	**-**	**3**	**-**
Share of other comprehensive income (losses) of associated companies	**107**	**(1,300)**	**86**	**(1,107)**
Share of other comprehensive income (losses) of joint ventures	**194**	**(1,344)**	**121**	**(1,029)**
Tax relating to components of other comprehensive income (losses)	**(66)**	**-**	**(40)**	**(106)**
Other comprehensive income (losses), net of tax	**671**	**(3,354)**	**59**	**(2,624)**
Hedging reserve gains transferred to the carrying value of non-financial item during the period	**-**	**-**	**(4)**	**(4)**
Dividends paid relating to 2017	**(7,985)**	**-**	**-**	**(7,985)**
Redemption of perpetual capital securities	**-**	**1,740**	**-**	**1,740**
Share option schemes and long term incentive plans of subsidiary companies	**-**	**-**	**(5)**	**(5)**
Transfer of loss on disposal of equity securities at FVOCI * to retained profits	**(78)**	**-**	**78**	**-**
Relating to purchase of non-controlling interests	**-**	**-**	**(28)**	**(28)**
Relating to partial disposal of subsidiary companies	**-**	**3**	**(10)**	**(7)**
At 30 June 2018	**558,505**	**(22,253)**	**(345,022)**	**191,230**

* See note 28.

19 Reserves (continued)

	Attributable to ordinary shareholders			
	Retained profits 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 (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 (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

(a) Other reserves comprise revaluation reserve, hedging reserve and other capital reserves. As at 30 June 2018, revaluation reserve deficit amounted to HK$1,753 million (1 January 2018 - HK$503 million, 30 June 2017 - HK$809 million and 1 January 2017 - HK$792 million), hedging reserve deficit amounted to HK$1,621 million (1 January 2018 - HK$2,094 million, 30 June 2017 - HK$1,483 million and 1 January 2017 - HK$1,982 million) and other capital reserves deficit amounted to HK$341,648 million (1 January 2018 - HK$341,566 million, 30 June 2017 - HK$341,222 million and 1 January 2017 - HK$341,204 million). Included in the other capital reserves account is a deficit of HK$341,336 million, relating to the fair value of shares of Cheung Kong (Holdings) Limited, the former holding company of the Group, cancelled as part of the reorganisation completed in 2015. Revaluation surplus (deficit) arising from revaluation to market value of listed debt securities and listed equity securities 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 2018 HK$ million	2017 HK$ million
Profit after tax	**22,248**	20,364
Less: share of profits less losses of		
Associated companies	**(4,089)**	(2,587)
Joint ventures	**(6,221)**	(6,232)
	11,938	11,545
Adjustments for:		
Current tax charge	**1,939**	1,652
Deferred tax credit	**(395)**	(1,418)
Interest expenses and other finance costs	**4,335**	3,856
Depreciation and amortisation	**8,855**	7,238
Others	**103**	(30)
EBITDA of Company and subsidiaries [(i)]	**26,775**	22,843
Loss on disposal of fixed assets	**36**	73
Dividends received from associated companies and joint ventures	**9,836**	8,366
Profit on disposal of associated companies and joint ventures	**(33)**	(3)
Other non-cash items	**(646)**	930
	35,968	32,209

	Six months ended 30 June 2018 HK$ million	2017 HK$ million
(i) Reconciliation of EBITDA:		
EBITDA of Company and subsidiaries	**26,775**	22,843
Share of EBITDA of associated companies and joint ventures		
Share of profits less losses:		
Associated companies	**4,089**	2,587
Joint ventures	**6,221**	6,232
Adjustments for:		
Depreciation and amortisation	**11,242**	9,012
Interest expenses and other finance costs	**4,579**	4,245
Current tax charge	**1,720**	1,325
Deferred tax charge	**1,000**	574
Non-controlling interests	**176**	149
Others	**(103)**	30
	28,924	24,154
EBITDA (see notes 3(b) and 3(m))	**55,699**	46,997

(b) Changes in working capital

	Six months ended 30 June 2018 HK$ million	2017 HK$ million
Increase in inventories	**(1,163)**	(1,272)
Increase in debtors and prepayments	**(531)**	(2,789)
Decrease in creditors	**(4,578)**	(1,843)
Other non-cash items	**(981)**	2,450
	(7,253)	(3,454)

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	
	2018	2017
	HK$ million	HK$ million
Purchase consideration transferred:		
Cash and cash equivalents paid	**38**	2,968
Fair value of investments held by the Company prior to acquisition	**278**	-
	316	2,968
Fair value		
Fixed assets	**191**	332
Telecommunications licences	**-**	1,908
Deferred tax assets	**2**	-
Cash and cash equivalents	**67**	5
Trade receivables and other current assets	**105**	41
Inventories	**51**	4
Creditors and current tax liabilities	**(144)**	(20)
Bank and other debts	**(2)**	-
Deferred tax liabilities	**(1)**	-
Net identifiable assets acquired	**269**	2,270
Non-controlling interests	**(44)**	-
	225	2,270
Goodwill	**91**	698
Total consideration	**316**	2,968
Net cash outflow (inflow) arising from acquisition:		
Cash and cash equivalents paid	**38**	2,968
Cash and cash equivalents acquired	**(67)**	(5)
Total net cash outflow (inflow)	**(29)**	2,963

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$2 million (30 June 2017 - HK$20 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 2018 and 2017 since the respective date of acquisition are not material.

20 Notes to consolidated statement of cash flows (continued)

(d) Reconciliation of liabilities arising from financing activities

	Bank and other debts HK$ million	Interest bearing loans from non-controlling shareholders HK$ million	Interest free loans from non-controlling shareholders HK$ million	Total HK$ million
At 1 January 2018	**331,988**	**3,143**	**389**	**335,520**
Financing cash flows				
New borrowings	**21,679**	**-**	**-**	**21,679**
Repayment of borrowings	**(15,892)**	**-**	**-**	**(15,892)**
Net loans to non-controlling shareholders	**-**	**(2)**	**(4)**	**(6)**
Non-cash changes				
Amortisation of loan facilities fees and premiums or discounts relating to borrowings (see note 5)	**100**	**-**	**-**	**100**
Gains arising on adjustment for hedged items in a designated fair value hedge	**(195)**	**-**	**-**	**(195)**
Amortisation of bank and other debts' fair value adjustments arising from acquisitions (see note 5)	**(759)**	**-**	**-**	**(759)**
Relating to subsidiaries acquired (see note 20(c))	**2**	**-**	**-**	**2**
Exchange translation differences	**(2,380)**	**(19)**	**-**	**(2,399)**
At 30 June 2018	**334,543**	**3,122**	**385**	**338,050**
At 1 January 2017	303,140	4,283	927	308,350
Financing cash flows				
New borrowings	59,492	-	-	59,492
Repayment of borrowings	(43,456)	-	-	(43,456)
Net loans to non-controlling shareholders	-	(1,517)	(2)	(1,519)
Non-cash changes				
Amortisation of loan facilities fees and premiums or discounts relating to borrowings (see note 5)	71	-	-	71
Losses arising on adjustment for hedged items in a designated fair value hedge	2	-	-	2
Amortisation of bank and other debts' fair value adjustments arising from acquisitions (see note 5)	(987)	-	-	(987)
Exchange translation differences	8,513	210	42	8,765
At 30 June 2017	326,775	2,976	967	330,718

21 Fair value measurement

(a) The following table shows the original classification category and carrying amount under HKAS 39 and the new classification category and carrying amount under HKFRS 9 for the Group's financial assets and financial liabilities on 1 January 2018 (the date of initial application of HKFRS 9).

	Original classification under HKAS 39 *	Original carrying amount HK$ million	New classification under HKFRS 9 *	New carrying amount HK$ million
Financial assets				
Cash and cash equivalents (inclusive of amount in Managed funds) (see notes 11 and 13)	Loans and receivables	160,520	Amortised cost	160,520
Listed / traded debt securities, outside Hong Kong (see note 11)	AFS	1,168	FVOCI	1,168
Listed debt securities (included in Managed funds) (see note 11)	AFS	4,697	FVOCI	4,697
Listed equity securities, Hong Kong (see note 11)	AFS	1,546	FVOCI	1,546
Listed equity securities, outside Hong Kong (see note 11)	AFS	25	FVOCI	25
Listed equity securities (included in Managed funds) (see note 11)	AFS	169	FVOCI	169
Financial assets at fair value through profit or loss (see note 11)	FVPL	158	FVPL	158
Unlisted debt securities (see note 12)	Loans and receivables	179	Amortised cost	179
Unlisted equity securities (see note 12)	AFS	2,649	FVOCI	2,044
Unlisted equity securities (see note 12)			FVPL	605
Fair value hedges				
Interest rate swaps (see notes 12 and 14)	Fair value - hedging instrument	54	Fair value - hedging instrument	54
Cash flow hedges				
Interest rate swaps (see note 12)	Fair value - hedging instrument	31	Fair value - hedging instrument	31
Forward foreign exchange contracts (see notes 12 and 14)	Fair value - hedging instrument	294	Fair value - hedging instrument	294
Net investment hedges (see note 12)	Fair value - hedging instrument	1,791	Fair value - hedging instrument	1,791
Other derivative financial instruments (see note 12)	FVPL	192	FVPL	192
Trade receivables (see note 14)	Loans and receivables	11,546	Amortised cost	11,546
Other receivables (see note 14)	Loans and receivables	29,461	Amortised cost	29,461
		214,480		214,480
Financial liabilities				
Trade payables (see note 16)	Amortised cost	19,252	Amortised cost	19,252
Other payables and accruals (see note 16)	Amortised cost	69,144	Amortised cost	69,144
Bank and other debts (see note 15)	Amortised cost	331,988	Amortised cost	331,988
Interest free loans from non-controlling shareholders (see note 16)	Amortised cost	389	Amortised cost	389
Interest bearing loans from non-controlling shareholders	Amortised cost	3,143	Amortised cost	3,143
Obligations for telecommunications licences and other rights (see note 17)	Amortised cost	5,670	Amortised cost	5,670
Fair value hedges				
Interest rate swaps (see note 17)	Fair value - hedging instrument	37	Fair value - hedging instrument	37
Cash flow hedges				
Interest rate swaps (see notes 16 and 17)	Fair value - hedging instrument	543	Fair value - hedging instrument	543
Cross currency interest rate swaps (see note 17)	Fair value - hedging instrument	1,888	Fair value - hedging instrument	1,888
Forward foreign exchange contracts (see notes 16 and 17)	Fair value - hedging instrument	3	Fair value - hedging instrument	3
Other contracts (see notes 16 and 17)	Fair value - hedging instrument	384	Fair value - hedging instrument	384
Net investment hedges (see notes 16 and 17)	Fair value - hedging instrument	1,291	Fair value - hedging instrument	1,291
Other derivative financial instruments (see notes 16 and 17)	FVPL	4,069	FVPL	4,069
		437,801		437,801

* see note 28.

21 Fair value measurement (continued)

(b) 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 2018		31 December 2017	
	Carrying amounts HK$ million	**Fair values HK$ million**	Carrying amounts HK$ million	Fair values HK$ million
Financial assets				
Cash and cash equivalents ^ (see note 13)	**142,754**	**142,754**	160,470	160,470
Managed funds and other listed investments				
Cash and cash equivalents ^ (included in Managed funds) (see note 11)	**67**	**67**	50	50
Listed / traded debt securities, outside Hong Kong # (see note 11)	**1,132**	**1,132**	1,168	1,168
Listed debt securities # (included in Managed funds) (see note 11)	**4,694**	**4,694**	4,697	4,697
Listed equity securities, Hong Kong # (see note 11)	**1,280**	**1,280**	1,546	1,546
Listed equity securities, outside Hong Kong # (see note 11)	**226**	**226**	25	25
Listed equity securities # (included in Managed funds) (see note 11)	**168**	**168**	169	169
Financial assets at fair value through profit or loss # (see note 11)	**122**	**122**	158	158
	7,689	**7,689**	7,813	7,813
Financial assets at fair value through profit or loss # (see note 12)	**825**	**825**	-	-
Unlisted debt securities ^ (see note 12)	**178**	**178**	179	179
Unlisted equity securities # (see note 12)	**2,568**	**2,568**	2,649	2,649
Fair value hedges #				
Interest rate swaps (see notes 12 and 14)	**25**	**25**	54	54
Cash flow hedges #				
Interest rate swaps (see note 12)	**23**	**23**	31	31
Forward foreign exchange contracts (see notes 12 and 14)	**257**	**257**	294	294
Other contracts (see notes 12 and 14)	**18**	**18**	-	-
Net investment hedges # (see notes 12 and 14)	**3,167**	**3,167**	1,791	1,791
Other derivative financial instruments # (see note 12)	**300**	**300**	192	192
Trade receivables ^ (see note 14)	**11,128**	**11,128**	11,546	11,546
Other receivables ^ (see note 14)	**25,575**	**25,575**	29,461	29,461
	194,507	**194,507**	214,480	214,480

21 Fair value measurement (continued)

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

	30 June 2018		31 December 2017	
	Carrying amounts HK$ million	**Fair values HK$ million**	Carrying amounts HK$ million	Fair values HK$ million
Financial liabilities				
Trade payables ^ (see note 16)	**18,409**	**18,409**	19,252	19,252
Other payables and accruals ^ (see note 16)	**58,923**	**58,923**	69,144	69,144
Bank and other debts ^ (see note 15) (i)	**334,543**	**339,845**	331,988	341,334
Interest free loans from non-controlling shareholders ^ (see note 16)	**385**	**385**	389	389
Interest bearing loans from non-controlling shareholders ^	**3,122**	**3,122**	3,143	3,143
Obligations for telecommunications licences and other rights ^ (see note 17)	**6,725**	**6,725**	5,670	5,670
Fair value hedges #				
Interest rate swaps (see note 17)	**202**	**202**	37	37
Cash flow hedges #				
Interest rate swaps (see notes 16 and 17)	**624**	**624**	543	543
Cross currency interest rate swaps (see note 17)	**1,435**	**1,435**	1,888	1,888
Forward foreign exchange contracts (see notes 16 and 17)	**2**	**2**	3	3
Other contracts (see notes 16 and 17)	**311**	**311**	384	384
Net investment hedges # (see notes 16 and 17)	**586**	**586**	1,291	1,291
Other derivative financial instruments # (see notes 16 and 17)	**4,319**	**4,319**	4,069	4,069
	429,586	**434,888**	437,801	447,147

^ 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)

(c) 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 2018				
Financial assets at FVOCI *				
Unlisted equity securities (see note 12)	**-**	**144**	**2,424**	**2,568**
Managed funds, outside Hong Kong (see note 11)	**4,862**	**-**	**-**	**4,862**
Listed / traded debt securities, outside Hong Kong (see note 11)	**206**	**926**	**-**	**1,132**
Listed equity securities, Hong Kong (see note 11)	**1,280**	**-**	**-**	**1,280**
Listed equity securities, outside Hong Kong (see note 11)	**226**	**-**	**-**	**226**
Financial assets at fair value through profit or loss (see notes 11 and 12)	**122**	**46**	**779**	**947**
	6,696	**1,116**	**3,203**	**11,015**
Fair value hedges				
Interest rate swaps (see notes 12 and 14)	**-**	**25**	**-**	**25**
Cash flow hedges				
Interest rate swaps (see note 12)	**-**	**23**	**-**	**23**
Forward foreign exchange contracts (see notes 12 and 14)	**-**	**257**	**-**	**257**
Other contracts (see notes 12 and 14)	**-**	**18**	**-**	**18**
Net investment hedges (see notes 12 and 14)	**-**	**3,167**	**-**	**3,167**
Other derivative financial instruments (see note 12)	**-**	**300**	**-**	**300**
	-	**3,790**	**-**	**3,790**
Fair value hedges				
Interest rate swaps (see note 17)	**-**	**(202)**	**-**	**(202)**
Cash flow hedges				
Interest rate swaps (see notes 16 and 17)	**-**	**(624)**	**-**	**(624)**
Cross currency interest rate swaps (see note 17)	**-**	**(1,435)**	**-**	**(1,435)**
Forward foreign exchange contracts (see note 16)	**-**	**(2)**	**-**	**(2)**
Other contracts (see note 17)	**-**	**(311)**	**-**	**(311)**
Net investment hedges (see notes 16 and 17)	**-**	**(586)**	**-**	**(586)**
Other derivative financial instruments (see notes 16 and 17)	**-**	**(4,319)**	**-**	**(4,319)**
	-	**(7,479)**	**-**	**(7,479)**

* see note 28.

21 Fair value measurement (continued)

(c) 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 2017				
Available-for-sale investments				
Unlisted equity securities (see note 12)	-	-	2,649	2,649
Managed funds, outside Hong Kong (see note 11)	4,916	-	-	4,916
Listed / traded debt securities, outside Hong Kong (see note 11)	212	956	-	1,168
Listed equity securities, Hong Kong (see note 11)	1,546	-	-	1,546
Listed equity securities, outside Hong Kong (see note 11)	25	-	-	25
Financial assets at fair value through profit or loss (see note 11)	112	46	-	158
	6,811	1,002	2,649	10,462
Fair value hedges				
Interest rate swaps (see notes 12 and 14)	-	54	-	54
Cash flow hedges				
Interest rate swaps (see note 12)	-	31	-	31
Forward foreign exchange contracts (see notes 12 and 14)	-	294	-	294
Net investment hedges (see note 12)	-	1,791	-	1,791
Other derivative financial instruments (see note 12)	-	192	-	192
	-	2,362	-	2,362
Fair value hedges				
Interest rate swaps (see note 17)	-	(37)	-	(37)
Cash flow hedges				
Interest rate swaps (see notes 16 and 17)	-	(543)	-	(543)
Cross currency interest rate swaps (see note 17)	-	(1,888)	-	(1,888)
Forward foreign exchange contracts (see notes 16 and 17)	-	(3)	-	(3)
Other contracts (see notes 16 and 17)	-	(384)	-	(384)
Net investment hedges (see notes 16 and 17)	-	(1,291)	-	(1,291)
Other derivative financial instruments (see notes 16 and 17)	-	(4,069)	-	(4,069)
	-	(8,215)	-	(8,215)

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 2018 and 2017, 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)

(c) 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	
	2018	2017
	HK$ million	HK$ million
At 1 January	**2,649**	1,059
Total gains (losses) recognised in		
Income statement	**(2)**	-
Other comprehensive income	**(9)**	99
Additions	**579**	31
Disposals	**(4)**	(4)
Exchange translation differences	**(10)**	(9)
At 30 June	**3,203**	1,176
Total losses recognised in income statement relating to those financial assets and financial liabilities held at the end of the reporting period	**(2)**	-

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 2018, CK Hutchison Holdings Limited, and its subsidiaries provide guarantees in respect of bank and other borrowing facilities to its associated companies and joint ventures of HK$4,295 million (31 December 2017 - HK$3,911 million).

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

	30 June	31 December
	2018	2017
	HK$ million	HK$ million
To associated companies	**2,712**	2,687
To joint ventures	**861**	623

At 30 June 2018, the Group had provided performance and other guarantees of HK$3,551 million (31 December 2017 - HK$3,307 million).

23 Commitments

There have been no material changes in the total amount of capital commitments since 31 December 2017 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 2017.

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 2018, 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 2018, the Group announced having reached agreement to acquire Veon's 50% share in a 50 / 50 joint venture, Wind Tre at a cash consideration of €2.45 billion. The transaction is subject to regulatory approval and is expected to complete in the third quarter of 2018. Post completion, Wind Tre will become a wholly owned subsidiary of the Group.

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 2018, is for convenience only and has been made at the rate of HK$7.8 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 Changes in significant accounting policies

The Group has initially applied HKFRS 9 and HKFRS 15 with effect from 1 January 2018 and has taken transitional provisions and methods not to restate comparative information for prior periods. The comparative information continues to be reported under the accounting policies prevailing prior to 1 January 2018. See note 1 for the reclassifications relating to first-half 2017 that had already been incorporated in the 2017 Annual Financial Statements.

(a) HKFRS 9

The adoption of HKFRS 9 has resulted in changes in accounting policies. While the new policies are generally required to be applied retrospectively, the Group has taken transitional provisions in HKFRS 9 not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. In addition, changes to hedge accounting policies have been applied prospectively. Therefore, comparative balances have not been restated. Differences in the carrying amounts resulting from the adoption of HKFRS 9 are recognised as adjustments to the opening consolidated statement of financial position on 1 January 2018.

HKFRS 9 largely retains the requirements in HKAS 39 “Financial Instruments: Recognition and Measurement” for the classification and measurement of financial liabilities. The adoption of HKFRS 9 has not had a significant effect on the Group’s accounting policies related to financial liabilities and derivative financial instruments. However, HKFRS 9 eliminates the HKAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale (“AFS”). From 1 January 2018, the Group and, for the purpose of reporting for the Group’s financial statements, the Group’s joint ventures and associated companies are required to classify and measure financial assets in accordance with HKFRS 9 categories: as measured at amortised cost, at fair value either through other comprehensive income (“FVOCI”) or through profit or loss (“FVPL”).

The adoption of HKFRS 9 has resulted in a HK$36 million increase in the opening balance of total equity on 1 January 2018. The impact is attributable to changes in classification and measurement by certain of the Group’s joint ventures and associated companies of their financial assets to HKFRS 9 categories.

Set out below are further details of the changes in significant accounting policies under HKFRS 9 that have been applied from 1 January 2018, where they are different to those applied in prior periods which are disclosed in the 2017 Annual Financial Statements.

(i) Measurement

Subsequent to initial recognition, debt instruments financial assets are measured as follows.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses and reversals, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to, and recognised in, profit or loss.

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI, or assets that are designated as FVPL using fair value option, are measured at FVPL. A gain or loss on a debt instrument that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instrument financial assets are measured at fair value at and subsequent to initial recognition. Changes in the fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Group’s right to receive payments is established. Where an election is made to present fair value gains and losses on equity investments in other comprehensive income, unlike the previous policies under HKAS 39 there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. During the current period, certain joint ventures have disposed of equity investments. Under the new guidance, the Group’s share of the fair value gains accumulated in the investment revaluation reserve account of the joint ventures relating to the investments disposed of amounting to HK$100 million is not reflected in the Group’s income statement for the current six-month period ended 30 June 2018.

28 Changes in significant accounting policies (continued)

(a) HKFRS 9 (continued)

(ii) Impairment of financial assets

HKFRS 9 replaces the "incurred loss" impairment model in HKAS 39 with a forward-looking "expected credit loss" ("ECL") model. It is no longer necessary for a loss event to occur before an impairment loss is recognised under the new model. Under the new expected loss approach, the Group assesses on a forward looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The new impairment model applies to debt instruments measured at amortised cost and at FVOCI, contract assets under HKFRS 15, lease receivables, loan commitments and certain financial guarantee contracts. The Group applies the simplified approach to recognise lifetime expected losses for trade receivables, due from customers and contract assets. As regards lease receivables, loan commitments, financial guarantee contracts, and certain other financial assets (which are presented under Liquid funds and other listed investments, and other unlisted investments) the Group considers that they have low credit risk and hence recognises 12-month expected credit losses for such items. The application of this new guidance represents a change in accounting policy. The Group was required to revise its impairment methodology under HKFRS 9 for these classes of assets. The results of the revision at 1 January 2018 have not resulted in any material change in impairment provision or any material impact on the carrying amount of the Group's financial assets.

(iii) Hedge accounting

The Group applies the new hedge accounting model prospectively from 1 January 2018, as no hedging relationships existed on or were designated after 1 January 2017 (the beginning of the comparative period) that would require retrospective application of the new hedge accounting treatment. Accordingly, no adjustment was made to the opening balance of retained profits and other reserves on 1 January 2018. All hedge accounting relationships designated under the previous HKAS 39 have continued to be valid hedge accounting relationships in accordance with HKFRS 9.

Previously under HKAS 39, entities can designate as hedging instrument only the change in the intrinsic value of an option or the spot element of a forward contract. Under these situations, the changes in the fair value of the time value of the option or the forward points, which can be considered as a cost of hedging, are accounted for in profit or loss, therefore resulting in volatility. The HKFRS 9 hedging model contains a new accounting requirement when only the change in the intrinsic value of an option or the spot element of a forward contract is designated in the hedge relationship. All the fluctuation in the fair value of the time value or forward points over time is recorded in other comprehensive income instead of affecting profit or loss immediately. Under the new requirement, the subsequent treatment of these amounts recognised in other comprehensive income depends on the nature of the hedged transaction distinguishing between transaction related hedged items and time-period related hedged items, the cost of hedging will ultimately be recognised in profit or loss. The amount accumulated in other comprehensive income will be included in the measurement of the hedged item or reclassified to profit or loss in the same periods during which the hedged item affects profit or loss (in the case of a transaction related hedged item), or be amortised to profit or loss on a rational basis, such as over the time periods during which the cost of hedging provides protection against risk, (in the case of a time-period related hedged item). This new accounting requirement also applies to foreign currency basis spreads.

28 Changes in significant accounting policies (continued)

(b) HKFRS 15

HKFRS 15 permits either a full retrospective or a modified retrospective approach for the adoption. The Group has elected to apply the modified retrospective approach for transition to the new revenue standard. Under this transition approach, comparative information for prior periods is not restated, the Group recognises the cumulative effect of initially applying the guidance as adjustments to the opening balance of retained profits (or other component of equity, as appropriate) on 1 January 2018, and the Group applies the new guidance only to contracts that are not yet completed on that date.

The Group and, for the purpose of reporting for the Group's financial statements, the Group's joint ventures and associated companies are required to apply the new guidance from 1 January 2018. The application of the new guidance has resulted in a HK$758 million increase in the opening balance of total equity on 1 January 2018, which is mainly attributable to the capitalisation of the incremental cost of obtaining a contract, as explained further below.

Set out below are details of the changes in significant accounting policies under HKFRS 15 that have been applied from 1 January 2018, where they are different to those applied in prior periods which are disclosed in the 2017 Annual Financial Statements.

Previously, the costs associated with obtaining a contract are expensed as incurred. The accounting for some of these costs has changed upon adoption of HKFRS 15. Under the new guidance, the incremental cost of obtaining a contract is now recognised as an asset when incurred, and expensed over the customer 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). The adoption of this guidance has resulted in an increase of HK$830 million in the opening balance of the Group's total equity at 1 January 2018, and a HK$472 million reduction in Expensed customer acquisition and retention costs and a HK$536 million increase in Depreciation and amortisation for the six months ended 30 June 2018.

Under HKFRS 15, revenue is recognised when or as performance obligations are satisfied by transferring control of a promised goods or service to a customer, and control either transfers over time or at a point in time. The new revenue standard introduces specific criteria for determining when revenue is recognised. As a result of adopting this new guidance, the opening balance of the Group's total equity has been reduced by HK$72 million and the Group's revenue for the six months ended 30 June 2018 has been reduced by HK$38 million, reflecting the changes in assessment in respect of the timing of satisfaction of the performance obligations related to certain revenue streams at the subsidiaries, joint ventures and associated companies levels.

In addition, HKFRS 15 requires an entity to determine whether it is the principal in the transaction or the agent on the basis of whether it controls the goods or services before they are transferred to the customer. Prior to the adoption of HKFRS 15, based on the existence of credit risks and other factors, certain entities within the Retail and Finance & Investments and Others divisions of the Group concluded that they have an exposure to the significant risks and rewards associated with certain sale arrangements to their customers, and accounted for the contracts as if they were a principal. In applying the new guidance, they determined that they do not control the goods before they are transferring to customers, and hence, are an agent in these contracts. This change has no impact on the total equity on 1 January 2018 and 30 June 2018. However, the amounts for revenue and other operating expenses reported on the consolidated income statement for the six months ended 30 June 2018 would have been both higher by HK$330 million if these contracts were reported under the previous accounting policies where the same group entities would have accounted for the contracts as if they were a principal.

28 Changes in significant accounting policies (continued)

(c) Effect on adoption of HKFRS 9 and HKFRS 15

(i) on the opening consolidated statement of financial position on 1 January 2018

As explained above, HKFRS 9 and HKFRS 15 were adopted without restating comparative information. The resulting reclassifications and adjustments arising from the new accounting policies are therefore not reflected in the comparative balances, but are recognised in the opening consolidated statement of financial position on 1 January 2018.

	31 December 2017 As previously reported HK$ million	Effect on adoption of HKFRS 9 HK$ million	Effect on adoption of HKFRS 15 HK$ million	1 January 2018 As adjusted HK$ million
Non-current assets				
Fixed assets	158,789	-	-	158,789
Investment properties	360	-	-	360
Leasehold land	8,305	-	-	8,305
Telecommunications licences	27,271	-	-	27,271
Brand names and other rights	75,985	-	-	75,985
Goodwill	255,334	-	-	255,334
Associated companies	145,343	128	-	145,471
Interests in joint ventures	162,134	(92)	143	162,185
Deferred tax assets	20,195	-	(186)	20,009
Liquid funds and other listed investments	7,813	-	-	7,813
Other non-current assets	5,180	-	1,336	6,516
	866,709	36	1,293	868,038
Current assets				
Cash and cash equivalents	160,470	-	-	160,470
Inventories	21,708	-	-	21,708
Trade receivables and other current assets	51,368	-	(256)	51,112
	233,546	-	(256)	233,290
Current liabilities				
Bank and other debts	21,712	-	-	21,712
Current tax liabilities	2,948	-	-	2,948
Trade payables and other current liabilities	90,228	-	920	91,148
	114,888	-	920	115,808
Net current assets	118,658	-	(1,176)	117,482
Total assets less current liabilities	985,367	36	117	985,520
Non-current liabilities				
Bank and other debts	310,276	-	-	310,276
Interest bearing loans from non-controlling shareholders	3,143	-	-	3,143
Deferred tax liabilities	25,583	-	118	25,701
Pension obligations	3,770	-	-	3,770
Other non-current liabilities	51,048	-	(759)	50,289
	393,820	-	(641)	393,179
Net assets	591,547	36	758	592,341
Capital and reserves				
Share capital	3,858	-	-	3,858
Share premium	244,505	-	-	244,505
Reserves	181,693	14	416	182,123
Total ordinary shareholders' funds	430,056	14	416	430,486
Perpetual capital securities	29,481	-	-	29,481
Non-controlling interests	132,010	22	342	132,374
Total equity	591,547	36	758	592,341

28 Changes in significant accounting policies (continued)

(c) Effect on adoption of HKFRS 9 and HKFRS 15 (continued)

(ii) on the consolidated income statement for the six months ended 30 June 2018

	For the six months ended 30 June 2018			
	As presented under accounting policies pre 1 January 2018	Effect on adoption of HKFRS 9	Effect on adoption of HKFRS 15	As presented under accounting policies from 1 January 2018
	HK$ million	HK$ million	HK$ million	HK$ million
Revenue	131,276	-	(292)	130,984
Cost of inventories sold	(54,546)	-	-	(54,546)
Staff costs	(18,004)	-	-	(18,004)
Expensed customer acquisition and retention costs	(7,673)	-	472	(7,201)
Depreciation and amortisation	(8,319)	-	(536)	(8,855)
Other operating expenses	(24,955)	37	357	(24,561)
Share of profits less losses of:				
Associated companies	4,071	18	-	4,089
Joint ventures	6,338	(106)	(11)	6,221
	28,188	(51)	(10)	28,127
Interest expenses and other finance costs	(4,335)	-	-	(4,335)
Profit before tax	23,853	(51)	(10)	23,792
Current tax	(1,939)	-	-	(1,939)
Deferred tax	393	-	2	395
Profit after tax	22,307	(51)	(8)	22,248
Profit attributable to non-controlling interests and holders of perpetual capital securities	(4,222)	(3)	(3)	(4,228)
Profit attributable to ordinary shareholders	18,085	(54)	(11)	18,020
Earnings per share for profit attributable to ordinary shareholders	HK$ 4.68	(HK$0.01)	-	HK$ 4.67

28 Changes in significant accounting policies (continued)

(c) Effect on adoption of HKFRS 9 and HKFRS 15 (continued)

(iii) on the consolidated statement of comprehensive income for the six months ended 30 June 2018

	For the six months ended 30 June 2018			
	As presented under accounting policies pre 1 January 2018	Effect on adoption of HKFRS 9	Effect on adoption of HKFRS 15	As presented under accounting policies from 1 January 2018
	HK$ million	HK$ million	HK$ million	HK$ million
Profit after tax	22,307	(51)	(8)	22,248
Other comprehensive income (losses)				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit obligations recognised directly in reserves	559	-	-	559
Equity securities at FVOCI				
Valuation losses recognised directly in reserves	(307)	1	-	(306)
Valuation losses previously in reserves recognised in income statement	4	(4)	-	-
Share of other comprehensive income of associated companies	103	-	-	103
Share of other comprehensive income of joint ventures	162	83	-	245
Tax relating to items that will not be reclassified to profit or loss	(83)	-	-	(83)
	438	80	-	518
Items that have been reclassified or may be subsequently reclassified to profit or loss:				
Debt securities at FVOCI				
Valuation losses recognised directly in reserves	(55)	-	-	(55)
Cash flow hedges (forward foreign currency contracts, cross currency interest rate swap contracts and interest rate swap contracts)				
Gains recognised directly in reserves	332	-	-	332
Cost of hedging previously accumulated in reserves recognised in income statement	-	(17)	-	(17)
Gains on net investment hedges (forward foreign currency contracts) recognised directly in reserves	1,454	-	-	1,454
Gains (losses) on translating overseas subsidiaries' net assets recognised directly in reserves	(2,260)	(17)	6	(2,271)
Share of other comprehensive income (losses) of associated companies	(1,249)	87	-	(1,162)
Share of other comprehensive income (losses) of joint ventures	(1,381)	1	(9)	(1,389)
Tax relating to items that have been reclassified or may be subsequently reclassified to profit or loss	(50)	-	-	(50)
	(3,209)	54	(3)	(3,158)
Other comprehensive income (losses), net of tax	(2,771)	134	(3)	(2,640)
Total comprehensive income	19,536	83	(11)	19,608
Total comprehensive income attributable to non-controlling interests and holders of perpetual capital securities	(4,189)	(24)	1	(4,212)
Total comprehensive income attributable to ordinary shareholders	15,347	59	(10)	15,396

28 Changes in significant accounting policies (continued)

(c) Effect on adoption of HKFRS 9 and HKFRS 15 (continued)

(iv) on the consolidated statement of financial position on 30 June 2018

	As at 30 June 2018			
	As presented under accounting policies pre 1 January 2018	Effect on adoption of HKFRS 9	Effect on adoption of HKFRS 15	As presented under accounting policies from 1 January 2018
	HK$ million	HK$ million	HK$ million	HK$ million
Non-current assets				
Fixed assets	159,745	-	-	159,745
Investment properties	360	-	-	360
Leasehold land	8,049	-	-	8,049
Telecommunications licences	30,344	-	-	30,344
Brand names and other rights	75,183	-	-	75,183
Goodwill	254,617	-	-	254,617
Associated companies	140,682	233	-	140,915
Interests in joint ventures	163,330	(114)	122	163,338
Deferred tax assets	20,912	-	(174)	20,738
Liquid funds and other listed investments	7,689	-	-	7,689
Other non-current assets	6,564	-	1,273	7,837
	867,475	119	1,221	868,815
Current assets				
Cash and cash equivalents	142,754	-	-	142,754
Inventories	22,584	-	-	22,584
Trade receivables and other current assets	52,085	-	(275)	51,810
	217,423	-	(275)	217,148
Current liabilities				
Bank and other debts	22,708	-	-	22,708
Current tax liabilities	2,400	-	-	2,400
Trade payables and other current liabilities	80,492	-	880	81,372
	105,600	-	880	106,480
Net current assets	111,823	-	(1,155)	110,668
Total assets less current liabilities	979,298	119	66	979,483
Non-current liabilities				
Bank and other debts	311,835	-	-	311,835
Interest bearing loans from non-controlling shareholders	3,122	-	-	3,122
Deferred tax liabilities	26,112	-	124	26,236
Pension obligations	3,221	-	-	3,221
Other non-current liabilities	55,350	-	(805)	54,545
	399,640	-	(681)	398,959
Net assets	579,658	119	747	580,524
Capital and reserves				
Share capital	3,858	-	-	3,858
Share premium	244,505	-	-	244,505
Reserves	190,751	73	406	191,230
Total ordinary shareholders' funds	439,114	73	406	439,593
Perpetual capital securities	7,842	-	-	7,842
Non-controlling interests	132,702	46	341	133,089
Total equity	579,658	119	747	580,524

28 Changes in significant accounting policies (continued)

(d) 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 on and after 1 January 2019 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 and the Group has the following updates to information provided in the 2017 Annual Financial Statements about the standards issued but not yet effective and applied by the Group.

HKFRS 16 "Leases" specifies how an entity will recognise, measure, present and disclose leases. The new leases standard is mandatory for the Group's financial statements for annual periods beginning on or after 1 January 2019. The Group will adopt this new standard from 1 January 2019. HKFRS 16 replaces existing leases guidance, including HKAS 17 "Leases", HK(IFRIC) Interpretation 4 "Determining whether an Arrangement contains a Lease", Hong Kong (SIC) Interpretation 15 "Operating Leases – Incentives" and Hong Kong (SIC) Interpretation 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

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 plans 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 profits (or other component of equity, as appropriate) in the year of adoption, i.e. as at 1 January 2019. When applying a modified retrospective approach to leases previously classified as operating leases under HKAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Group is assessing the potential impact of using these practical expedients.

HKFRS 16 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 future economic conditions, including the Group's borrowing rate at 1 January 2019, the composition of the Group's lease portfolio at that date, the Group's latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical expedients and recognition exemptions allowed under the modified retrospective adoption approach.

There are no other standards that have been issued but are not yet effective and upon their initial application that would be expected to have a material impact on the financial position and / or financial performance of the Group. The impact on adoption of HKFRS 16 will be disclosed in the first set of consolidated financial statements issued by the Group following the initial application of this new standard, i.e. in the Group's financial statements for six months ending 30 June 2019.

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. The Group generally does not enter into foreign currency hedges in respect of its foreign currency earnings and there were no derivative instruments entered or outstanding to hedge the Group's earnings during the period. 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, that have 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 2018, approximately 34% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 66% were at fixed rates (31 December 2017: 36% floating; 64% fixed). The Group has entered into various interest rate agreements with major financial institution counterparties to swap approximately HK$9,600 million principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK$27,701 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 28% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 72% were at fixed rates at 30 June 2018 (31 December 2017: 30% floating; 70% fixed). 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.

Foreign Currency Exposure (continued)

The Group has operations in over 50 countries and conducts businesses in approximately 50 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 on its foreign currency earnings, net debt and net assets. EBITDA for the first half of 2018 was HK$55,350 million, of which 54% was derived from European operations, including 28% from the UK. At 30 June 2018, consolidated net debt of the Group was HK$185,482 million, with 51% and 34% denominated in Euro and British Pounds respectively, whilst net assets was HK$580,524 million, with 18% and 32% attributable to Continental Europe and UK operations respectively.

At 30 June 2018, the Group's total principal amount of bank and other debts are denominated as follows: 24% in Euro, 41% in US dollars, 3% in HK dollars, 22% in British Pounds and 10% in other currencies. The Group had currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK$23,010 million to Euro principal amount of borrowings to reflect currency exposures of its underlying businesses. The Group's total principal amount of bank and other debts, after the above swaps, are denominated as follows: 31% in Euro, 34% in US dollars, 3% in HK dollars, 22% in British Pounds and 10% in other currencies.

For sensitivity purpose, based on the results for the first half of 2018, a 10% depreciation of British Pounds would result in a HK$1.6 billion decrease in EBITDA, HK$1.2 billion decrease in cash and cash equivalents, HK$7.5 billion decrease in gross debt, HK$6.3 billion decrease in net debt, HK$14.2 billion decrease in net assets, no impact on gross debt over EBITDA and 0.2%-point decrease on net debt to net total capital ratio. Similarly, a 10% depreciation of Euro would result in a HK$1.2 billion decrease in EBITDA, HK$0.6 billion decrease in cash and cash equivalents, HK$10.1 billion decrease in gross debt, HK$9.5 billion decrease in net debt, HK$3.9 billion decrease in net assets, no impact on gross debt over EBITDA and 0.8%-point decrease on net debt to net total capital ratio.

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 A2 on the Moody's Investor Service scale, A- on the S&P 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 rating from Moody's, S&P and Fitch remained at A2 (stable outlook), A- (positive outlook) and A- (stable outlook) respectively.

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 2017 – approximately 5%) of the cash, liquid funds and other listed investments ("liquid assets"). The Group controls this risk through active monitoring of price movements and changes in market conditions that may have an impact on the value of these financial assets and instruments.

Liquid Assets

The Group continues to maintain a robust financial position. Liquid assets amounted to HK$150,443 million at 30 June 2018, a decrease of 11% from the balance of HK$168,283 million at 31 December 2017, mainly reflecting dividend payments to ordinary and non-controlling shareholders as well as distributions to perpetual capital securities holders, redemption of certain perpetual capital securities, repayment and early repayment of certain borrowings and capital expenditure and investment spending, partly offset by the cash arising from positive funds from operations from the Group's businesses and cash from new borrowings. Liquid assets were denominated as to 23% in HK dollars, 51% in US dollars, 7% in Renminbi, 4% in Euro, 8% in British Pounds and 7% in other currencies.

Liquid Assets (continued)

Cash and cash equivalents represented 95% (31 December 2017 – 95%) of the liquid assets, US Treasury notes and listed/traded debt securities 4% (31 December 2017 – 4%) and listed equity securities 1% (31 December 2017 – 1%). The US Treasury notes and listed/traded debt securities, including those held under managed funds, consisted of US Treasury notes of 57%, government and government guaranteed notes of 17%, notes issued by the Group's associated company, Husky Energy of 3%, notes issued by financial institutions of 1%, and others of 22%. Of these US Treasury notes and listed/traded debt securities, 80% are rated at Aaa/AAA or Aa1/AA+ with an average maturity of 2.3 years on the overall portfolio. The Group has no exposure in mortgage-backed securities, collateralised debt obligations or similar asset classes.

Cash Flow

EBITDA [1] in the first half of 2018 was HK$55,350 million, an increase of 19% compared to HK$46,661 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 was HK$28,614 million for the period, a 12% 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 2018 amounted to HK$13,116 million (30 June 2017 – HK$8,751 million). Capital expenditures (including licences, brand name and other rights) for the ports and related services division amounted to HK$1,285 million (30 June 2017 – HK$847 million); for the retail division HK$1,142 million (30 June 2017 – HK$891 million); for the infrastructure division HK$2,502 million (30 June 2017 – HK$2,580 million); for 3 Group Europe HK$4,536 million (30 June 2017 – HK$2,840 million); for HTHKH HK$282 million (30 June 2017 – HK$429 million); for HAT HK$3,300 million (30 June 2017 – HK$1,051 million); and for the finance and investments and others segment HK$69 million (30 June 2017 – HK$113 million).

The Group's dividends received from associated companies and joint ventures for the first half of 2018 amounted to HK$9,836 million (30 June 2017 – HK$8,366 million). Dividends received from associated companies and joint ventures for the ports and related services division amounted to HK$1,135 million (30 June 2017 – HK$714 million); for the retail division HK$918 million (30 June 2017 – HK$583 million); for the infrastructure division HK$7,092 million (30 June 2017 – HK$6,678 million); for Husky HK$185 million (30 June 2017 – Nil); and for the finance and investments and others segment HK$506 million (30 June 2017 – HK$391 million).

The Group's purchases of and advances to associated companies and joint ventures amounted to HK$1,074 million (30 June 2017 – HK$18,633 million). Purchases of and advances to associated companies and joint ventures for the retail division was nil (30 June 2017 – HK$74 million); for the infrastructure division HK$94 million (30 June 2017 – HK$17,271 million); for HTHKH HK$42 million (30 June 2017 – HK$46 million); and for the finance and investments and others segment HK$938 million (30 June 2017 – HK$1,242 million).

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 2018 amounted to HK$335,925 million (31 December 2017 – HK$333,155 million) which comprises principal amount of bank and other debts of HK$326,539 million (31 December 2017 – HK$322,816 million) and unamortised fair value adjustments arising from acquisitions of HK$9,386 million (31 December 2017 – HK$10,339 million). The Group's total principal amount of bank and other debts at 30 June 2018 consist of 68% notes and bonds (31 December 2017 – 65%) and 32% bank and other loans (31 December 2017 – 35%). The Group's weighted average cost of debt for the period ended 30 June 2018 is 2.4% (30 June 2017 – 2.3%). Interest bearing loans from non-controlling shareholders, which are viewed as quasi-equity, totalled HK$3,122 million as at 30 June 2018 (31 December 2017 – HK$3,143 million).

Note 1: EBITDA excludes the non-controlling interests' share of HPH Trust's EBITDA.

Debt Maturity and Currency Profile (continued)

The maturity profile of the Group's total principal amount of bank and other debts at 30 June 2018 is set out below:

	HK$	US$	Euro	GBP	Others	Total
In the remainder of 2018	–	1%	–	–	1%	**2%**
In 2019	–	6%	–	1%	2%	**9%**
In 2020	1%	4%	5%	5%	–	**15%**
In 2021	1%	2%	10%	1%	1%	**15%**
In 2022	1%	8%	2%	–	4%	**15%**
In 2023 - 2027	–	11%	10%	7%	2%	**30%**
In 2028 - 2037	–	2%	4%	5%	–	**11%**
Beyond 2037	–	–	–	3%	–	**3%**
Total	3%	34%	31%	22%	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 2018 were as follows:

- In January, prepaid a floating rate term and revolving loan facility of HK$2,900 million maturing in November 2019;
- In January, prepaid a floating rate term and revolving loan facility of HK$1,000 million maturing in October 2019;
- In January, listed subsidiary CKI prepaid two floating rate loan facilities of US$200 million each (approximately HK$3,120 million) maturing in October 2018;
- In January, the US$500 million (approximately HK$3,900 million) Guaranteed Senior Perpetual Securities issued by Cheung Kong Bond Securities (03) Limited were redeemed in full;
- In February, obtained a three year floating rate loan facility of US$130 million (approximately HK$1,014 million);
- In March, obtained a five year floating rate loan facility of US$130 million (approximately HK$1,014 million);
- In March, obtained a five year floating rate loan facility of THB6,500 million (approximately HK$1,634 million) and made a drawdown in April to prepay a floating rate loan facility of THB4,500 million (approximately HK$1,122 million) maturing in June 2020;
- In March and May, prepaid a floating rate loan facility of US$165 million (approximately HK$1,287 million) maturing in June 2018;
- In April, issued EUR750 million (approximately HK$7,170 million) guaranteed notes due 2025 and EUR500 million (approximately HK$4,780 million) guaranteed notes due 2030;
- In May, EUR1,750 million (approximately HK$16,118 million) Subordinated Guaranteed Perpetual Capital Securities issued by Hutchison Whampoa Europe Finance (13) Limited were redeemed in full;
- In May, obtained four five year floating rate loan facilities of aggregate amount of AUD750 million (approximately HK$4,384 million) and repaid a floating rate loan facility of the same amount; and
- In June, obtained a three year floating rate loan facility of US$500 million (approximately HK$3,900 million).

Capital, Net Debt and Interest Coverage Ratios

The Group's total ordinary shareholders' funds and perpetual capital securities decreased to HK$447,435 million as at 30 June 2018, compared to HK$459,537 million as at 31 December 2017, reflecting the Group's 2017 final dividend and distributions paid and redemption of perpetual capital securities in 2018, partly offset by profit for the first half of 2018 and other items recognised directly in reserves.

As at 30 June 2018, the consolidated net debt of the Group, excluding interest bearing loans from non-controlling shareholders which are viewed as quasi-equity, was HK$185,482 million (31 December 2017 – HK$164,872 million), a 13% 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 24.1% as at 30 June 2018 (31 December 2017 – 21.7%). As at 30 June 2018, Northumbrian Water and UK Rails' non-recourse investment graded debt, net of cash balances, amounted to HK$53,317 million (31 December 2017 – HK$53,294 million). Excluding these, the Group's net debt to net total capital ratio was 18.5% as at 30 June 2018 (31 December 2017 – 15.8%). The Group's consolidated cash and liquid investments as at 30 June 2018 were sufficient to repay all outstanding consolidated Group's principal amount of debt maturing before 2022.

The Group's consolidated gross interest expenses and other finance costs of subsidiaries, before capitalisation and net of interest income of HK$2,877 (30 June 2017: HK$1,782 million) in the first half of 2018 was HK$1,690 million (30 June 2017 – HK$2,284 million). EBITDA of HK$55,350 million (30 June 2017 – HK$46,661 million) and FFO excluding net interest of HK$30,534 million (30 June 2017 – HK$28,450 million) for the period covered consolidated net interest expenses and other finance costs 31.0 times (30 June 2017 – 19.6 times) and 18.1 times (30 June 2017 – 12.5 times) respectively.

Secured Financing

At 30 June 2018, assets of the Group totalling HK$27,424 million (31 December 2017 – HK$27,990 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 2018 amounted to the equivalent of HK$15,586 million (31 December 2017 – HK$13,168 million).

Contingent Liabilities

At 30 June 2018, the Group provided guarantees in respect of bank and other borrowing facilities to its associated companies and joint ventures totalling HK$4,295 million (31 December 2017 – HK$3,911 million), of which HK$3,573 million (31 December 2017 – HK$3,310 million) has been drawn down as at 30 June 2018 and also provided performance and other guarantees of HK$3,551 million (31 December 2017 – HK$3,307 million).

Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 June 2018, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities 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 Group as it believes that an effective corporate governance framework is 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 2018 with all code provisions of the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), other than those in respect of the separate roles of Chairman and Chief Executive, and the nomination committee.

Roles of Chairman and Chief Executive

The position of Chief Executive of the Company has been jointly held by Mr Li Tzar Kuoi, Victor and Mr Fok Kin Ning, Canning as Group Co-Managing Directors since June 2015. Following the retirement of Mr Li Ka-shing as Chairman and Executive Director of the Company in May 2018, Mr Victor Li was appointed Chairman of the Company while continuing to hold the positions of Executive Director and Group Co-Managing Director of the Company. Accordingly, with Mr Canning Fok acting as Group Co-Managing Director, the day-to-day management of the Company is led and shared by Mr Victor Li and Mr Canning Fok with no single individual having unfettered management decision-making power. Further, the Board of Directors (the "Board") of the Company which comprises experienced and seasoned professionals continues to monitor the management of the Company to ensure that joint management is effectively and properly exercised.

Hence, notwithstanding the Company might deviate from code provision A.2.1, which requires the roles of Chairman and Chief Executive to be performed by different individuals, the current arrangements provide check and balance and do not jeopardise the independent exercise of powers of the Chairman and the Group Co-Managing Directors.

Nomination Committee

The Company has considered the merits of establishing a nomination committee but is of the view that it is in the best interests of the Company that the Board collectively reviews, 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 their tenure during the six months ended 30 June 2018.

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 2018 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 20 in the Announcement. The unaudited condensed consolidated financial statements of the Company and its subsidiary companies for the six months ended 30 June 2018 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, 4 September 2018. In order to qualify for the interim dividend payable on Thursday, 13 September 2018, 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, 4 September 2018.

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 emphasis on achieving recurring and predictable earnings, cash flow and dividend growth without compromising the Group's financial strength and stability. The Group continues to focus on disciplined management of revenue growth, margin and costs, disciplined management of capital and investments to return ratio targets, earnings and cash flow accretive merger and acquisitions and organic growth in sectors or geographies where we have strong management experience and resources and technology transformation to capture new cost and revenue opportunities in all businesses. Simultaneously, the Group is equally focused on maintaining long-term investment grade ratings of A2 or A-, preserving strong liquidity and flexibility, sustaining a long and balanced maturity profile and actively managing cash flow and working capital. The Chairman's Statement and the Operations Highlights contained in the 2018 interim results announcement and the Operations Analysis which is posted on the Company's website (http://www.ckh.com.hk/en/ir/presentation.php), include 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 2018 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 2018 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 2018 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 Tzar Kuoi, Victor *(Chairman and Group Co-Managing Director)*
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