

## 2019 Interim Report

## Corporate Information

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### BOARD OF DIRECTORS

#### EXECUTIVE DIRECTORS

LI Tzar Kuoi, Victor, BSc, MSc, LL.D (Hon)  
*Chairman and Group Co-Managing Director*

FOK Kin Ning, Canning, BA, DFM, FCA (ANZ)  
*Group Co-Managing Director*

Frank John SIXT, MA, LLL  
*Group Finance Director and Deputy Managing Director*

IP Tak Chuen, Edmond, BA, MSc  
*Deputy Managing Director*

KAM Hing Lam, BSc, MBA  
*Deputy Managing Director*

LAI Kai Ming, Dominic, BSc, MBA  
*Deputy Managing Director*

Edith SHIH, BSE, MA, MA, EdM, Solicitor, FCIS, FCS(PE)

#### NON-EXECUTIVE DIRECTORS

CHOW Kun Chee, Roland, LLM

LEE Yeh Kwong, Charles, GBM, GBS, OBE, JP

LEUNG Siu Hon, BA (Law) (Hons), LL.D. (Hon)

George Colin MAGNUS, OBE, BBS, MA

WOO Mo Fong, Susan, BSc  
(alias CHOW WOO Mo Fong, Susan)

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

KWOK Tun-li, Stanley, BSc (Arch), AA Dipl, LL.D (Hon), ARIBA, MRAIC

CHENG Hoi Chuen, Vincent, GBS, OBE, JP

The Hon Sir Michael David KADOORIE, GBS, LL.D (Hon), DSc (Hon)  
Commandeur de la Légion d'Honneur  
Commandeur de l'Ordre des Arts et des Lettres  
Commandeur de l'Ordre de la Couronne  
Commandeur de l'Ordre de Leopold II

LEE Wai Mun, Rose, JP, BBA

William Elkin MOCATTA, FCA  
*Alternate to The Hon Sir Michael David Kadoorie*

William SHURNIAK, S.O.M., M.S.M., LL.D (Hon)

WONG Chung Hin, CBE, JP

WONG Yick-ming, Rosanna, PhD, DBE, JP

#### SENIOR ADVISOR

LI Ka-shing, GBM, KBE, LL.D (Hon), DSSC (Hon)  
Commandeur de la Légion d'Honneur  
Grand Officer of the Order Vasco Nunez de Balboa  
Commandeur de l'Ordre de Léopold

### AUDIT COMMITTEE

WONG Chung Hin (*Chairman*)

KWOK Tun-li, Stanley

CHENG Hoi Chuen, Vincent

William SHURNIAK

### NOMINATION COMMITTEE

LI Tzar Kuoi, Victor (*Chairman*)

FOK Kin Ning, Canning

Frank John SIXT

IP Tak Chuen, Edmond

KAM Hing Lam

LAI Kai Ming, Dominic

Edith SHIH

CHOW Kun Chee, Roland

LEE Yeh Kwong, Charles

LEUNG Siu Hon

George Colin MAGNUS

WOO Mo Fong, Susan (alias CHOW WOO Mo Fong, Susan)

KWOK Tun-li, Stanley

CHENG Hoi Chuen, Vincent

The Hon Sir Michael David KADOORIE

LEE Wai Mun, Rose

William SHURNIAK

WONG Chung Hin

WONG Yick-ming, Rosanna

### REMUNERATION COMMITTEE

WONG Yick-ming, Rosanna (*Chairman*)

LI Tzar Kuoi, Victor

CHENG Hoi Chuen, Vincent

WONG Chung Hin

### COMPANY SECRETARY

Edith SHIH, BSE, MA, MA, EdM, Solicitor, FCIS, FCS(PE)

### AUDITOR

PricewaterhouseCoopers

### BANKERS

The Hongkong and Shanghai Banking  
Corporation Limited

Bank of China (Hong Kong) Limited

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## Contents

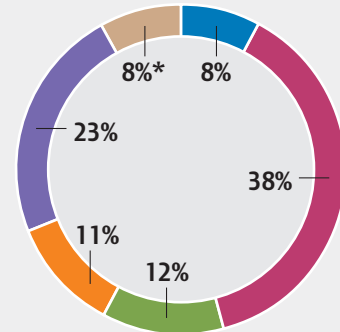
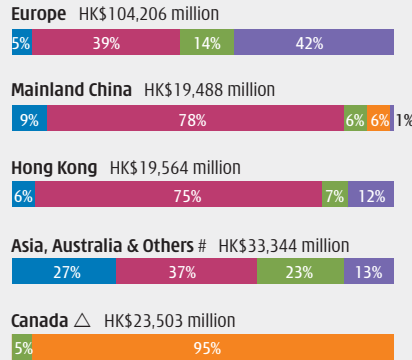
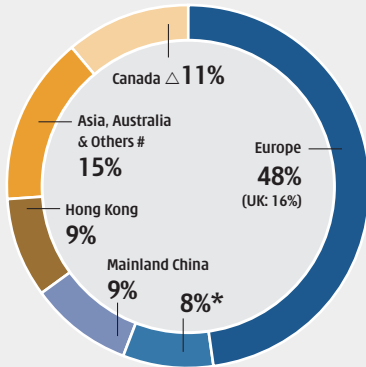
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- Corporate Information
- 1 Contents
- 2 Analyses of Core Business Segments by Geographical Location
- 3 Financial Performance Summary
- 5 Consolidated Operating Results
- 6 Chairman's Statement
- 10 Operations Highlights
- 25 Group Capital Resources and Other Information
- 30 Disclosure of Interests
- 42 Corporate Governance
- 43 Changes in Information of Directors
- 44 Report on Review of Interim Financial Statements
- 45 Interim Financial Statements
- Information for Shareholders

## Analyses of Core Business Segments by Geographical Location

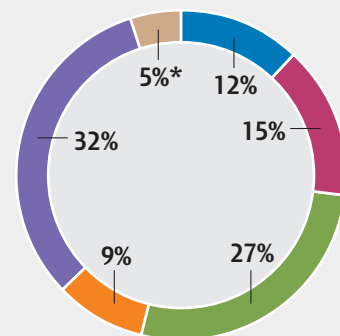
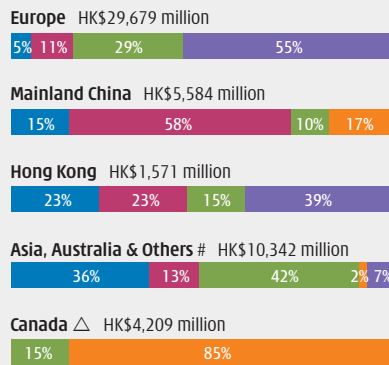
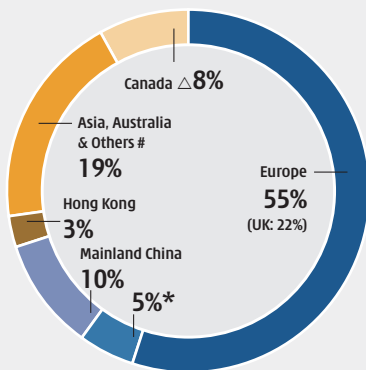
Total Revenue <sup>^</sup> for the six months ended 30 June 2019

HK\$217,062 million



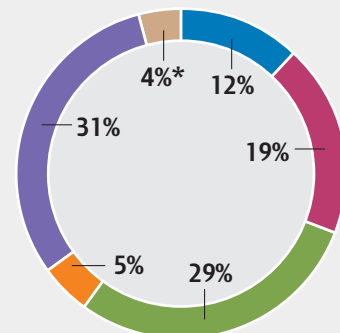
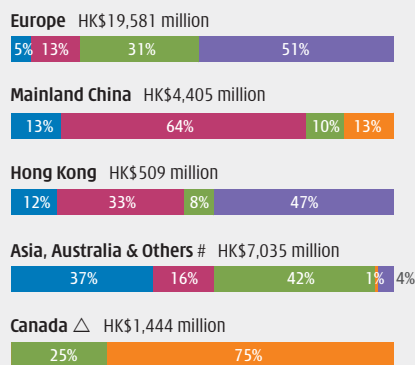
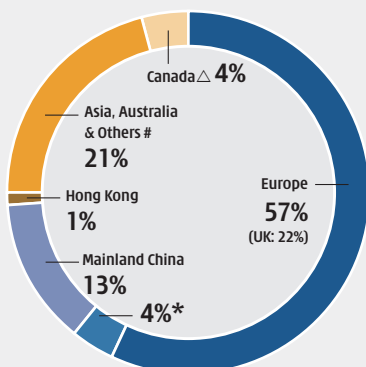
Total EBITDA <sup>^</sup> for the six months ended 30 June 2019

HK\$53,988 million



Total EBIT <sup>^</sup> for the six months ended 30 June 2019

HK\$34,238 million



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

\* Represents contributions from Finance & Investments and Others

# Includes Panama, Mexico and the Middle East

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

<sup>^</sup> The basis of preparation is set out in note 1 on page 3.

## Financial Performance Summary

	Pre-IFRS 16 <sup>(1)</sup> Unaudited Results for the six months ended 30 June 2019		Unaudited Results for the six months ended 30 June 2018		Change %
	HK\$ million	%	HK\$ million	%	
<b>Revenue<sup>(2)</sup></b>					
Ports and Related Services <sup>(2)</sup>	17,550	8%	17,591	8%	—
Retail	83,161	38%	83,874	37%	-1%
Infrastructure <sup>(3)</sup>	25,625	12%	34,225	15%	-25%
Husky Energy	23,465	11%	27,315	12%	-14%
3 Group Europe	43,464	20%	36,124	16%	20%
Hutchison Telecommunications Hong Kong Holdings	2,515	1%	4,021	2%	-37%
Hutchison Asia Telecommunications	4,325	2%	4,081	2%	6%
Finance & Investments and Others	16,957	8%	17,276	8%	-2%
<b>Total Revenue</b>	<b>217,062</b>	<b>100%</b>	<b>224,507</b>	<b>100%</b>	<b>-3%</b>
<b>EBITDA<sup>(2)</sup></b>					
Ports and Related Services <sup>(2)</sup>	6,450	12%	6,205	11%	4%
Retail	8,182	15%	7,532	14%	9%
Infrastructure <sup>(3)</sup>	14,356	27%	18,945	34%	-24%
Husky Energy	4,713	9%	5,877	11%	-20%
3 Group Europe	16,297	30%	12,797	23%	27%
Hutchison Telecommunications Hong Kong Holdings	663	1%	690	1%	-4%
Hutchison Asia Telecommunications	724	1%	346	1%	109%
Finance & Investments and Others	2,603	5%	2,958	5%	-12%
<b>Total EBITDA</b>	<b>53,988</b>	<b>100%</b>	<b>55,350</b>	<b>100%</b>	<b>-2%</b>
<b>EBIT<sup>(2)</sup></b>					
Ports and Related Services <sup>(2)</sup>	4,250	12%	3,864	11%	10%
Retail	6,590	19%	5,992	17%	10%
Infrastructure <sup>(3)</sup>	9,901	29%	13,242	37%	-25%
Husky Energy	1,787	5%	2,761	8%	-35%
3 Group Europe	9,970	29%	7,488	21%	33%
Hutchison Telecommunications Hong Kong Holdings	260	1%	284	1%	-8%
Hutchison Asia Telecommunications	216	1%	69	—	213%
Finance & Investments and Others	1,264	4%	1,688	5%	-25%
<b>Total EBIT</b>	<b>34,238</b>	<b>100%</b>	<b>35,388</b>	<b>100%</b>	<b>-3%</b>
Interest expenses and other finance costs <sup>(2)</sup>	(7,796)		(8,914)		13%
Profit Before Tax	26,442		26,474		—
Tax <sup>(2)</sup>					
Current tax	(3,784)		(3,659)		-3%
Deferred tax	(531)		(605)		12%
	(4,315)		(4,264)		-1%
Profit after tax	22,127		22,210		—
Non-controlling interests and perpetual capital securities holders' interests	(3,927)		(4,190)		6%
<b>Profit Attributable to Ordinary Shareholders</b>	<b>18,200</b>		<b>18,020</b>		<b>1%</b>

Note 1: As Hong Kong Financial Reporting Standards are fully converged with International Financial Reporting Standards in the accounting for leases, for ease of reference, International Financial Reporting Standard 16 "Leases" ("IFRS 16") and the precedent lease accounting standard International Accounting Standard 17 "Leases" ("IAS 17") are referred to in this Interim Report interchangeably with Hong Kong Financial Reporting Standard 16 "Leases" ("HKFRS 16") and Hong Kong Accounting Standard 17 "Leases" ("HKAS 17"), respectively. Following the adoption of IFRS 16 on 1 January 2019, the Group's statutory results for six months ended 30 June 2019 are on a IFRS 16 basis, whereas the statutory results for the corresponding six months ended 30 June 2018 are on a IAS 17 basis ("Pre-IFRS 16 basis") as previously reported. Hence, any comparison between the two bases of reporting would not be meaningful. The Group believes that the IAS 17 basis metrics, which are not intended to be a substitute for, or superior to, the reported metrics on a IFRS 16 basis ("Post-IFRS 16 basis"), allows a like-with-like comparison with the prior period results, and to better reflect management's view of the Group's underlying operational performance. As a result, the Group has provided an alternative presentation of the Group's EBITDA, EBIT, interest expenses and other finance costs, tax, non-controlling interests and perpetual capital securities holders' interests and profit attributable to ordinary shareholders prepared under the Pre-IFRS 16 basis relating to the accounting for leases for the first six months of 2019. Unless otherwise specified, the discussion of the Group's operating results in this Interim Report is on a Pre-IFRS 16 basis as mentioned above.

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

Note 3: Co-owned assets with CKI P&L figures for the six months ended 30 June 2019 represent remaining 10% of the Group's direct economic interest in these assets. The P&L figures for the six months ended 30 June 2018 represent the Group's direct interest in these assets.

## Financial Performance Summary

	Post-IFRS 16 <sup>(1)</sup> Unaudited Results for the six months ended 30 June 2019		Unaudited Results for the six months ended 30 June 2018		Change %
	HK\$ million	%	HK\$ million	%	
<b>Revenue<sup>(2)</sup></b>					
Ports and Related Services <sup>(2)</sup>	17,550	8%	17,591	8%	—
Retail	83,161	38%	83,874	37%	-1%
Infrastructure <sup>(3)</sup>	25,625	12%	34,225	15%	-25%
Husky Energy	23,465	11%	27,315	12%	-14%
3 Group Europe	43,464	20%	36,124	16%	20%
Hutchison Telecommunications Hong Kong Holdings	2,515	1%	4,021	2%	-37%
Hutchison Asia Telecommunications	4,325	2%	4,081	2%	6%
Finance & Investments and Others	16,957	8%	17,276	8%	-2%
<b>Total Revenue</b>	<b>217,062</b>	<b>100%</b>	<b>224,507</b>	<b>100%</b>	<b>-3%</b>
<b>EBITDA<sup>(2)</sup></b>					
Ports and Related Services <sup>(2)</sup>	7,766	12%	6,205	11%	25%
Retail	13,065	20%	7,532	14%	73%
Infrastructure <sup>(3)</sup>	14,481	22%	18,945	34%	-24%
Husky Energy	4,839	7%	5,877	11%	-18%
3 Group Europe	19,625	30%	12,797	23%	53%
Hutchison Telecommunications Hong Kong Holdings	896	1%	690	1%	30%
Hutchison Asia Telecommunications	1,761	3%	346	1%	409%
Finance & Investments and Others	3,256	5%	2,958	5%	10%
<b>Total EBITDA</b>	<b>65,689</b>	<b>100%</b>	<b>55,350</b>	<b>100%</b>	<b>19%</b>
<b>EBIT<sup>(2)</sup></b>					
Ports and Related Services <sup>(2)</sup>	4,826	13%	3,864	11%	25%
Retail	6,994	19%	5,992	17%	17%
Infrastructure <sup>(3)</sup>	9,919	27%	13,242	37%	-25%
Husky Energy	1,803	5%	2,761	8%	-35%
3 Group Europe	10,435	29%	7,488	21%	39%
Hutchison Telecommunications Hong Kong Holdings	269	1%	284	1%	-5%
Hutchison Asia Telecommunications	687	2%	69	—	896%
Finance & Investments and Others	1,335	4%	1,688	5%	-21%
<b>Total EBIT</b>	<b>36,268</b>	<b>100%</b>	<b>35,388</b>	<b>100%</b>	<b>2%</b>
Interest expenses and other finance costs <sup>(2)</sup>	(9,765)		(8,914)		-10%
Profit Before Tax	26,503		26,474		—
Tax <sup>(2)</sup>					
Current tax	(3,785)		(3,659)		-3%
Deferred tax	(498)		(605)		18%
	(4,283)		(4,264)		—
Profit after tax	22,220		22,210		—
Non-controlling interests and perpetual capital securities holders' interests	(3,896)		(4,190)		7%
<b>Profit Attributable to Ordinary Shareholders</b>	<b>18,324</b>		<b>18,020</b>		<b>2%</b>

Note 1: As Hong Kong Financial Reporting Standards are fully converged with International Financial Reporting Standards in the accounting for leases, for ease of reference, International Financial Reporting Standard 16 "Leases" ("IFRS 16") and the precedent lease accounting standard International Accounting Standard 17 "Leases" ("IAS 17") are referred to in this Interim Report interchangeably with Hong Kong Financial Reporting Standard 16 "Leases" ("HKFRS 16") and Hong Kong Accounting Standard 17 "Leases" ("HKAS 17"), respectively. Following the adoption of IFRS 16 on 1 January 2019, the Group's statutory results for six months ended 30 June 2019 are on a IFRS 16 basis, whereas the statutory results for the corresponding six months ended 30 June 2018 are on a IAS 17 basis.

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

Note 3: Co-owned assets with CKI P&L figures for the six months ended 30 June 2019 represent remaining 10% of the Group's direct economic interest in these assets. The P&L figures for the six months ended 30 June 2018 represent the Group's direct interest in these assets.

## Consolidated Operating Results

### Unaudited Results for the six months ended 30 June 2019

#### Highlights

	Post-IFRS 16 <sup>(1)</sup> Basis			
	For the six months ended 30 June 2019	For the six months ended 30 June 2018	Local currencies change	Reported currency change
	HK\$ million	HK\$ million		
Total Revenue <sup>(2)</sup>	217,062	224,507	+2%	-3%
Total EBITDA <sup>(2)</sup>	65,689	55,350	+24%	+19%
Total EBIT <sup>(2)</sup>	36,268	35,388	+8%	+2%
Profit attributable to ordinary shareholders	18,324	18,020	+7%	+2%
Earnings per share <sup>(3)</sup>	HK\$4.75	HK\$4.67		+2%
Interim dividend per share	HK\$0.87	HK\$0.87		—

	Pre-IFRS 16 <sup>(1)</sup> Basis			
	For the six months ended 30 June 2019	For the six months ended 30 June 2018	Local currencies change	Reported currency change
	HK\$ million	HK\$ million		
Total Revenue <sup>(2)</sup>	217,062	224,507	+2%	-3%
Total EBITDA <sup>(2)</sup>	53,988	55,350	+3%	-2%
Total EBIT <sup>(2)</sup>	34,238	35,388	+2%	-3%
Profit attributable to ordinary shareholders	18,200	18,020	+6%	+1%

Note 1: As Hong Kong Financial Reporting Standards are fully converged with International Financial Reporting Standards in the accounting for leases, for ease of reference, International Financial Reporting Standard 16 "Leases" ("IFRS 16") and the precedent lease accounting standard International Accounting Standard 17 "Leases" ("IAS 17") are referred to in this Interim Report interchangeably with Hong Kong Financial Reporting Standard 16 "Leases" ("HKFRS 16") and Hong Kong Accounting Standard 17 "Leases" ("HKAS 17"), respectively. Following the adoption of IFRS 16 on 1 January 2019, the Group's statutory results for six months ended 30 June 2019 are on a IFRS 16 basis, whereas the statutory results for the corresponding six months ended 30 June 2018 are on a IAS 17 basis ("Pre-IFRS 16 basis") as previously reported. Hence, any comparison between the two bases of reporting would not be meaningful. The Group believes that the IAS 17 basis metrics, which are not intended to be a substitute for, or superior to, the reported metrics on a IFRS 16 basis ("Post-IFRS 16 basis"), allows a like-with-like comparison with the prior period results, and to better reflect management's view of the Group's underlying operational performance. As a result, the Group has provided an alternative presentation of the Group's EBITDA, EBIT and profit attributable to ordinary shareholders prepared under the Pre-IFRS 16 basis relating to the accounting for leases for the first six months of 2019. Unless otherwise specified, the discussion of the Group's operating results in this Interim Report is on a Pre-IFRS 16 basis as mentioned above.

Note 2: Total revenue, EBITDA and EBIT include the Group's proportionate share of associated companies and joint ventures' respective items, as well as reflecting the Group's share of results on the remaining 10% direct interest in the co-owned infrastructure investments with CK Infrastructure Holdings Limited ("CKI") for the first six months of 2019 after the divestment of 90% of the direct economic benefits in October 2018.

Note 3: Earnings per share for the six months ended 30 June 2019 and 2018 is calculated based on profit attributable to ordinary shareholders and CKHH's weighted average number of shares outstanding during the periods of 3,856,240,500 and 3,857,678,500 respectively.

## Chairman's Statement

Global geopolitical and economic risks remain elevated in the first half of 2019. Currency and commodity price volatility since the second half of 2018 have dampened the Group's profitability during the first half of the year. Major currencies such as GBP, EURO and RMB have all depreciated against the first half of last year by around 6%. Excluding foreign currency translation impacts, the Group was able to maintain both healthy earnings growth and a solid financial profile.

On a Pre-IFRS 16 basis, EBITDA and EBIT decreased 2% and 3% respectively compared to the same period last year in reported currency. If exchange currency movements on translation are removed, EBITDA and EBIT grew 3% and 2% respectively against same period last year in local currencies, primarily reflecting the full six months accretive contribution from 50% interest in Wind Tre acquired in September 2018, partly offset by lower contribution from Infrastructure division subsequent to the divestiture of an aggregate economic benefits in the Group's direct interest in the six co-owned infrastructure investments in October 2018, as well as lower contribution from Husky primarily as a result of lower production.

On a Pre-IFRS 16 basis, profit attributable to ordinary shareholders for the first half of 2019 of HK\$18,200 million was an increase of 1% in reported currency and an increase of 6% in local currencies compared to the first half of 2018, mainly from lower interest expenses and distributions to perpetual capital securities holders.

On a Post-IFRS 16 basis and in reported currency, EBITDA increased by 19%, while EBIT and profit attributable to ordinary shareholders both increased 2% compared to the first half of 2018. Earnings per share were HK\$4.75 for the first half of 2019, an increase of 2%.

### Dividend

The Board of Directors declares an interim dividend of HK\$0.87 per share (30 June 2018 – HK\$0.87 per share), payable on Thursday, 12 September 2019, to shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 3 September 2019, 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 42.1 million twenty-foot equivalent units ("TEU") through 288 operating berths in the first half of 2019, a 4% increase compared to the same period in 2018. Volume growth in Barcelona, Rotterdam, Yantian, Klang in Malaysia, and Freeport in Bahamas was partly offset by the loss of throughput from Shantou, as the port operation was disposed of at the end of 2018, as well as volume shortfalls in Hong Kong and Panama. In reported currency, total revenue of HK\$17,550 million was flat against the same period last year. EBITDA<sup>(1)</sup> and EBIT<sup>(1)</sup> of HK\$6,450 million and HK\$4,250 million increased 4% and 10% in reported currency against the same period last year respectively, driven primarily by higher throughput and disciplined cost controls, partly offset by adverse foreign currency translation impact. EBIT growth also reflected lower depreciation and amortisation charges due to a concession extension. In local currencies, total revenue, EBITDA and EBIT increased 5%, 8% and 14% respectively.

In May 2019, this division entered into a preliminary long-term commercial agreement with the Québec Port Authority and Canadian National Railway to build and operate a new container terminal in Québec City, Canada. The new facility is expected to be the most environmentally and technologically advanced cargo-handling facility in North America and will become one of the terminals with the smallest environmental impact in the world.

Going forward, the ports and related services division will maintain its focus on improving productivity and cost efficiency, and will continue to look for expansion opportunities that will enhance its global footprint.

### Retail

The retail division had 15,213 stores across 25 markets at the end of first half 2019, a 5% increase compared to the same period last year. During the first half of 2019, ASW's China supermarket business completed a joint venture with Yonghui Superstores Co. Limited ("Yonghui") and Tencent Holdings Limited ("Tencent") to create the largest grocery retail business in Guangdong, China, in which ASW holds a 40% interest. In reported currency, total reported revenue of HK\$83,161 million decreased 1% compared to same period last year. EBITDA<sup>(2)</sup> and EBIT<sup>(2)</sup> of HK\$8,182 million and HK\$6,590 million increased by 9% and 10% respectively reflecting the continuous steady growth in the Health and Beauty businesses and the inclusion of a one-off gain of approximately HK\$633 million associated with the formation of the joint venture with Yonghui and Tencent for the China supermarket business, partly offset by adverse foreign currency translation impact. In local currencies, total revenue, EBITDA and EBIT increased by 4%, 14% and 15% respectively, and excluding the one-off gain, underlying EBITDA and EBIT increased by 6% and 5% respectively.

Note 1: Under Post-IFRS 16 basis, EBITDA was HK\$7,766 million; EBIT was HK\$4,826 million.

Note 2: Under Post-IFRS 16 basis, EBITDA was HK\$13,065 million; EBIT was HK\$6,994 million.



Overall, the Health and Beauty segment reported total sales growth of 1% from a 5% increase in store numbers and a 2.9% growth in comparable stores sales, partly offset by the adverse foreign currency translation impact. In local currencies, revenue, EBITDA and EBIT increased by 7%, 6% and 5% respectively against same period in 2018. Health and Beauty operations in Asia delivered a strong EBITDA growth of 15% in local currencies arising from a 9% increase in store numbers and a comparable stores sales uplift of 6.9%. Health and Beauty China maintained a healthy EBITDA margin of 19% and recorded a 4% growth in EBITDA in local currency from continued expansion in store portfolio. Health and Beauty operations in Europe also sustained a strong EBITDA growth of 5% in local currencies from a 3% increase in store numbers and a 1.9% growth in comparable stores sales.

The Health and Beauty division now has an addressable loyalty member base of 135 million from its online and offline platforms which allows exclusive products and enhanced customer experiences to be offered to its customers effectively and efficiently through innovative digital technologies and data analytics capabilities.

## Infrastructure

The Infrastructure division comprise a 75.67%<sup>(3)</sup> interest in CK Infrastructure Holdings Limited ("CKI"), a subsidiary listed in Hong Kong and the Group's direct interest in six co-owned infrastructure investments with CKI, of which an aggregated 90% economic benefits was divested in October 2018 under the Economic Benefits Agreements entered with CK Asset Holdings Limited ("CAH"), CKI and Power Assets ("PAH").

Total EBITDA<sup>(4)</sup> and EBIT<sup>(4)</sup> of this division of HK\$14,356 million and HK\$9,901 million respectively were 24% and 25% lower than the same period last year respectively in reported currency, mainly due to adverse foreign currency translation impacts, the lower contribution resulting from the disposal of the six co-owned investments mentioned above, the loss on partial disposal of 2.05% interests in PAH of HK\$302 million and lower earnings contributions from the UK primarily due to UK Power Networks no longer recognising certain non-cash revenue from January 2019 onwards with no impact to the cash earnings and distribution. As the Group rebased PAH's assets to their fair values in the 2015 Reorganisation, after consolidation adjustment, the disposal gain recognised by CKI resulted in a loss on disposal in the Group's reported results. In local currencies, EBITDA and EBIT decreased by 19% and 20% respectively against the same period last year.

Following the Economic Benefits Agreements completed in 2018, the Group has subsequently entered into supplemental agreements with CAH, CKI and PAH this year to effectively transfer to the respective parties their proportionate voting rights of the co-owned investments in Europe and Canada. Upon completion of the supplemental arrangements, which is subject to certain regulatory approvals, the Group will cease to consolidate the co-owned subsidiaries in the second half of the year with no gain or loss expected on deconsolidation.

## CKI

CKI announced a net profit attributable to shareholders under Post-IFRS 16 basis of HK\$5,943 million, flat against the same period last year. If exchange currency movements on translation are removed, net profit attributable to shareholders increased 6%.

## Husky Energy

Husky Energy ("Husky"), our associated company listed in Canada, announced Post-IFRS 16 net earnings of C\$698 million in the first half of 2019, flat when compared to net earnings of C\$696 million in the same period last year. After translation into Hong Kong dollars and including consolidation adjustments based on Pre-IFRS 16, the Group's share of EBITDA<sup>(5)</sup> and EBIT<sup>(5)</sup> were HK\$4,713 million and HK\$1,787 million respectively, a decrease of 20% and 35% respectively in reported currency or 17% and 32% respectively in local currency against the first half of 2018. The lower EBITDA and EBIT were primarily due to lower overall production from the suspension of operations at the White Rose field in Atlantic in November 2018, which are presently resuming production and will fully ramp up in the second half of 2019, the mandatory oil production curtailments imposed by Government of Alberta in December last year and the lower Downstream contributions from the tighter Canadian heavy-light differentials, as well as the recognition of certain one-time pre-tax write-offs and provisions in the first half of 2019. In Asia, Husky continued to grow with higher production from the liquids-rich BD Project in Indonesia. Further, the above EBITDA and EBIT declines were fully offset by a one-time deferred tax credit of C\$233 million associated with the Alberta tax rate reduction.

Average production in the first six months of 2019 was 276,800 barrels of oil equivalent per day, a 7% decrease when compared to the same period last year, primarily due to lower production in White Rose as mentioned above, as well as reduction of heavy crude oil production due to natural declines and government-mandated production curtailments in Alberta, partly offset by increased thermal-bitumen production, as well as higher natural gas and natural gas liquids ("NGL") production from Western Canada and Asia Pacific.

Husky's 2019 first half dividend amounted to C\$0.25 per common share, 25% above C\$0.20 per common share in the same period last year.

Note 3: Based on the Group's profit sharing ratio in CKI.

Note 4: Under Post-IFRS 16 basis, EBITDA was HK\$14,481 million; EBIT was HK\$9,919 million.

Note 5: Under Post-IFRS 16 basis, EBITDA was HK\$4,839 million; EBIT was HK\$1,803 million.

### 3 Group Europe and Hutchison Telecommunications Hong Kong

As at 30 June 2019, 3 Group Europe's active customer base stands at 41.7 million, a 7% drop against the same period last year mainly from a lower Wind Tre base, partly offset by net additions in other operations in Europe.

3 Group Europe's revenue, EBITDA<sup>(6)</sup> and EBIT<sup>(6)</sup> of HK\$43,464 million, HK\$16,297 million and HK\$9,970 million were 20%, 27% and 33% higher against the same period last year respectively in reported currency. In local currencies, revenue, EBITDA and EBIT in the first half of 2019 increased by 27%, 34% and 40% respectively primarily reflecting the full six months' accretive contribution from the additional 50% share in Wind Tre. Underlying operational environment has improved in Italy with the network consolidation and modernisation substantially completed as at the end of July, higher than planned synergy realisations and reduced churn. Overall 3 Group Europe continued to report a healthy EBITDA margin of 44%, a 2%-point growth compared to the same period last year.

All 3 Group Europe operations continue to focus on cost disciplines and a measured level of network and IT investments, as well as exploring new revenue initiatives. A number of 3 Group Europe operations will be completing network and IT transformations in the second half of 2019, which is expected to further enhance customer experience and 3 Group Europe's competitiveness.

Hutchison Telecommunications Hong Kong Holdings ("HTHKH"), our Hong Kong listed telecommunications subsidiary operating in Hong Kong and Macau, announced Post-IFRS 16 profit attributable to shareholders of HK\$188 million and earnings per share of 3.90 HK cents. As of 30 June 2019, HTHKH had approximately 3.3 million active mobile customers in Hong Kong and Macau.

In July 2019, the Group formed a new wholly-owned telecommunication holding company, CK Hutchison Group Telecom Holdings ("CK Hutchison Telecom"), which consolidates the Group's European operations and HTHKH under one holding entity, providing a diversified telecommunication asset platform across eight geographical locations. The CK Hutchison Telecom Group will refinance all the existing external debt of Wind Tre of approximately €10 billion and be separately rated with an expected investment grade rating from all three credit rating agencies. Correspondingly, the CK Hutchison Telecom Group will also set up a new telecommunication infrastructure company, CK Hutchison Networks Holdings ("CK Hutchison Networks") which will group the 28,500 tower asset interests<sup>(7)</sup> into a separately managed wholly-owned subsidiary of CK Hutchison Telecom. The new organisation structure and the refinancing transaction will allow the Group to generate significant financing cost savings from 2020 onwards, as well as rationalise its investments in light of the expected need for harmonisation of network, IT platform, and infrastructure configurations to meet new transnational business opportunities going forward.

### Hutchison Asia Telecommunications

As of 30 June 2019, Hutchison Asia Telecommunications ("HAT") had approximately 45.7 million active customer accounts, which represented 29% decrease compared to the same period last year, primarily due to the subscriber registration process imposed by the Government of Indonesia since May 2018.

HAT reported revenue, EBITDA<sup>(8)</sup> and EBIT<sup>(8)</sup> of HK\$4,325 million, HK\$724 million and HK\$216 million respectively, representing 6%, 109% and 213% increase in reported currency compared to the same period last year. Despite the drop in active customer accounts since second half of last year, the Indonesian operation has improved its revenue and margin through continuing network expansion to new areas and improving distribution structures and strategies. This growth was partly offset by higher depreciation and amortisation with the continued network rollout and enhancements in Indonesia and Vietnam, as well as network expansion in Sri Lanka after the acquisition of Etisalat Lanka in November 2018. In local currencies, revenue, EBITDA and EBIT increased 10%, 118% and 233% respectively compared to same period last year.

With the continuing network enhancement in the regions and cost synergies in Sri Lanka expected to materialise in second half of the year, positive growth momentum from HAT is expected to continue.

Note 6: Under Post-IFRS 16 basis, EBITDA was HK\$19,625 million; EBIT was HK\$10,435 million.

Note 7: CK Hutchison Networks site count includes European sites only (includes shared sites of joint venture interests in the UK and Sweden), with an option to include a further 9,300 sites in Asia.

Note 8: Under Post-IFRS 16 basis, EBITDA was HK\$1,761 million; EBIT was HK\$687 million.

## Finance & Investments and Others

As at 30 June 2019, the Group's consolidated cash and liquid investments totalled HK\$131,166 million and consolidated total bank and other debts<sup>(9)</sup> amounted to HK\$343,621 million, resulting in consolidated net debt<sup>(9)</sup> of HK\$212,455 million and net debt to net total capital ratio<sup>(9)</sup> of 26.2% (31 December 2018 - 26.0%).

In July 2019, the Group completed the disposal of approximately 9% interest in Hutchison China MediTech Limited for a cash proceed of approximately US\$280 million with the shareholding reduced from 60.15% to 51.15%.

## Outlook

Looking forward into the remaining part of the year, global geographical economic uncertainty remains high. More accommodative monetary and fiscal policies may provide cushion against shocks but serious risks remain.

Resilience, diversity, stable cash flow and strong financial fundamentals continue to be the key strengths of the Group. Accordingly, the Group is cautiously optimistic about its future.

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.

### Victor T K Li

*Chairman*

Hong Kong, 1 August 2019

Note 9: Total bank and other debts are defined, for the purpose of "Net debt" calculation, as the total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions. Net debt is defined as total cash, liquid funds and other listed investments less total bank and other debts. Net total capital is defined as total bank and other debts plus total equity (adjusted to exclude IFRS 16 effects) and loans from non-controlling shareholders net of total cash, liquid funds and other listed investments. The consolidated net debt to net total capital ratio under IFRS 16 basis, after including IFRS 16 impact in total equity, is 26.7%.

## Operations Highlights

### Ports and Related Services

	30 June 2019 HK\$ million	30 June 2018 HK\$ million	Change	Local currencies change
Total Revenue <sup>(1)</sup>	17,550	17,591	–	+5%
EBITDA <sup>(1)(4)</sup>	6,450	6,205	+4%	+8%
EBIT <sup>(1)(4)</sup>	4,250	3,864	+10%	+14%
Throughput (million TEU)	42.1	40.6	+4%	

	Throughput (million TEU)			Number of Berths <sup>(3)</sup>		
	30 June 2019	30 June 2018	Change	30 June 2019	31 December 2018	Change
HPH Trust	11.3	11.4	-1%	52	52	–
Mainland China and other Hong Kong	6.5	6.7	-2%	42	42	–
Europe	8.2	7.6	+8%	61	61	–
Asia, Australia and others <sup>(2)</sup>	16.1	14.9	+8%	133	133	–
Total	42.1	40.6	+4%	288	288	–

HK\$ million	Total Revenue <sup>(1)</sup>				Total EBITDA <sup>(1)(4)</sup>			
	30 June 2019	30 June 2018	Change	Local currencies change	30 June 2019	30 June 2018	Change	Local currencies change
HPH Trust	1,248	1,290	-3%	-3%	645	648	–	–
Mainland China and other Hong Kong	1,183	1,282	-8%	-2%	506	635	-20%	-16%
Europe	5,603	5,648	-1%	+6%	1,538	1,627	-5%	+1%
Asia, Australia and others <sup>(2)</sup>	8,939	8,799	+2%	+7%	3,149	3,032	+4%	+7%
Corporate costs & other related services	577	572	+1%	+1%	612	263	+133%	+133%
Total	17,550	17,591	–	+5%	6,450	6,205	+4%	+8%

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

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.

Note 4: Under Post-IFRS 16 basis, EBITDA was HK\$7,766 million; EBIT was HK\$4,826 million.

Throughput increased by 4% to 42.1 million TEU in the first half of 2019, with 65% and 35% local and transshipment volume respectively (1H 2018: same).

Throughput improvements primarily coming from Klang in Malaysia due to strong transshipment volume contributed by export growth in Intra-Asia and Europe, Europe regions (Barcelona and Rotterdam due to new customers and organic growth), Yantian due to growth in empty and transshipment cargoes and Freeport in Bahamas due to recovery of handling capacity from hurricane damage. Although volume has improved, revenue for the first half of 2019 were adversely affected by exchange translation impact with total revenue being flat against the same period last year. In local currencies, revenue increased 5%, driven primarily by volume improvements mentioned above. EBITDA and EBIT increased 4% and 10% respectively in reported currency against the same period last year. In local currencies, EBITDA and EBIT increased 8% and 14% respectively, mainly due to higher revenue as mentioned above, continued cost management and efficiency enhancements, and lower depreciation at Dammam upon concession extension, partly offset by weaker performance in Shanghai and Panama from intense competition.

## Retail

	30 June 2019 HK\$ million	30 June 2018 HK\$ million	Change	Local currencies change
Total Revenue	<b>83,161</b>	83,874	-1%	+4%
EBITDA <sup>(5)</sup>	<b>8,182</b>	7,532	+9%	+14%
EBIT <sup>(5)</sup>	<b>6,590</b>	5,992	+10%	+15%
Store Numbers	<b>15,213</b>	14,432	+5%	

	Store Numbers			Net Store Additions	Comparable Stores Sales Growth (%) <sup>(6)</sup>			
	30 June 2019	30 June 2018	Change	30 June 2019	30 June 2019		30 June 2018	
H&B China	<b>3,666</b>	3,377	+9%	<b>289</b>	<b>+2.2%</b>	<b>+5.4%</b> <sup>(7)</sup>	-1.4%	+2.0% <sup>(7)</sup>
H&B Asia	<b>3,221</b>	2,951	+9%	<b>270</b>	<b>+6.9%</b>			+7.4%
<b>H&amp;B China &amp; Asia Subtotal</b>	<b>6,887</b>	6,328	+9%	<b>559</b>	<b>+4.7%</b>			+3.3%
H&B Western Europe	<b>5,551</b>	5,413	+3%	<b>138</b>	<b>+1.6%</b>			+1.5%
H&B Eastern Europe	<b>2,303</b>	2,236	+3%	<b>67</b>	<b>+3.1%</b>			+2.5%
<b>H&amp;B Europe Subtotal</b>	<b>7,854</b>	7,649	+3%	<b>205</b>	<b>+1.9%</b>			+1.6%
<b>H&amp;B Subtotal</b>	<b>14,741</b>	13,977	+5%	<b>764</b>	<b>+2.9%</b>			+2.3%
Other Retail <sup>(8)</sup>	<b>472</b>	455	+4%	<b>17</b>	<b>-7.3%</b>			+4.5%
<b>Total Retail</b>	<b>15,213</b>	14,432	+5%	<b>781</b>	<b>+1.5%</b>			+2.6%

Note 5: Under Post-IFRS 16 basis, EBITDA was HK\$13,065 million; EBIT was HK\$6,994 million.

Note 6: 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.

Note 7: Adjusted to include loyalty members' sales recovered in proximate new stores.

Note 8: Other Retail includes PARKnSHOP, Fortress, Watson's Wine and manufacturing operations for water and beverage businesses.

EBITDA and EBIT were 9% and 10% higher than first half of 2018 respectively in reported currency. Excluding the adverse exchange translation impact, EBITDA and EBIT growth were 14% and 15% respectively. Included in the first half of 2019 was a one-off dilution gain of approximately HK\$633 million from the formation of the joint venture of the supermarket business in Guangdong. Underlying performances remained strong, driven by a 5% increase in store portfolio and a 1.5% comparable stores sales growth.

HK\$ million	Total Revenue						Total EBITDA <sup>(5)</sup>							
	30 June 2019	%	30 June 2018	%	Change	Local currencies change	30 June 2019	%	EBITDA Margin	30 June 2018	%	EBITDA Margin	Change	Local currencies change
H&B China	12,512	15%	12,353	15%	+1%	+8%	2,412	29%	19%	2,470	33%	20%	-2%	+4%
H&B Asia	15,700	19%	14,363	17%	+9%	+13%	1,502	18%	10%	1,332	18%	9%	+13%	+15%
<b>H&amp;B China &amp; Asia Subtotal</b>	<b>28,212</b>	<b>34%</b>	<b>26,716</b>	<b>32%</b>	<b>+6%</b>	<b>+10%</b>	<b>3,914</b>	<b>47%</b>	<b>14%</b>	<b>3,802</b>	<b>51%</b>	<b>14%</b>	<b>+3%</b>	<b>+8%</b>
H&B Western Europe	32,819	39%	33,685	40%	-3%	+4%	2,255	28%	7%	2,259	30%	7%	—	+6%
H&B Eastern Europe	8,026	10%	8,073	10%	-1%	+7%	984	12%	12%	1,043	14%	13%	-6%	+2%
<b>H&amp;B Europe Subtotal</b>	<b>40,845</b>	<b>49%</b>	<b>41,758</b>	<b>50%</b>	<b>-2%</b>	<b>+5%</b>	<b>3,239</b>	<b>40%</b>	<b>8%</b>	<b>3,302</b>	<b>44%</b>	<b>8%</b>	<b>-2%</b>	<b>+5%</b>
<b>H&amp;B Subtotal</b>	<b>69,057</b>	<b>83%</b>	<b>68,474</b>	<b>82%</b>	<b>+1%</b>	<b>+7%</b>	<b>7,153</b>	<b>87%</b>	<b>10%</b>	<b>7,104</b>	<b>95%</b>	<b>10%</b>	<b>+1%</b>	<b>+6%</b>
Other Retail <sup>(8)</sup> and others	14,104	17%	15,400	18%	-8%	-8%	1,029	13%	7%	428	5%	3%	+140%	+140%
<b>Total Retail</b>	<b>83,161</b>	<b>100%</b>	<b>83,874</b>	<b>100%</b>	<b>-1%</b>	<b>+4%</b>	<b>8,182</b>	<b>100%</b>	<b>9%</b>	<b>7,532</b>	<b>100%</b>	<b>9%</b>	<b>+9%</b>	<b>+14%</b>

**Health & Beauty Loyalty members' participation & Exclusives sales contribution**

	30 June 2019	30 June 2018
Total loyalty members in Health & Beauty division (million)	135	130
Loyalty members' sale participation (%)	63%	62%
Exclusives sales contribution to total H&B sales (%)	34%	34%

The overall Health and Beauty subdivision, which represents 87% of the division's EBITDA, reported a revenue and EBITDA growth of 7% and 6% respectively in local currencies, mainly driven by a 5% increase in number of stores to 14,741 stores as at 30 June 2019 and a 2.9% comparable store sales growth.

Comparable stores sales growth remained healthy overall at 2.9% with strong growth in Health and Beauty Asia and encouraging improvement in Health and Beauty China. With the on-going integration of the online and offline platforms and enhanced operational strategies, Health and Beauty China reported a positive 2.2% comparable stores sales growth for first half of 2019. Taking into account the CRM sales recovery, the comparable stores sales growth was 5.4%. Despite generally lower consumer sentiment, Health and Beauty Europe overall reported a robust comparable stores sales growth rate of 1.9% primarily from the UK, Poland and Germany.

The Health and Beauty subdivision opened 411 new stores during the first half of 2019, of which 62% were in the Mainland and certain Asian countries. The quality of new store opening remains high with an average new store cash payback period less than 13 months. The division opened its first flagship store in Ho Chi Minh City, Vietnam, which is the 25th operating market of the division in January 2019.

## Infrastructure

	30 June 2019 HK\$ million	30 June 2018 HK\$ million	Change	Local currencies change
<b>Total Revenue</b> <sup>(9)</sup>	<b>25,625</b>	34,225	-25%	-21%
- CKI	<b>24,945</b>	27,416	-9%	-4%
- Co-owned infrastructure assets	<b>680</b>	6,809	-90%	-89%
<b>EBITDA</b> <sup>(9)(10)</sup>	<b>14,356</b>	18,945	-24%	-19%
- CKI	<b>14,046</b>	15,398	-9%	-2%
- Co-owned infrastructure assets	<b>310</b>	3,547	-91%	-91%
<b>EBIT</b> <sup>(9)(10)</sup>	<b>9,901</b>	13,242	-25%	-20%
- CKI	<b>9,703</b>	10,904	-11%	-5%
- Co-owned infrastructure assets	<b>198</b>	2,338	-92%	-91%
<b>CKI Reported Net Profit (under Post-IFRS 16 basis)</b>	<b>5,943</b>	5,942	—	

The infrastructure division comprises the Group's 75.67% <sup>(11)</sup> interest in CK Infrastructure Holdings Limited ("CKI") and the Group's additional interests in six co-owned infrastructure assets.

### 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 Canada. CKI announced profit attributable to shareholders under Post-IFRS 16 basis of HK\$5,943 million in the first half of 2019, flat against the same period last year. If exchange currency movements on translation are removed, net profit attributable to shareholders increased 6%. The Group's share of CKI's EBITDA and EBIT of HK\$14,046 million and HK\$9,703 million respectively were 9% and 11% lower than the same period last year in reported currency, mainly due to adverse foreign currency translation impacts, lower contribution from UK Power Networks and the loss on partial disposal of 2.05% interest in Power Assets ("PAH") of HK\$302 million.

CKI has always been committed to prudent financial management and the risk management approach is conservative with the underlying financial position closely monitored. CKI's financial strength continues to be robust, with more than HK\$8 billion cash on hand and a net debt to total capital ratio of 15.1% as at 30 June 2019. Following the credit rating upgrade by Standard & Poor's from "A-/Positive" to "A/ Stable" in September last year, the "A/ Stable" rating was reaffirmed in June 2019.

### Co-owned infrastructure assets

The lower contribution from the co-owned infrastructure assets in the first half of 2019 reflected the full six months effect on the divestiture of an aggregated 90% economic benefits in the Group's direct interest in the six co-owned infrastructure assets under the Economic Benefits Agreements entered with CK Asset Holdings Limited, CKI and PAH in October 2018.

Note 9: Total revenue, EBITDA and EBIT reflect the Group's share of results on the remaining 10% direct interest in the co-owned infrastructure assets with CKI after the divestment of 90% of the direct economic benefits in October 2018.

Note 10: Under Post-IFRS 16 basis, EBITDA for CKI was HK\$14,171 million and co-owned infrastructure assets was HK\$310 million; EBIT for CKI was HK\$9,721 million and co-owned infrastructure assets was HK\$198 million.

Note 11: In January 2015, CKI completed a share placement and share subscription transaction that resulted in the Group's interest in CKI reducing from 78.16% to 75.67%. On 1 March 2016, CKI issued new shares in connection with an issue of perpetual capital securities. Subsequent to this transaction, the Group holds a 71.93% interest. As these new shares are disregarded for the purpose of determining the number of shares held by the public, the Group's profit sharing in CKI continues to be 75.67%.



## Husky Energy

	30 June 2019 HK\$ million	30 June 2018 HK\$ million	Change	Local currency change
Total Revenue	<b>23,465</b>	27,315	-14%	-11%
EBITDA <sup>(12)</sup>	<b>4,713</b>	5,877	-20%	-17%
EBIT <sup>(12)</sup>	<b>1,787</b>	2,761	-35%	-32%
Production (mboe/day)	<b>276.8</b>	297.9	-7%	
Husky's reported net earnings <sup>(13)</sup> (C\$ million)	<b>698</b>	696	—	

Note 12: Under Post-IFRS 16 basis, EBITDA was HK\$4,839 million; EBIT was HK\$1,803 million.

Note 13: Net earnings for the six months ended 30 June 2019 are under Post-IFRS 16 basis, whereas net earnings for the six months ended 30 June 2018 are under Pre-IFRS 16 basis.

Husky Energy ("Husky") Post-IFRS 16 net earnings of C\$698 million in the first half of 2019 was flat when compared to net earnings of C\$696 million in the same period last year, primarily due to:

- Higher realised Upstream crude oil pricing due to narrowing of the Canadian light/heavy oil differential,
- One-time tax recoveries related to the reduction in the Alberta provincial corporate tax rate in the first half of 2019;

fully offset by:

- Lower earnings from Upstream operations due to lower production and lower global crude oil commodity benchmark prices,
- Lower earnings from crude oil marketing activities due to the tightening of location pricing differentials between Canada and the US,
- Lower realised Upgrading margins,
- Lower earnings from the Canadian and US Refining operations due to the turnarounds in first half of 2019, and
- Certain one-time write-offs and provisions recognised in the first half of 2019.

After translation into Hong Kong dollars and including consolidation adjustments based on Pre-IFRS 16, the Group's share of EBITDA and EBIT were HK\$4,713 million and HK\$1,787 million respectively, a decrease of 20% and 35% respectively in reported currency or 17% and 32% respectively in local currency against the first half of 2018, driven by the reasons mentioned above affecting the pre-tax earnings.

Cash flow from operating activities was C\$1,305 million for the first half of 2019 compared to C\$1,538 million for the first half of 2018, with the decrease primarily attributed to lower net earnings from Upstream operations and Canadian and US Refining operations as mentioned above.

Husky reported a 7% decrease of average production in the first half of 2019, from 297,900 barrels of oil equivalent per day ("boe/day") in first half of 2018 to 276,800 boe/day in first half of 2019.

## 2019 Five-Year Plan Guidance

Husky's 2019 production guidance remains unchanged at 290,000 boe/day to 305,000 boe/day, and capital spending remains on target at C\$3.3 billion to C\$3.5 billion. Husky continues to explore the potential sale of its Canadian retail and commercial fuels business and Prince George Refinery, with both assets attracting strong interest.

## Update Five-Year Plan Guidance <sup>(14)</sup>

Key Metrics	2019 Forecast	2023 Forecast
Cash flow from operating activities	C\$4.1 billion - C\$4.3 billion	C\$5.7 billion - C\$5.9 billion
Funds from operations (FFO)	C\$4.1 billion - C\$4.3 billion	C\$5.7 billion - C\$5.9 billion
Capital spending	C\$3.3 billion - C\$3.5 billion	C\$2.7 billion - C\$2.9 billion
Free cash flow	C\$800 million	C\$3.0 billion
Upstream production (mboe/day)	290 - 305	400 - 415
Downstream capacity (mbbls/day)	355	400

Note 14: Based on an oil price of US\$60 WTI, an AECO price of C\$1.60 and a Chicago 3:2:1 crack spread of US\$18 in 2019 and US\$16 in 2020-2023.

### 3 Group Europe

	30 June 2019 HK\$ million	30 June 2018 HK\$ million	Change	Local currencies change
<b>Total Revenue</b>	<b>43,464</b>	36,124	+20%	+27%
- Net customer service revenue	33,245	28,551	+16%	+23%
- Handset revenue	6,694	5,410	+24%	
- Other revenue	3,525	2,163	+63%	
Net customer service margin <sup>(15)</sup>	<b>26,922</b>	23,672	+14%	
<i>Net customer service margin %</i>	<b>81%</b>	83%		
Other margin	<b>2,949</b>	1,091	+170%	
Total margin	<b>29,871</b>	24,763	+21%	
Total CACs	<b>(8,198)</b>	(7,268)	-13%	
Less: Handset revenue	6,694	5,410	+24%	
Total CACs (net of handset revenue)	<b>(1,504)</b>	(1,858)	+19%	
Operating expenses	<b>(12,070)</b>	(10,108)	-19%	
<i>Opex as a % of Net customer service margin</i>	<b>45%</b>	43%		
<b>EBITDA<sup>(17)</sup></b>	<b>16,297</b>	12,797	+27%	+34%
<i>EBITDA margin %<sup>(16)</sup></i>	<b>44%</b>	42%		
Depreciation & Amortisation	<b>(6,327)</b>	(5,309)	-19%	
<b>EBIT<sup>(17)</sup></b>	<b>9,970</b>	7,488	+33%	+40%

Note 15: Net customer service margin represents net customer service revenue deducting direct variable costs (including interconnection charges and roaming costs).

Note 16: EBITDA margin % represents EBITDA as a percentage of total revenue (excluding handset revenue).

Note 17: Under Post-IFRS 16 basis, EBITDA was HK\$19,625 million; EBIT was HK\$10,435 million.

### 3 Group Europe - Results by operations

In million	UK GBP		Italy <sup>(18)</sup> EURO		
	1H 2019	1H 2018	1H 2019 Wind Tre (100%)	1H 2018 Wind Tre (100%)	1H 2018 Wind Tre (50%)
<b>TOTAL REVENUE</b>	<b>1,167</b>	1,186	<b>2,398</b>	2,492	1,246
<i>% change</i>	<b>-2%</b>		<b>-4%</b>		
- Net Customer Service Revenue	<b>782</b>	807	<b>1,956</b>	2,336	1,168
<i>% change</i>	<b>-3%</b>		<b>-16%</b>		
- Handset Revenue	<b>323</b>	286	<b>201</b>	88	44
- Other Revenue	<b>62</b>	93	<b>241</b>	68	34
Net Customer Service Margin <sup>(19)</sup>	<b>681</b>	699	<b>1,480</b>	1,816	908
<i>% change</i>					
<i>Net Customer Service Margin %</i>	<b>87%</b>	87%	<b>76%</b>	78%	78%
Other margin	<b>40</b>	30	<b>238</b>	62	31
Total margin	<b>721</b>	729	<b>1,718</b>	1,878	939
<i>% change</i>	<b>-1%</b>		<b>-9%</b>		
TOTAL CACS	<b>(408)</b>	(370)	<b>(230)</b>	(178)	(89)
Less: Handset Revenue	<b>323</b>	286	<b>201</b>	88	44
Total CACS (net of handset revenue)	<b>(85)</b>	(84)	<b>(29)</b>	(90)	(45)
Operating Expenses	<b>(302)</b>	(281)	<b>(664)</b>	(822)	(411)
<i>Opex as a % of net customer service margin</i>	<b>44%</b>	40%	<b>45%</b>	45%	45%
<b>EBITDA</b>	<b>334</b>	364	<b>1,025</b>	966	483
<i>% change</i>	<b>-8%</b>		<b>+6%</b>		
<i>EBITDA margin %<sup>(20)</sup></i>	<b>40%</b>	40%	<b>47%</b>	40%	40%
Depreciation & Amortisation	<b>(163)</b>	(167)	<b>(333)</b>	(378)	(189)
<b>EBIT</b>	<b>171</b>	197	<b>692</b>	588	294
<i>% change</i>	<b>-13%</b>		<b>+18%</b>		
Capex (excluding licence)	<b>(155)</b>	(125)	<b>(352)</b>	(308)	(154)
EBITDA less Capex	<b>179</b>	239	<b>673</b>	658	329
Licence <sup>(21)</sup>	<b>-</b>	(165)	<b>-</b>	-	-

HK dollar equivalents of EBITDA and EBIT are summarised as follows:

<i>EBITDA-pre IFRS 16 basis (HK\$)</i>	<b>3,381</b>	3,938	<b>9,093</b>	9,170	4,585
<i>EBITDA-post IFRS 16 basis in 1H 2019 (HK\$)</i>	<b>3,772</b>	3,938	<b>11,435</b>	9,170	4,585
<i>EBIT-pre IFRS 16 basis (HK\$)</i>	<b>1,729</b>	2,128	<b>6,142</b>	5,588	2,794
<i>EBIT-post IFRS 16 basis in 1H 2019 (HK\$)</i>	<b>1,798</b>	2,128	<b>6,430</b>	5,588	2,794

Note 18: 3 Group Europe 1H 2019 includes 100% share of Wind Tre's results, of which fixed line business revenue was €552 million and EBITDA was €168 million, while 1H 2018 represented 50% share of Wind Tre's results, of which fixed line business revenue was €290 million and EBITDA was €83 million. For comparability purposes in the Italy section above, 100% Wind Tre results in 1H 2018 have also been presented and the % changes are calculated based on the 100% Wind Tre numbers.

Note 19: Net customer service margin represents net customer service revenue deducting direct variable costs (including interconnection charges and roaming costs).

	UK		Italy <sup>(22)</sup>	
	1H 2019	1H 2018	1H 2019	1H 2018
Total registered customer base (million)	<b>13.3</b>	13.0	<b>25.7</b>	28.6
Total active customer base (million)	<b>10.2</b>	10.1	<b>22.9</b>	26.2
Contract customers as a % of the total registered customer base	<b>53%</b>	54%	<b>42%</b>	26%
Contract customers' contribution to the net customer service margin (%) <sup>(23)</sup>	<b>88%</b>	88%	<b>50%</b>	33%
Average monthly churn rate of the total contract registered customer base (%)	<b>1.2%</b>	1.2%	<b>1.5%</b>	1.9%
Active contract customers as a % of the total contract registered customer base	<b>99%</b>	98%	<b>93%</b>	93%
Active customers as a % of the total registered customer base	<b>77%</b>	78%	<b>89%</b>	92%
LTE coverage by population (%)	<b>94%</b>	94%	<b>99%</b>	97%
Six month data usage per active customer (Gigabyte)				

Note 22: Italy KBIs were calculated based on 100% of Wind Tre's figures. The contract customer base of Wind and corresponding KBIs have been adjusted in 2019 to conform with the definition of 3, the comparative KBIs have not been restated due to limitations of the data tracking system.

Sweden SEK		Denmark DKK		Austria EURO		Ireland EURO		3 Group Europe <sup>(18)</sup> HK\$	
1H 2019	1H 2018	1H 2019	1H 2018	1H 2019	1H 2018	1H 2019	1H 2018	1H 2019	1H 2018
3,238	3,556	1,054	1,076	425	427	296	290	43,464	36,124
-9%		-2%		-		+2%		+20%	
2,222	2,362	947	927	339	344	222	221	33,245	28,551
-6%		+2%		-1%		-		+16%	
913	1,089	49	62	53	51	39	35	6,694	5,410
103	105	58	87	33	32	35	34	3,525	2,163
1,874	2,002	809	777	294	294	198	195	26,922	23,672
84%	85%	85%	84%	87%	85%	89%	88%	81%	83%
61	54	28	61	14	14	26	23	2,949	1,091
1,935	2,056	837	838	308	308	224	218	29,871	24,763
-6%		-		-		+3%		+21%	
(1,166)	(1,359)	(124)	(158)	(60)	(58)	(42)	(44)	(8,198)	(7,268)
913	1,089	49	62	53	51	39	35	6,694	5,410
(253)	(270)	(75)	(96)	(7)	(7)	(3)	(9)	(1,504)	(1,858)
(617)	(625)	(373)	(376)	(121)	(108)	(123)	(115)	(12,070)	(10,108)
33%	31%	46%	48%	41%	37%	62%	59%	45%	43%
1,065	1,161	389	366	180	193	98	94	16,297	12,797
-8%		+6%		-7%		+4%		+27%	
46%	47%	39%	36%	48%	51%	38%	37%	44%	42%
(469)	(406)	(180)	(158)	(67)	(71)	(59)	(48)	(6,327)	(5,309)
596	755	209	208	113	122	39	46	9,970	7,488
-21%		-		-7%		-15%		+33%	
(549)	(515)	(80)	(70)	(68)	(43)	(56)	(62)	(6,320)	
516	646	309	296	112	150	42	32	9,977	
-	-	(488)	-	(52)	-	-	-	(1,045)	
898	1,088	462	466	1,596	1,827	867	893	16,297	12,797
1,034	1,088	549	466	1,813	1,827	1,022	893	19,625	12,797
502	708	248	265	1,002	1,155	347	438	9,970	7,488
516	708	257	265	1,045	1,155	389	438	10,435	7,488

Note 20: EBITDA margin % represents EBITDA as a percentage of total revenue (excluding handset revenue).

Note 21: 1H 2019 licence cost for Austria represents investment for 10x10 MHz of 3500 Mhz spectrum acquired in March 2019 and the licence cost for Denmark represents investment for 2x10 MHz of 700 Mhz spectrum and 2x10 MHz of 900 Mhz spectrum acquired in March 2019. 1H 2018 licence cost for UK represents investment for 4x5 MHz of 3.4 GHz spectrum acquired in April 2018.

Sweden		Denmark		Austria		Ireland		3 Group Europe	
1H 2019	1H 2018	1H 2019	1H 2018	1H 2019	1H 2018	1H 2019	1H 2018	1H 2019	1H 2018
2.0	2.0	1.4	1.3	3.7	3.6	3.7	3.4	49.9	51.9
2.0	1.9	1.4	1.3	2.9	2.9	2.3	2.1	41.7	44.6
72%	78%	59%	60%	70%	69%	38%	38%	49%	40%
86%	91%	71%	72%	92%	92%	64%	63%	69%	68%
1.6%	1.9%	1.8%	2.0%	0.2%	0.2%	1.0%	1.0%	1.3%	1.4%
100%	100%	100%	100%	100%	100%	99%	98%	96%	97%
97%	96%	97%	97%	80%	80%	61%	63%	83%	86%
87%	84%	99%	96%	98%	98%	98%	97%	-	-
								46.0	33.1

Note 23: 3 Group Europe 1H 2019 contract customers' contribution to net customer service margin was calculated based on 100% contribution from Wind Tre, whereas 1H 2018 was calculated based on 50% contribution from Wind Tre.

Note 24: 1H 2018 LTE coverage by population for Austria is restated to conform with current year presentation.

### 3 Group Europe (continued)

#### Key Business Indicators

	Registered Customer Base								
	Registered Customers at 30 June 2019 ('000)			Registered Customer Growth (%) from 31 December 2018 to 30 June 2019			Registered Customer Growth (%) from 30 June 2018 to 30 June 2019		
	Non-contract	Contract	Total	Non-contract	Contract	Total	Non-contract	Contract	Total
United Kingdom	6,232	7,107	<b>13,339</b>	–	+1%	<b>+1%</b>	+4%	+2%	<b>+3%</b>
Italy <sup>(25)</sup>	14,870	10,803	<b>25,673</b>	-25%	+49%	<b>-5%</b>	-30%	+45%	<b>-10%</b>
Sweden	574	1,471	<b>2,045</b>	+11%	-3%	–	+28%	-6%	<b>+2%</b>
Denmark	587	843	<b>1,430</b>	+7%	+3%	<b>+4%</b>	+10%	+4%	<b>+6%</b>
Austria	1,106	2,569	<b>3,675</b>	-2%	+1%	–	+1%	+3%	<b>+2%</b>
Ireland	2,328	1,419	<b>3,747</b>	+5%	+6%	<b>+5%</b>	+11%	+10%	<b>+11%</b>
<b>3 Group Europe Total</b>	<b>25,697</b>	<b>24,212</b>	<b>49,909</b>	<b>-16%</b>	<b>+18%</b>	<b>-2%</b>	<b>-18%</b>	<b>+18%</b>	<b>-4%</b>

	Active <sup>(26)</sup> Customer Base								
	Active Customers at 30 June 2019 ('000)			Active Customer Growth (%) from 31 December 2018 to 30 June 2019			Active Customer Growth (%) from 30 June 2018 to 30 June 2019		
	Non-contract	Contract	Total	Non-contract	Contract	Total	Non-contract	Contract	Total
United Kingdom	3,230	7,004	<b>10,234</b>	+3%	+2%	<b>+2%</b>	-2%	+2%	<b>+1%</b>
Italy <sup>(25)</sup>	12,857	10,001	<b>22,858</b>	-28%	+49%	<b>-7%</b>	-33%	+45%	<b>-13%</b>
Sweden	505	1,471	<b>1,976</b>	+15%	-3%	<b>+1%</b>	+39%	-6%	<b>+2%</b>
Denmark	544	843	<b>1,387</b>	+6%	+3%	<b>+4%</b>	+10%	+4%	<b>+6%</b>
Austria	366	2,560	<b>2,926</b>	-5%	+1%	–	-3%	+3%	<b>+2%</b>
Ireland	882	1,402	<b>2,284</b>	–	+6%	<b>+4%</b>	+1%	+11%	<b>+7%</b>
<b>3 Group Europe Total</b>	<b>18,384</b>	<b>23,281</b>	<b>41,665</b>	<b>-20%</b>	<b>+18%</b>	<b>-3%</b>	<b>-26%</b>	<b>+17%</b>	<b>-7%</b>

Note 25: Italy KBIs were calculated based on 100% of Wind Tre's figures. In addition to the above, Wind Tre has 2.7 million fixed line customers. The contract customer base of Wind and corresponding KBIs have been adjusted in 2019 to conform with the definition of 3, the comparative KBIs have not been restated due to limitations of the data tracking system.

Note 26: An active customer is one that generated revenue from an outgoing call, incoming call or data/content service in the preceding three months.

#### 12-month Trailing Average Revenue per Active User ("ARPU") <sup>(27)</sup> to 30 June 2019

	Non-contract	Contract	Blended Total	% Variance compared to 30 June 2018
United Kingdom	£4.93	£24.45	<b>£18.26</b>	+2%
Italy	€9.65	€13.16	<b>€10.86</b>	-11%
Sweden	SEK116.39	SEK342.46	<b>SEK291.82</b>	-4%
Denmark	DKK88.86	DKK148.11	<b>DKK125.31</b>	-5%
Austria	€10.67	€22.40	<b>€20.88</b>	-3%
Ireland	€15.19	€22.44	<b>€19.56</b>	-6%
<b>3 Group Europe Average <sup>(30)</sup></b>	<b>€9.25</b>	<b>€21.32</b>	<b>€15.46</b>	<b>-12%</b>

**12-month Trailing Net Average Revenue per Active User ("Net ARPU")<sup>(28)</sup>  
to 30 June 2019**

	Non-contract	Contract	Blended Total	% Variance compared to 30 June 2018
United Kingdom	£4.93	£17.30	<b>£13.38</b>	-1%
Italy	€9.65	€13.16	<b>€10.86</b>	-11%
Sweden	SEK116.39	SEK217.27	<b>SEK194.67</b>	-6%
Denmark	DKK88.86	DKK136.76	<b>DKK118.33</b>	-4%
Austria	€10.67	€18.48	<b>€17.46</b>	-4%
Ireland	€15.19	€17.87	<b>€16.81</b>	-8%
<b>3 Group Europe Average<sup>(30)</sup></b>	<b>€9.25</b>	<b>€16.96</b>	<b>€13.22</b>	<b>-11%</b>

**12-month Trailing Net Average Margin per Active User ("Net AMPU")<sup>(29)</sup>  
to 30 June 2019**

	Non-contract	Contract	Blended Total	% Variance compared to 30 June 2018
United Kingdom	£4.30	£15.04	<b>£11.63</b>	-1%
Italy	€7.58	€11.24	<b>€8.84</b>	-12%
Sweden	SEK92.33	SEK185.44	<b>SEK164.58</b>	-6%
Denmark	DKK75.64	DKK114.84	<b>DKK99.76</b>	-2%
Austria	€9.34	€16.37	<b>€15.46</b>	-1%
Ireland	€13.68	€15.60	<b>€14.84</b>	-7%
<b>3 Group Europe Average<sup>(30)</sup></b>	<b>€7.46</b>	<b>€14.67</b>	<b>€11.17</b>	<b>-11%</b>

Note 27: 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 28: 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 29: 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 30: 3 Group Europe 12-month trailing ARPU, Net ARPU and Net AMPU in the first half of 2019 were calculated based on 50% contribution from Wind Tre from June to August 2018 and 100% contribution from September 2018 onwards, whereas first half of 2018 were calculated based on 50% contribution from Wind Tre.

### 3 Group Europe (continued)

#### United Kingdom

EBITDA and EBIT decreased by 8% and 13% in local currency respectively compared to the same period last year, mainly driven by higher cost incurred for network and IT transformation projects and lower net customer service margin due to market competition and regulatory impact, partly offset by higher other margin through various initiatives. The network and IT transformation projects are expected to be completed over the coming year, which is expected to improve customer experience as well as create cost synergies for 3 UK.

#### Italy

In local currency, the Group's share of Wind Tre's EBITDA and EBIT increased by 112% and 135% respectively, reflecting the accretive contribution from the acquisition of the additional 50% share in Wind Tre in September 2018. On a comparable basis, EBITDA and EBIT grew by 6% and 18%, mainly due to continued synergy realisation, lower depreciation and amortisation from network consolidation, as well as higher other margin under the remedy taker contract, partly offset by lower net customer service margin due to unfavourable market condition.

#### Sweden

Sweden, where the Group has a 60% interest, reported 8% and 21% decrease in EBITDA and EBIT in local currency respectively compared to the same period last year, mainly due to lower net customer service margin as VAT reclaim was not recognised from December 2018 onwards. Underlying EBITDA, without the VAT reclaim benefits in the first half of 2018, would be 3% higher than same period last year primarily driven by lower operating costs and total CACs from stringent cost control. Underlying EBIT would be 5% below the same period last year primarily due to the higher depreciation and amortisation from an enlarged asset base, particularly the ongoing LTE network rollout since 2018.

#### Denmark

The operation in Denmark, where the Group has a 60% interest, reported 6% growth in EBITDA in local currency compared to the same period last year, mainly due to 4% growth in net customer service margin driven by 6% growth in customer base. EBIT was flat compared to the same period last year in local currency as the EBITDA growth was fully offset by higher depreciation and amortisation from an enlarged asset base.

#### Austria

EBITDA and EBIT both decreased by 7% in local currency mainly due to higher network and IT costs to cope with network capacity expansion. Depreciation and amortisation decreased to €67 million from €71 million from the same period last year primarily due to lower amortisation from capitalised customer value from Orange acquisition fully amortised at the end of 2018, partly offset by higher depreciation from an enlarged asset base.

#### Ireland

EBITDA in local currency increased by 4% compared to the same period last year driven by improved net customer service margin from increased customer base, as well as stringent control on total CACs, partly offset by higher operating cost due to inclusion of certain provision releases in the first half of 2018. EBIT in local currency decreased by 15% from the same period last year due to higher depreciation and amortisation from an enlarged asset base.

### Hutchison Telecommunications Hong Kong Holdings

	30 June 2019 HK\$ million	30 June 2018 HK\$ million	Change
<b>Total Revenue</b>	<b>2,515</b>	4,021	-37%
- Service	1,782	1,843	-3%
- Hardware	733	2,178	-66%
<b>EBITDA<sup>(31)</sup></b>	<b>663</b>	690	-4%
<b>EBIT<sup>(31)</sup></b>	<b>260</b>	284	-8%
<b>Total active customer base ('000)</b>	<b>3,328</b>	3,414	-3%

Note 31: Under Post-IFRS 16 basis, EBITDA was HK\$896 million; EBIT was HK\$269 million.

Total revenue of HK\$2,515 million was 37% lower as compared to the same period last year, primarily driven by the decrease in low margin hardware sales in the first half of 2019. EBITDA and EBIT of HK\$663 million and HK\$260 million were 4% and 8% lower respectively as compared to the same period last year, mainly due to lower net customer service margin from keen competition and the continued reduction in hardware sales, partly offset by stringent control on operating costs.



## CK Hutchison Group Telecom Holdings and CK Hutchison Networks Holdings

In July 2019, the Group formed a new wholly-owned telecommunication holding company, CK Hutchison Group Telecom Holdings ("CK Hutchison Telecom"), which consolidates the Group's European operations and HTHKH under one holding entity, providing a diversified telecommunication asset platform across eight geographical locations. CK Hutchison Telecom has secured an 18-months bridge financing with the intention to repay all the existing external debt of Wind Tre of approximately €10 billion. The bridge loan will then be subsequently refinanced through bonds or bank loans. CK Hutchison Telecom will be separately rated with an expected investment grade rating from all three credit rating agencies. On a combined basis, CK Hutchison Telecom's net debt to EBITDA ratio is less than 2.5x as at 30 June 2019 and the reorganisation will allow the Group to generate significant financing cost savings from 2020 onwards, based on expectation, in excess of €100 million per annum.

Correspondingly, the CK Hutchison Telecom Group will also set up a new telecommunication infrastructure company, CK Hutchison Networks Holdings ("CK Hutchison Networks") which will group the 28,500 tower asset interests<sup>(32)</sup> into a separately managed wholly owned subsidiary of CK Hutchison Telecom and could potentially become the fourth largest European telecom infrastructure portfolio with the expected completion of the reorganisation by the end of 2019 or early 2020. CK Hutchison Networks will start with an expected tenancy ratio of 1.2x across the six European markets and through reorganising the tower and infrastructure asset interests under a specialised management team, the new structure will allow the Group to focus on optimising the asset portfolio, achieving cost synergies, as well as maximising returns on invested capital.

Note 32: CK Hutchison Networks site count includes European sites only (includes shared sites of joint venture interests in the UK and Sweden), with an option to include a further 9,300 sites in Asia.

### CK Hutchison Group Telecom Holdings preliminary Revenue, EBITDA and EBIT for 1H 2019

	Preliminary Pre-IFRS 16 combined unaudited results # for the six months ended 30 June 2019	
	HK\$ billion	%
<b>Revenue</b>		
UK	11.8	26%
Italy	21.3	46%
Sweden	2.7	6%
Denmark	1.3	3%
Austria	3.8	8%
Ireland	2.6	6%
HTHKH	2.5	5%
Corporate Costs and Others	0.2	—
<b>Total Revenue</b>	<b>46.2</b>	<b>100%</b>
<b>EBITDA</b>		
UK	3.4	20%
Italy	9.1	53%
Sweden	0.9	5%
Denmark	0.4	2%
Austria	1.6	10%
Ireland	0.9	5%
HTHKH	0.7	4%
Corporate Costs and Others	0.1	1%
<b>Total EBITDA</b>	<b>17.1</b>	<b>100%</b>
<b>EBIT</b>		
UK	1.7	16%
Italy	6.1	59%
Sweden	0.5	5%
Denmark	0.3	3%
Austria	1.0	9%
Ireland	0.4	4%
HTHKH	0.3	3%
Corporate Costs and Others	0.1	1%
<b>Total EBIT</b>	<b>10.4</b>	<b>100%</b>

# The preliminary unaudited combined results of CK Hutchison Group Telecom ("CK Hutchison Telecom") for the six months ended 30 June 2019 is solely for illustrative purposes only and assuming that the internal reorganisation to include the Group's interests in 3 Group Europe telecommunication operations and HTHKH to form CK Hutchison Telecom has happened immediately prior to 1 January 2019. The preliminary Revenue, EBITDA and EBIT were compiled by combining the Group's share of first half 2019 actual results of the seven telecommunication operations, as well as adjusted for an allocated corporate costs of the Group and other consolidation adjustments, where applicable. These preliminary unaudited combined results are still subject to further allocation or consolidation adjustments and may not give a full picture of the actual combined results of CK Hutchison Telecom for the six months ended 30 June 2019.

## Hutchison Asia Telecommunications

	30 June 2019 HK\$ million	30 June 2018 HK\$ million	Change	Local currencies change
<b>Total Revenue</b>	<b>4,325</b>	4,081	+6%	+10%
- Indonesia	3,734	3,658	+2%	+5%
- Vietnam	329	258	+28%	+28%
- Sri Lanka	262	165	+59%	+81%
<b>EBITDA<sup>(33)</sup></b>	<b>724</b>	346	+109%	+118%
- Indonesia	1,008	645	+56%	+61%
- Vietnam	(202)	(249)	+19%	+19%
- Sri Lanka	(3)	17	-118%	-118%
- Corporate costs	(79)	(67)	-18%	-18%
<b>EBIT<sup>(33)</sup></b>	<b>216</b>	69	+213%	+233%
- Indonesia	643	405	+59%	+64%
- Vietnam	(304)	(282)	-8%	-8%
- Sri Lanka	(44)	13	-438%	-485%
- Corporate costs	(79)	(67)	-18%	-18%
<b>Total active customer account ('000)</b>	<b>45,695</b>	64,240	-29%	

Note 33: Under Post-IFRS 16 basis, EBITDA was HK\$1,761 million; EBIT was HK\$687 million.

As of 30 June 2019, Hutchison Asia Telecommunications ("HAT") had approximately 45.7 million active customer accounts, 29% decrease compared to the same period last year, primarily due to the subscriber registration process imposed by the Government of Indonesia since May 2018. Indonesia and Vietnam represent 66% and 23% of the total active customer account number respectively.

In Indonesia, the operation focused on growth of subscriber 4G data usage and offering data services in additional areas of the country. Accordingly, the operation continued to upgrade its network capacity and expand its 4G network coverage by more than 1,700 villages. As at 30 June 2019, the Indonesia operation had expanded its 4G network to over 21,000 base transceiver stations ("BTS"). Data traffic growth has resulted in improved network utilisation and through this scaling of the business the Indonesia operation reported EBITDA and EBIT growth of 56% and 59% respectively in the reported currency compared to the same period last year.

The Vietnam operation continued to report LBITDA and LBIT in the first half of 2019, primarily due to the delays in network rollout which was resumed in July 2018 after the embargoes on the major network provider was lifted. With LTE service officially launched in southern region in first quarter of 2019, the operation had approximately 15,000 BTS as at 30 June 2019, of which approximately 66% are 3G/LTE BTS.

In Sri Lanka, following the acquisition of Etisalat Lanka completed in November 2018, the operation focused in network integration and LTE network expansion in the first half of the year. With a stronger network and cost synergies expected to materialise in the second half of the year, Sri Lanka operation is expected to increase its contribution to the business.

## Group Capital Resources and Other Information

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### 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 no derivative instruments to hedge the Group's earnings were entered during the period or remain outstanding at the end of 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 2019, approximately 39% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 61% were at fixed rates (31 December 2018: 39% floating; 61% fixed). The Group has entered into various interest rate agreements with major financial institution counterparties to swap approximately HK\$9,100 million principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK\$47,088 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 27% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 73% were at fixed rates at 30 June 2019 (31 December 2018: 27% floating; 73% 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.

The Group has operations in over 50 countries and conducts businesses in over 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, in particular for Euro and British Pounds. EBITDA<sup>(1)</sup> for the first half of 2019 was HK\$53,988 million, of which 55% was

Note 1: Under Post-IFRS 16 basis, EBITDA was HK\$65,689 million.

derived from European operations, including 22% from the UK. At 30 June 2019, of the Group's total principal amount of bank and other debts after currency swap arrangements, 55% and 4% were denominated in Euro and British Pounds respectively, whilst liquid assets comprised 7% Euro and 6% British Pounds denominated cash and cash equivalents. As a result, 84% and 2% of the Group's consolidated net debt<sup>(2)</sup> of HK\$212,455 million were denominated in Euro and British Pounds respectively. Net assets<sup>(3)</sup> was HK\$596,363 million, with 13% and 25% attributable to Continental Europe and UK operations respectively.

At 30 June 2019, the Group's total principal amount of bank and other debts were denominated as follows: 40% in Euro, 45% in US dollars, 3% in HK dollars, 4% in British Pounds and 8% in other currencies. The Group had currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK\$52,260 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, were denominated as follows: 55% in Euro, 30% in US dollars, 3% in HK dollars, 4% in British Pounds and 8% in other currencies.

### Credit Exposure

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

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

### Credit Profile

Our long term credit rating from Moody's, S&P and Fitch remained at A2 (stable outlook), A (stable outlook) and A- (stable outlook) respectively. 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.

### 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 7% (31 December 2018 - approximately 6%) 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\$131,166 million at 30 June 2019, a decrease of 9% from the balance of HK\$144,703 million at 31 December 2018, mainly reflecting dividend payments to ordinary and non-controlling shareholders as well as distributions to perpetual capital securities holders, 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 25% in HK dollars, 47% in US dollars, 6% in Renminbi, 7% in Euro, 6% in British Pounds and 9% in other currencies.

Cash and cash equivalents represented 93% (31 December 2018 - 94%) of the liquid assets, US Treasury notes and listed/traded debt securities 5% (31 December 2018 - 4%) and listed equity securities 2% (31 December 2018 - 2%). The US Treasury notes and listed/traded debt securities, including those held under managed funds, consisted of US Treasury notes of 53%, government and government guaranteed notes of 20%, notes issued by the Group's associated company, Husky Energy of 3%, notes issued by financial institutions of 1% and others of 23%. Of these US Treasury notes and listed/traded debt securities, 81% are rated at Aaa/AAA or Aa1/AA+ with an average maturity of 2.2 years on the overall portfolio. The Group has no exposure in mortgage-backed securities, collateralised debt obligations or similar asset classes.

Note 2: Under Post-IFRS 16 basis, consolidated net debt was HK\$212,306 million.

Note 3: Under Post-IFRS 16 basis, net assets was HK\$580,483 million.

## Cash Flow

EBITDA in the first half of 2019 was HK\$53,988 million, a decrease of 2% compared to HK\$55,350 million for the same period last year. Consolidated funds from operations ("FFO")<sup>(4)</sup> was HK\$28,630 million for the first half of 2019, flat against the same period last year of HK\$28,614 million.

The Group's capital expenditures (including licences, brand name and other rights, but excluding capital expenditures of assets classified as held for sale) for the first half of 2019 amounted to HK\$10,686 million (30 June 2018 - HK\$13,116 million). Capital expenditures (including licences, brand name and other rights, but excluding capital expenditures of assets classified as held for sale) for the ports and related services division amounted to HK\$811 million (30 June 2018 - HK\$1,285 million); for the retail division HK\$954 million (30 June 2018 - HK\$1,142 million); for the infrastructure division HK\$113 million (30 June 2018 - HK\$2,502 million); for 3 Group Europe HK\$7,365 million (30 June 2018 - HK\$4,536 million); for HTHKH HK\$154 million (30 June 2018 - HK\$282 million); for HAT HK\$1,131 million (30 June 2018 - HK\$3,300 million); and for the finance and investments and others segment HK\$158 million (30 June 2018 - HK\$69 million).

The Group's dividends received from associated companies and joint ventures for the first half of 2019 amounted to HK\$4,859 million (30 June 2018 - HK\$9,836 million). Dividends received from associated companies and joint ventures for the ports and related services division amounted to HK\$775 million (30 June 2018 - HK\$1,135 million); for the retail division HK\$814 million (30 June 2018 - HK\$918 million); for the infrastructure division HK\$2,466 million (30 June 2018 - HK\$7,092 million); for Husky HK\$586 million (30 June 2018 - HK\$185 million); and for the finance and investments and others segment HK\$218 million (30 June 2018 - HK\$506 million).

The Group's purchases of and advances to associated companies and joint ventures amounted to HK\$504 million (30 June 2018 - HK\$1,074 million). Purchases of and advances to associated companies and joint ventures for the retail division HK\$31 million (30 June 2018 - Nil); for the infrastructure division HK\$255 million (30 June 2018 - HK\$94 million); for HTHKH HK\$26 million (30 June 2018 - HK\$42 million); and for the finance and investments and others segment HK\$192 million (30 June 2018 - HK\$938 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(b)(v) and the "Condensed Consolidated Statement of Cash Flows" section of this Interim Report.

## Debt Maturity and Currency Profile

The Group's total bank and other debts, including unamortised fair value adjustments from acquisitions, at 30 June 2019 amounted to HK\$343,621 million (31 December 2018 - HK\$352,668 million) which comprises principal amount of bank and other debts of HK\$338,471 million (31 December 2018 - HK\$346,918 million) and unamortised fair value adjustments arising from acquisitions of HK\$5,150 million (31 December 2018 - HK\$5,750 million). The Group's total principal amount of bank and other debts at 30 June 2019 consist of 66% notes and bonds (31 December 2018 - 66%) and 34% bank and other loans (31 December 2018 - 34%). The Group's weighted average cost of debt for the period ended 30 June 2019 is 2.1% (30 June 2018 - 2.4%). Interest bearing loans from non-controlling shareholders, which are viewed as quasi-equity, totaled HK\$746 million as at 30 June 2019 (31 December 2018 - HK\$752 million).

The maturity profile of the Group's total principal amount of bank and other debts at 30 June 2019 is set out below:

	HK\$	US\$	Euro	GBP	Others	Total
In the remainder of 2019	—	3%	—	1%	—	4%
In 2020	1%	4%	5%	2%	1%	13%
In 2021	1%	3%	9%	—	1%	14%
In 2022	1%	5%	10%	—	5%	21%
In 2023	—	1%	9%	—	1%	11%
In 2024 - 2028	—	10%	21%	1%	—	32%
In 2029 - 2038	—	4%	1%	—	—	5%
Beyond 2038	—	—	—	—	—	—
<b>Total</b>	<b>3%</b>	<b>30%</b>	<b>55%</b>	<b>4%</b>	<b>8%</b>	<b>100%</b>

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

Note 4: Under Post-IFRS 16 basis, FFO amounted to HK\$37,158 million and represents funds from operations before payment of lease liabilities, where such payments are included under "Cash flows used in financing activities".

## Changes in Debt Financing and Perpetual Capital Securities

The significant financing activities for the Group in the first half of 2019 were as follows:

- In February 2019, partially repaid EUR450 million (approximately HK\$4,010 million) of a floating rate loan facility of EUR3,000 million maturing in November 2022;
- In April, repaid USD1,500 million (approximately HK\$11,700 million) principal amount of fixed rate notes on maturity;
- In April, repaid a floating rate loan facility of SEK1,786 million (approximately HK\$1,500 million) on maturity; and
- In April, issued USD750 million (approximately HK\$5,850 million) guaranteed notes due 2024 and USD750 million (approximately HK\$5,850 million) guaranteed notes due 2029.

Furthermore, the significant debt financing activities undertaken by the Group subsequent to the period ended 30 June 2019 were as follows,

- In July, prepaid GBP165 million (approximately HK\$1,642 million) of a floating rate loan facility maturing in October 2021; and
- In July, obtained a bridging loan facility of EUR10,400 million (approximately HK\$90,480 million) for up to a maximum period of 18 months.

## Capital, Net Debt and Interest Coverage Ratios

The Group's total ordinary shareholders' funds and perpetual capital securities<sup>(5)</sup> increased to HK\$465,847 million as at 30 June 2019, compared to HK\$458,477 million as at 31 December 2018, reflecting the Group's profit for the first half of 2019, partly offset by 2018 final dividends and distributions paid and other items recognised directly in reserves.

As at 30 June 2019, the consolidated net debt of the Group, excluding interest bearing loans from non-controlling shareholders which are viewed as quasi-equity, was HK\$212,455 million (31 December 2018 - HK\$207,965 million), a 2% increase compared to the net debt at the beginning of the year primarily due to the net effect of dividend payments, capital expenditure and investment spending and positive funds from operations. The Group's consolidated net debt to net total capital ratio<sup>(6)</sup> was 26.2% as at 30 June 2019 (31 December 2018 - 26.0%). The Group's consolidated cash and liquid investments as at 30 June 2019 were sufficient to repay all outstanding consolidated Group's principal amount of debt maturing before 2022.

The Group's consolidated cash interest expenses and other finance costs of subsidiaries, before capitalisation and net of interest income of HK\$3,050 million (30 June 2018: HK\$2,877 million) in the first half of 2019 was HK\$2,510 million (30 June 2018: HK\$1,690 million). EBITDA of HK\$53,988 million (30 June 2018: HK\$55,350 million) and FFO excluding net interest<sup>(7)</sup> of HK\$31,140 million (30 June 2018: HK\$30,534 million) for the period covered consolidated net interest expenses and other finance costs 20.3 times (30 June 2018 - 31.0 times) and 12.4 times (30 June 2018 - 18.1 times) respectively.

## Secured Financing

At 30 June 2019, assets of the Group totalling HK\$111,983 million (31 December 2018 - HK\$111,017 million) were pledged as security for bank loans.

## Borrowing Facilities Available

Committed borrowing facilities available to Group companies but not drawn at 30 June 2019 amounted to the equivalent of HK\$11,572 million (31 December 2018 - HK\$14,402 million).

## Contingent Liabilities

At 30 June 2019, the Group provided guarantees in respect of bank and other borrowing facilities to its associated companies and joint ventures totalling HK\$4,138 million (31 December 2018 - HK\$4,138 million), of which HK\$3,535 million (31 December 2018 - HK\$3,505 million) has been drawn down as at 30 June 2019 and also provided performance and other guarantees of HK\$2,900 million (31 December 2018 - HK\$2,885 million).

## Employee Relations

At 30 June 2019, the Company and its subsidiaries employed 187,222 people (30 June 2018 - 182,895 people). The employee costs for the six-month period, excluding Directors' emoluments, totalled HK\$21,337 million (2018 - HK\$19,338 million). Including the Group's associated companies, at 30 June 2019, the Group employed 300,665 people of whom 19,603 were employed in Hong Kong. All of the Group's subsidiaries are equal opportunity employers, with the selection and promotion of individuals based on suitability for the position offered. The salary and benefit levels of the Group's employees are kept at a competitive level and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system, which is reviewed annually.

Note 5: Under Post-IFRS 16 basis, total ordinary shareholders' funds and perpetual capital securities was HK\$453,983 million.

Note 6: Under Post-IFRS 16 basis, net debt to net total capital ratio was 26.7%.

Note 7: Under Post-IFRS 16 basis, FFO excluding net interest was HK\$41,295 million.

The Company does not have a share option scheme for the purchase of ordinary shares in the Company. Certain subsidiaries and associates of the Group offer various equity-linked compensation elements appropriate to their sectors and markets. A wide range of benefits including medical coverage, provident funds and retirement plans and long service awards is also provided to employees. In addition, training and development programmes are provided on an on-going basis throughout the Group. Many social, sporting and recreational activities are arranged for employees on a Group-wide basis. Group employees also participated in community-oriented events.

## Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 June 2019, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

## 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 2019 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 44 in the Interim Report. The unaudited condensed consolidated financial statements of the Company and its subsidiary companies for the six months ended 30 June 2019 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, 3 September 2019. In order to qualify for the interim dividend payable on Thursday, 12 September 2019, 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, 3 September 2019.

## 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 acquisition activities 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. At the same time, the Group maintains an equal focus on maintaining long-term investment grade ratings, preserving strong liquidity and flexibility, sustaining a long and balanced maturity profile and actively managing cash flow and working capital. The Group continues to explore opportunities to enhance shareholders' returns, which include potential telecom infrastructure divestures and solidifying strategic alliances with global technology partners. The Chairman's Statement and the Operations Highlights contained in the 2019 interim report 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 2019 interim report are historical in nature, and past performance is no guarantee of the future results of the Group. Any forward-looking statements and opinions contained within the 2019 interim report are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in the 2019 interim report; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.



## Disclosure of Interests

### Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2019, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "SEHK") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (the "CKHH Securities Code") were as follows:

#### (I) Interests and short positions in the shares, underlying shares and debentures of the Company

##### Long positions in the shares of the Company

Directors	Capacity	Nature of Interests	Number of Shares Held	Total	Approximate % of Shareholding
Li Tzar Kuoi, Victor	Beneficiary of trusts	Other interest	1,160,195,710 <sup>(1)</sup> )	1,163,393,260	30.1691%
			)		
	Beneficial owner	Personal interest	220,000 )		
			)		
	Interest of controlled corporations	Corporate interest	2,572,350 <sup>(2)(3)</sup> )		
			)		
	Interest of spouse	Family interest	200,000 )		
			)		
	Interest of child	Family interest	205,200 <sup>(4)</sup> )		
Fok Kin Ning, Canning	Interest of a controlled corporation	Corporate interest	5,611,438 <sup>(5)</sup>	5,611,438	0.1455%
Frank John Sixt	Beneficial owner	Personal interest	136,800	136,800	0.0035%
Kam Hing Lam	Beneficial owner	Personal interest	51,040 )	108,400	0.0028%
			)		
	Interest of child	Family interest	57,360 )		
Lai Kai Ming, Dominic	Beneficial owner	Personal interest	34,200	34,200	0.0008%
Edith Shih	Beneficial owner	Personal interest	87,125 )	92,187	0.0023%
			)		
	Interest of spouse	Family interest	5,062 )		
Chow Kun Chee, Roland	Beneficial owner	Personal interest	99,752	99,752	0.0025%
Chow Woo Mo Fong, Susan	Beneficial owner	Personal interest	129,960	129,960	0.0033%



Directors	Capacity	Nature of Interests	Number of Shares Held	Total	Approximate % of Shareholding
Lee Yeh Kwong, Charles	Beneficial owner	Personal interest	862,124 )	906,584	0.0235%
	Interest of spouse	Family interest	37,620 )		
	Interest of a controlled corporation	Corporate interest	6,840 <sup>(6)</sup> )		
Leung Siu Hon	Beneficial owner	Personal interest	663,968 )	748,030	0.0193%
	Interest of spouse	Family interest	84,062 )		
George Colin Magnus	Founder and/or beneficiary of a discretionary trust	Other interest	833,868 <sup>(7)</sup> )	936,000	0.0242%
	Beneficial owner	Personal interest	85,361 )		
	Interest of spouse	Family interest	16,771 )		
Cheng Hoi Chuen, Vincent	Beneficial owner	Personal interest	10,000	10,000	0.0002%
Michael David Kadoorie	Founder, a beneficiary and/or a discretionary object of discretionary trust(s)	Other interest	11,752,120 <sup>(8)</sup>	11,752,120	0.3047%
William Shurniak	Beneficial owner	Personal interest	265,000	265,000	0.0068%

Notes:

(1) The 1,160,195,710 shares of the Company comprise:

- (a) 1,003,380,744 shares held by Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of The Li Ka-Shing Unity Trust ("UT1") and its related companies in which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings ("TUT1 related companies"). Mr Li Ka-shing is the settlor of each of The Li Ka-Shing Unity Discretionary Trust ("DT1") and another discretionary trust ("DT2"). Each of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1", which is the trustee of DT1) and Li Ka-Shing Unity Trustcorp Limited ("TDT2", which is the trustee of DT2) holds units in UT1 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT1 and DT2 are, inter alia, Mr Li Tzar Kuoi, Victor, his wife and children, and Mr Li Tzar Kai, Richard.

The entire issued share capital of TUT1, TDT1 and TDT2 are owned by Li Ka-Shing Unity Holdings Limited ("Unity Holdco"). Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor are respectively interested in one-third and two-thirds of the entire issued share capital of Unity Holdco. TUT1 is only interested in the shares of the Company by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of the Company independently without any reference to Unity Holdco or any of Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor as a holder of the shares of Unity Holdco as aforesaid.

As Mr Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT1 and DT2, and by virtue of the above, Mr Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares of the Company held by TUT1 as trustee of UT1 and TUT1 related companies under the SFO as a Director of the Company.

- (b) 72,387,720 shares held by Li Ka-Shing Castle Trustee Company Limited ("TUT3") as trustee of The Li Ka-Shing Castle Trust ("UT3") and its related companies in which TUT3 as trustee of UT3 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings ("TUT3 related companies"). Mr Li Ka-shing is the settlor of each of the two discretionary trusts ("DT3" and "DT4"). Each of Li Ka-Shing Castle Trustee Corporation Limited ("TDT3", which is the trustee of DT3) and Li Ka-Shing Castle Trustcorp Limited ("TDT4", which is the trustee of DT4) holds units in UT3 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT3 and DT4 are, inter alia, Mr Li Tzar Kuoi, Victor, his wife and children, and Mr Li Tzar Kai, Richard.

The entire issued share capital of TUT3, TDT3 and TDT4 are owned by Li Ka-Shing Castle Holdings Limited ("Castle Holdco"). Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor are respectively interested in one-third and two-thirds of the entire issued share capital of Castle Holdco. TUT3 is only interested in the shares of the Company by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of the Company independently without any reference to Castle Holdco or any of Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor as a holder of the shares of Castle Holdco as aforesaid.

As Mr Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT3 and DT4, and by virtue of the above, Mr Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares of the Company held by TUT3 as trustee of UT3 and TUT3 related companies under the SFO as a Director of the Company.

- (c) 84,427,246 shares held by a company controlled by TDT3 as trustee of DT3.
- (2) Among those shares, 300,000 shares are held by Li Ka Shing Foundation Limited ("LKSF"). By virtue of the terms of the constituent documents of LKSF, Mr Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF.
- (3) Among those shares, 2,272,350 shares are held by certain companies of which Mr Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.
- (4) Such shares are held by a company in which a child of Mr Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at its general meetings.
- (5) Such shares are held by a company which is equally controlled by Mr Fok Kin Ning, Canning and his spouse.
- (6) Such shares are held by a company of which Mr Lee Yeh Kwong, Charles is interested in the entire issued share capital.
- (7) 184,000 shares are held by a company controlled by a trust of which Mr George Colin Magnus is a discretionary beneficiary and 649,868 shares are indirectly held by a discretionary trust of which Mr George Colin Magnus is the settlor and/or a discretionary beneficiary.
- (8) Such shares are ultimately held by discretionary trust(s) of which The Hon Sir Michael David Kadoorie is either the founder, a beneficiary and/or a discretionary object.

## (II) Interests and short positions in the shares, underlying shares and debentures of the associated corporations of the Company

### Long positions in the shares, underlying shares and debentures of the associated corporations of the Company

As at 30 June 2019, Mr Li Tzar Kuoi, Victor, as a Director of the Company, was deemed to be interested in the following by virtue of, inter alia, his interests as described in Note (1) above:

- (i) 5,428,000 ordinary shares, representing approximately 0.20% of the issued voting shares, in CK Infrastructure Holdings Limited ("CKI") held by TUT1 as trustee of UT1;
- (ii) 153,280 ordinary shares, representing approximately 0.003% of the issued voting shares, in Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH") held by TUT3 as trustee of UT3;

- (iii) 294,703,249 common shares, representing approximately 29.32% of the issued voting shares, in Husky Energy Inc. ("Husky Energy") held by a company controlled by TDT3 as trustee of DT3; and
- (iv) 15,000,000 ordinary shares, representing approximately 15% of the issued voting shares, in Beautiland Company Limited held by a wholly owned subsidiary of TUT1 as trustee of UT1.

As at 30 June 2019, Mr Li Tzar Kuoi, Victor was also deemed to be interested in (i) 7,870,000 share stapled units, representing approximately 0.08% of the issued voting share stapled units, in HK Electric Investments ("HKEI") and HK Electric Investments Limited ("HKEIL") of which 5,170,000 share stapled units are held by LKSF and 2,700,000 share stapled units are held by a wholly owned subsidiary of Li Ka Shing (Overseas) Foundation ("LKSOFF"); (ii) 2,835,759,715 ordinary shares, representing approximately 29.50% of the issued voting shares, in CK Life Sciences Int'l., (Holdings) Inc. ("CKLS") held by wholly owned subsidiaries of LKSF; and (iii) 350,773,499 ordinary shares, representing approximately 7.27% of the issued voting shares, in HTHKH of which 245,546 ordinary shares are held by LKSOFF and 350,527,953 ordinary shares are held by LKSF. By virtue of the terms of the constituent documents of LKSF and LKSOFF, Mr Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF and LKSOFF.

In addition, Mr Li Tzar Kuoi, Victor had, as at 30 June 2019, the following interests:

- (i) personal interests in 2,250,000 ordinary shares, representing approximately 0.02% of the issued voting shares, in CKLS held in his capacity as a beneficial owner;
- (ii) family interests in (a) 192,000 ordinary shares, representing approximately 0.003% of the issued voting shares, in HTHKH held by a company in which his child is entitled to exercise or control the exercise of one-third or more of the voting power at its general meetings; and (b) 227,000 ordinary shares, representing approximately 0.008% of the issued voting shares, in CKI held by his spouse; and
- (iii) corporate interests in (a) 2,519,250 ordinary shares, representing approximately 0.05% of the issued voting shares, in HTHKH; and (b) a nominal amount of US\$38,000,000 in the Subordinated Guaranteed Perpetual Capital Securities issued by CK Hutchison Capital Securities (17) Limited, which are held by companies of which Mr Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.

Mr Fok Kin Ning, Canning had, as at 30 June 2019, the following interests:

- (i) 5,100,000 ordinary shares, representing approximately 0.03% of the issued voting shares, in Hutchison Telecommunications (Australia) Limited ("HTAL") comprising personal and corporate interests in 4,100,000 ordinary shares and 1,000,000 ordinary shares respectively;
- (ii) family interests in 267,400\* ordinary shares, representing approximately 0.04% of the issued voting shares, in Hutchison China MediTech Limited ("Chi-Med") held by his spouse;
- (iii) corporate interests in 1,202,380 ordinary shares, representing approximately 0.02% of the issued voting shares, in HTHKH;
- (iv) corporate interests in 255,365 common shares, representing approximately 0.02% of the issued voting shares, in Husky Energy;

\* Effective from 30 May 2019, each ordinary share of US\$1.00 each of Chi-Med was subdivided into 10 new ordinary shares of US\$0.10 each. Accordingly, the number of ordinary shares held increased by a multiple of 10.

- (v) corporate interests in 2,000,000 share stapled units, representing approximately 0.02% of the issued voting share stapled units, in HKEI and HKEIL; and
- (vi) corporate interests in 1,500,000 ordinary shares, representing approximately 0.01% of the issued voting shares, in CKLS.

Mr Fok Kin Ning, Canning holds the above personal interests in his capacity as a beneficial owner and holds the above corporate interests through a company which is equally controlled by Mr Fok and his spouse.

Mr Frank John Sixt in his capacity as a beneficial owner had, as at 30 June 2019, personal interests in (i) 1,000,000 ordinary shares, representing approximately 0.007% of the issued voting shares, in HTAL; (ii) 255,000 ordinary shares, representing approximately 0.005% of the issued voting shares, in HTHKH; (iii) 70,190 common shares, representing approximately 0.006% of the issued voting shares, in Husky Energy; (iv) 900,000 ordinary shares, representing approximately 0.009% of the issued voting shares, in CKLS; and (v) 492,000 ordinary shares, representing approximately 0.01% of the issued voting shares, in TOM Group Limited ("TOM").

Mr Ip Tak Chuen, Edmond in his capacity as a beneficial owner had, as at 30 June 2019, personal interests in (i) 262,840 common shares, representing approximately 0.02% of the issued voting shares, in Husky Energy; and (ii) 2,250,000 ordinary shares, representing approximately 0.02% of the issued voting shares, in CKLS.

Mr Kam Hing Lam had, as at 30 June 2019, the following interests:

- (i) personal interests in 100,000 ordinary shares, representing approximately 0.003% of the issued voting shares, in CKI held in his capacity as a beneficial owner; and
- (ii) family interests in (a) 100,000 ordinary shares, representing approximately 0.004% of the issued voting shares, in Power Assets Holdings Limited ("Power Assets"); (b) 1,025,000 share stapled units, representing approximately 0.01% of the issued voting share stapled units, in HKEI and HKEIL; and (c) 6,225,000 ordinary shares, representing approximately 0.06% of the issued voting shares, in CKLS, which are held by his child.

Ms Edith Shih in her capacity as a beneficial owner had, as at 30 June 2019, personal interests in (i) 700,000\* ordinary shares and 100,000 American depositary shares ("ADS", each representing five# ordinary shares), in aggregate representing approximately 0.18% of the issued voting shares, in Chi-Med; and (ii) a nominal amount of US\$250,000 in the 4.625% Notes due 2022 issued by Hutchison Whampoa International (11) Limited.

Mr Chow Kun Chee, Roland in his capacity as a beneficial owner had, as at 30 June 2019, personal interests in (i) 10,000 ordinary shares, representing approximately 0.0003% of the issued voting shares, in CKI; (ii) 903,936 ordinary shares, representing approximately 0.009% of the issued voting shares, in CKLS; (iii) 134,918 ordinary shares, representing approximately 0.006% of the issued voting shares, in Power Assets; (iv) 582,000 ordinary shares, representing approximately 0.01% of the issued voting shares, in TOM; and (v) 33,730 share stapled units, representing approximately 0.0003% of the issued voting share stapled units, in HKEI and HKEIL.

Mrs Chow Woo Mo Fong, Susan in her capacity as a beneficial owner had, as at 30 June 2019, personal interests in 250,000 ordinary shares, representing approximately 0.005% of the issued voting shares, in HTHKH.

\* Effective from 30 May 2019, each ordinary share of US\$1.00 each of Chi-Med was subdivided into 10 new ordinary shares of US\$0.10 each (the "Subdivision"). Accordingly, the number of ordinary shares held increased by a multiple of 10.

# Concurrent with the Subdivision, the ADS conversion ratio of Chi-Med changed to one ADS representing five new ordinary shares.

Mr Lee Yeh Kwong, Charles had, as at 30 June 2019, the following interests:

- (i) personal interests in 100,000 ordinary shares, representing approximately 0.003% of the issued voting shares, in CKI held in his capacity as a beneficial owner;
- (ii) 247,000 ordinary shares, representing approximately 0.01% of the issued voting shares, in Power Assets comprising corporate interests in 100,000 ordinary shares held through a company of which Mr Lee is interested in the entire issued share capital and family interests in 147,000 ordinary shares held by his spouse;
- (iii) family interests in 1,532 common shares, representing approximately 0.0001% of the issued voting shares, in Husky Energy held by his spouse; and
- (iv) corporate interests in 25,000 share stapled units, representing approximately 0.0002% of the issued voting share stapled units, in HKEI and HKEIL held through a company of which Mr Lee is interested in the entire issued share capital.

Mr Leung Siu Hon had, as at 30 June 2019, the following interests:

- (i) 2,106,000 share stapled units, representing approximately 0.02% of the issued voting share stapled units, in HKEI and HKEIL comprising personal interests in 1,200,000 share stapled units held in his capacity as a beneficial owner and family interests in 906,000 share stapled units held by his spouse;
- (ii) personal interests in 100,000 ordinary shares, representing approximately 0.002% of the issued voting shares, in TOM held in his capacity as a beneficial owner; and
- (iii) 1,693,100 ordinary shares, representing approximately 0.01% of the issued voting shares, in CKLS comprising (a) personal interests in 1,688,130 ordinary shares held in his capacity as a beneficial owner; (b) family interests in 2,000 ordinary shares held by his spouse; and (c) corporate interests in 2,970 ordinary shares held by a company which is wholly owned by Mr Leung and his spouse.

Mr George Colin Magnus had, as at 30 June 2019, the following interests:

- (i) 13,333 ordinary shares, representing approximately 0.0002% of the issued voting shares, in HTHKH comprising personal interests in 13,201 ordinary shares held in his capacity as a beneficial owner and family interests in 132 ordinary shares held by his spouse;
- (ii) personal interests in 34,974 common shares and 40,828 unlisted and physically settled Deferred Share Units (each representing one common share), in aggregate representing approximately 0.007% of the issued voting shares, in Husky Energy held in his capacity as a beneficial owner; and
- (iii) 765,000 ordinary shares, representing approximately 0.007% of the issued voting shares, in CKLS comprising (a) personal interests in 753,360 ordinary shares held in his capacity as a beneficial owner; (b) family interests in 600 ordinary shares held by his spouse; and (c) other interests in 11,040 ordinary shares held by a company controlled by a trust of which Mr Magnus is a discretionary beneficiary.

Mr Kwok Tun-li, Stanley had, as at 30 June 2019, the following interests:

- (i) 110,263 common shares, representing approximately 0.01% of the issued voting shares, in Husky Energy comprising (a) personal interests in 20,606 common shares and 839 unlisted and physically settled Deferred Share Units (each representing one common share) held in his capacity as a beneficial owner; and (b) family interests in 10,215 common shares and 78,603 unlisted and physically settled Deferred Share Units (each representing one common share) held by his spouse; and
- (ii) family interests in 200,000 ordinary shares, representing approximately 0.002% of the issued voting shares, in CKLS held by his spouse.

Ms Lee Wai Mun, Rose had, as at 30 June 2019, the following interests:

- (i) personal interests in 2,200 ordinary shares, representing approximately 0.0001% of the issued voting shares, in Power Assets held in her capacity as a beneficial owner; and
- (ii) 43,122 common shares, representing approximately 0.004% of the issued voting shares, in Husky Energy comprising corporate interests in 10,488 common shares held through a company of which Ms Lee is interested in the entire issued share capital and other interests in 32,634 common shares held jointly with another person.

Mr William Shurniak in his capacity as a beneficial owner had, as at 30 June 2019, personal interests in (i) 43,376 common shares and 839 unlisted and physically settled Deferred Share Units (each representing one common share), in aggregate representing approximately 0.004% of the issued voting shares, in Husky Energy; and (ii) 225,000 ordinary shares, representing approximately 0.002% of the issued voting shares, in CKLS.

Save as disclosed above, as at 30 June 2019, none of the Directors or chief executive of the Company and their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the SEHK pursuant to the CKHH Securities Code.

Certain Directors held qualifying shares in certain subsidiaries of the Company on trust for other subsidiaries.

## Interests and Short Positions of Shareholders Discloseable under the SFO

So far as the Directors and chief executive of the Company are aware, as at 30 June 2019, other than the interests of the Directors and chief executive of the Company as disclosed in the section titled "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures", the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the SEHK:

### Interests and short positions of substantial shareholders in the shares and underlying shares of the Company

#### Long positions in the shares of the Company

Names	Capacity	Number of Shares Held	Total	Approximate % of Shareholding
Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of The Li Ka-Shing Unity Trust ("UT1")	Trustee	1,003,380,744	1,003,380,744 <sup>(1)</sup>	26.01%
Li Ka-Shing Unity Trustee Corporation Limited ("TDT1") as trustee of The Li Ka-Shing Unity Discretionary Trust ("DT1")	Trustee and beneficiary of a trust	1,003,380,744	1,003,380,744 <sup>(1)</sup>	26.01%
Li Ka-Shing Unity Trustcorp Limited ("TDT2") as trustee of another discretionary trust ("DT2")	Trustee and beneficiary of a trust	1,003,380,744	1,003,380,744 <sup>(1)</sup>	26.01%
Li Ka-Shing	Interest of controlled corporations	707,800 )	)	
	Founder of discretionary trusts	1,160,195,710 )	)	
			1,160,903,510 <sup>(2)</sup>	30.10%

Notes:

- (1) The three references to 1,003,380,744 shares of the Company relate to the same block of shares of the Company. Of these 1,003,380,744 shares of the Company, 913,378,704 shares of the Company are held by TUT1 as trustee of UT1 and 90,002,040 shares of the Company are held by companies controlled by TUT1 as trustee of UT1. Each of TUT1 as trustee of UT1, TDT1 as trustee of DT1 and TDT2 as trustee of another discretionary trust is taken to have a duty of disclosure under the SFO in relation to the same 1,003,380,744 shares of the Company as described in Note (1)(a) under the section titled "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above.
- (2) The 1,160,903,510 shares of the Company comprise:
  - (a) 707,800 shares of the Company of which:
    - (i) 407,800 shares held by certain companies of which Mr Li Ka-shing is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.
    - (ii) 300,000 shares held by LKSF. By virtue of the terms of the constituent documents of LKSF, Mr Li Ka-shing may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at the general meetings of LKSF.
  - (b) 1,160,195,710 shares of the Company as described in Note (1) under the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above. As Mr Li Ka-shing may be regarded as a founder of each of DT1, DT2, DT3 and DT4 for the purpose of the SFO, Mr Li Ka-shing is taken to have a duty of disclosure under the SFO as a substantial shareholder in relation to the same 1,160,195,710 shares of the Company after his retirement from the directorship of the Company.

Save as disclosed above, as at 30 June 2019, no other person (other than the Directors and chief executive of the Company) had any interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the SEHK.

## Share Option Schemes

The Company has no share option scheme, but certain of the Company's subsidiary companies have adopted share option schemes.

A summary, for each share option scheme of the Company's subsidiary companies, of the total number of share options which were outstanding, granted, exercised, cancelled or lapsed during the six months ended 30 June 2019 are set out below:

### (I) Hutchison China MediTech Limited ("Chi-Med")

#### 2006 Share Option Scheme (the "2006 Plan")

On 18 May 2006, Chi-Med adopted the 2006 Plan for the grant of options to acquire ordinary shares in the share capital of Chi-Med (the "Chi-Med Shares"). The 2006 Plan was valid and effective during the period from 18 May 2006 to 17 May 2016, being the date falling 10 years from the date on which the 2006 Plan was adopted. After 17 May 2016, no further share options could be granted under the 2006 Plan but the provisions of the 2006 Plan remained in full force and effect to the extent necessary to give effect to the exercise of any share options granted prior to the end of the validity period or otherwise to the extent as may be required in accordance with the provisions of the 2006 Plan.

Particulars of share options outstanding under the 2006 Plan at the beginning and at the end of the financial period for the six months ended 30 June 2019 and share options granted, exercised, cancelled or lapsed under the 2006 Plan during such period were as follows:

**2006 Plan**

Category of participants	Date of grant of share options	Number of share options held as at 1 January 2019 <sup>(3)</sup>	Granted during the six months ended 30 June 2019	Exercised during the six months ended 30 June 2019	Lapsed/ cancelled during the six months ended 30 June 2019	Number of share options held as at 30 June 2019 <sup>(3)</sup>	Exercise period of share options	Exercise price of share options <sup>(3)</sup> £	Price of Chi-Med Share prior to the grant date of share options <sup>(3)</sup> £	Price of Chi-Med Share prior to the exercise date of share options £
Employees in aggregate	24.6.2011 <sup>(1)</sup>	750,000	–	–	–	750,000	24.6.2011 to 23.6.2021	0.4405	0.4400 <sup>(2)</sup>	N/A
	20.12.2013 <sup>(1)</sup>	1,095,180	–	–	–	1,095,180	20.12.2013 to 19.12.2023	0.6100	0.6100 <sup>(2)</sup>	N/A
Total:		1,845,180	–	–	–	1,845,180				

Notes:

- (1) The share options granted are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of 25% on each of the first, second, third and fourth anniversaries of the date of grant of share options.
- (2) The stated prices were the adjusted prices as a result of the share subdivision mentioned in Note (3) below. The prices prior to the adjustment were closing prices of the Chi-Med Shares quoted on AIM on the trading day immediately prior to the respective dates of grant of share options.
- (3) Effective from 30 May 2019, each ordinary share of US\$1.00 each of Chi-Med was subdivided into 10 new ordinary shares of US\$0.10 each. Accordingly, adjustments have been made to the number of share options by multiplying the number by 10 and to the share price and exercise price by dividing the price by 10 pursuant to the terms of the 2006 Plan.



## 2016 Share Option Scheme (the "2016 Plan")

On 24 April 2015, Chi-Med conditionally adopted the 2016 Plan for the grant of options to acquire the Chi-Med Shares. The 2016 Plan is valid and effective during the period commencing on 13 May 2016 and ending on 12 May 2026, being the date falling 10 years from the date on which the 2016 Plan became unconditional.

Particulars of share options outstanding under the 2016 Plan at the beginning and at the end of the financial period for the six months ended 30 June 2019 and share options granted, exercised, cancelled or lapsed under the 2016 Plan during such period were as follows:

### 2016 Plan

Name or category of participants	Date of grant of share options	Number of share options held as at 1 January 2019 <sup>(4)</sup>	Granted during the six months ended 30 June 2019 <sup>(4)</sup>	Exercised during the six months ended 30 June 2019	Lapsed/ cancelled/ during the six months ended 30 June 2019 <sup>(4)</sup>	Number of share options held as at 30 June 2019 <sup>(4)</sup>	Exercise period of share options	Exercise price of share options <sup>(4)</sup> £	Price of Chi-Med Share prior to the grant date of share options <sup>(4)</sup> £	Price of Chi-Med Share prior to the exercise date of share options £
<b>Director</b>										
Weiguo Su	15.6.2016 <sup>(1)</sup>	3,000,000	–	–	–	3,000,000	15.6.2016 to 19.12.2023	1.9700	1.9750 <sup>(3)</sup>	N/A
	27.3.2017 <sup>(2)</sup>	1,000,000	–	–	–	1,000,000	27.3.2017 to 26.3.2027	3.1050	3.1050 <sup>(3)</sup>	N/A
	19.3.2018 <sup>(2)</sup>	1,000,000	–	–	–	1,000,000	19.3.2018 to 18.3.2028	4.9740	4.8900 <sup>(3)</sup>	N/A
<b>Employees in aggregate</b>										
	15.6.2016 <sup>(1)</sup>	2,936,860	–	–	–	2,936,860	15.6.2016 to 19.12.2023	1.9700	1.9750 <sup>(3)</sup>	N/A
	20.4.2018 <sup>(2)</sup>	7,293,450	–	–	(707,940)	6,585,510	20.4.2018 to 19.4.2028	4.6450	4.5900 <sup>(3)</sup>	N/A
	6.6.2018 <sup>(2)</sup>	369,360	–	–	–	369,360	6.6.2018 to 5.6.2028	4.1660	4.1100 <sup>(3)</sup>	N/A
	6.8.2018 <sup>(2)</sup>	680,000	–	–	–	680,000	6.8.2018 to 5.8.2028	4.8600	5.0000 <sup>(3)</sup>	N/A
	19.10.2018 <sup>(2)</sup>	430,000	–	–	–	430,000	19.10.2018 to 18.10.2028	4.6100	4.6000 <sup>(3)</sup>	N/A
	21.5.2019 <sup>(2)</sup>	–	180,000	–	–	180,000	21.5.2019 to 20.5.2029	4.2200	4.1750 <sup>(3)</sup>	N/A
Total:		16,709,670	180,000	–	(707,940)	16,181,730				

Notes:

- (1) The share options granted are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of approximately 50% on the day after the acceptance of the offer, approximately 25% on 20 December 2016 and approximately 25% on 20 December 2017.
- (2) The share options granted are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of 25% on each of the first, second, third and fourth anniversaries of the date of grant of share options.
- (3) The stated prices were the adjusted prices as a result of the share subdivision mentioned in Note (4) below. The prices prior to the adjustment were closing prices of the Chi-Med Shares quoted on AIM on the trading day immediately prior to the respective dates of grant of share options.
- (4) Effective from 30 May 2019, each ordinary share of US\$1.00 each of Chi-Med was subdivided into 10 new ordinary shares of US\$0.10 each. Accordingly, adjustments have been made to the number of share options by multiplying the number by 10 and to the share price and exercise price by dividing the price by 10 pursuant to the terms of the 2016 Plan.

As at 30 June 2019, Chi-Med had 1,845,180 share options and 16,181,730 share options outstanding under the 2006 Plan and the 2016 Plan, respectively.

The fair values of share options granted during the period, determined using the Polynomial Model were as follows:

Value of each share option	£1.507 *
Significant inputs into the valuation model:	
Exercise price	£4.220 *
Share price at the effective grant date	£4.220 *
Expected volatility	37.74%
Risk-free interest rate	1.08%
Contractual life of share options	10 years
Expected dividend yield	0.00%

The volatility of the underlying stock during the life of the share options was estimated with reference to the historical volatility prior to the issuance of share options. Changes in such subjective input assumptions could affect the fair value estimate.

\* Effective from 30 May 2019, each ordinary share of US\$1.00 each of Chi-Med was subdivided into 10 new ordinary shares of US\$0.10 each. Accordingly, adjustments have been made to the number of share options by multiplying the number by 10 and to the share price and exercise price by dividing the price by 10 pursuant to the 2016 Plan.

## (II) Hutchison Telecommunications Hong Kong Holdings Limited (“HTHKH”)

On 6 April 2009, HTHKH conditionally adopted a share option scheme (the “HTHKH Plan”) for the grant of options to acquire ordinary shares in the share capital of HTHKH (the “HTHKH Shares”). The HTHKH Plan is valid and effective during the period commencing on 21 May 2009 and ending on 20 May 2019, being the date falling 10 years from the date on which the HTHKH Plan became unconditional. After 20 May 2019, no further share options could be granted under the HTHKH Plan.

Particulars of share options outstanding under the HTHKH Plan at the beginning and at the end of the financial period for the six months ended 30 June 2019 and share options granted, exercised, cancelled or lapsed under the HTHKH Plan during such period were as follows:

Category of participants	Date of grant of share options <sup>(1)</sup>	Number of share options held as at 1 January 2019	Granted during the six months ended 30 June 2019	Exercised during the six months ended 30 June 2019	Lapsed/ cancelled during the six months ended 30 June 2019	Number of share options held as at 30 June 2019	Exercise period of share options	Exercise price of share options <sup>(2)</sup> HK\$	Price of HTHKH Share prior to the grant date of share options <sup>(3)</sup> HK\$	Price of HTHKH Share prior to the exercise date of share options <sup>(4)</sup> HK\$
Employees in aggregate	1.6.2009	200,000	–	(200,000)	–	–	1.6.2009 to 31.5.2019	1.00	0.96	3.32

Notes:

- (1) The share options were vested in three tranches, approximately one-third each on 1 June 2009, 23 November 2009 and 23 November 2010, respectively, so long as the grantee remained an Eligible Participant (as defined in the HTHKH Plan) on each vesting date.
- (2) The exercise price of the share options is subject to adjustment in accordance with the provisions of the HTHKH Plan.
- (3) The stated price was the closing price of the HTHKH Shares on the SEHK on the trading day immediately prior to the date of grant of the share options.
- (4) The stated price was the closing price of the HTHKH Shares on the SEHK on the trading day immediately prior to the date of exercise of the share options.

As at 30 June 2019, there were no share options outstanding under the HTHKH Plan.

## Corporate Governance

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The Company strives to attain and maintain high standards of corporate governance best suited to the needs and interests of the Company and its subsidiaries as it believes that an effective corporate governance framework is fundamental to promoting and safeguarding interests of shareholders and other stakeholders and enhancing shareholder value. Accordingly, the Company has adopted and applied corporate governance principles and practices that emphasise a quality board of Directors (the "Board"), effective risk management and internal control systems, stringent disclosure practices, transparency and accountability. It is, in addition, committed to continuously improving these practices and inculcating an ethical corporate culture.

### Compliance with the Corporate Governance Code

The Company has complied throughout the six months ended 30 June 2019 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 composition of the nomination committee.

### Roles of Chairman and Chief Executive

The position of Chief Executive of the Company has been jointly held by Mr Victor T K Li and Mr Fok Kin Ning, Canning as Group Co-Managing Directors since June 2015. Following the appointment of Mr Li as Chairman of the Company in May 2018, Mr Li continued to hold the position of Group Co-Managing Director. Accordingly, with Mr Fok acting as Group Co-Managing Director, the day-to-day management of the Company is led and shared between Mr Li and Mr Fok with no single individual having unfettered management decision-making power. Further, the Board 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.

### Composition of the Nomination Committee

The Company established the Nomination Committee on 1 January 2019 which comprises all Directors and is chaired by the Chairman of the Board. Its composition deviates from code provision A.5.1 which requires the Nomination Committee to comprise a majority of Independent Non-executive Directors. The Board is of the view that the ultimate responsibility for the selection, nomination and appointment of Directors rests with the Board as a whole and 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 succession plan for Directors, as and when appropriate. A sub-committee, chaired by the Chairman and comprising members in compliance with the code provision requirement under the Listing Rules for a nomination committee, will be established as and when required to facilitate the Nomination Committee in the conduct of the selection and nomination process, and will be dissolved after the purpose for which it is established is achieved or discontinued.

### 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 confirmed that they had complied with the required standards set out in such code regarding their securities transactions throughout their tenure during the six months ended 30 June 2019.

## Changes in Information of Directors

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Pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "SEHK"), the changes in information of Directors of the Company, as notified to the Company, subsequent to the date of the 2018 Annual Report are set out below:

Directors	Details of Changes
Edith Shih	Appointed as member of the Nomination Committee of Hutchison China MediTech Limited <sup>(1)</sup> on 15 April 2019
Cheng Hoi Chuen, Vincent	Ceased to act as Independent Non-executive Director of MTR Corporation Limited <sup>(2)</sup> on 22 May 2019
Lee Wai Mun, Rose	Appointed as Vice Patron of The Community Chest of Hong Kong on 27 June 2019  Ceased to act as Board Member of The Community Chest of Hong Kong as well as Deputy Chairman and member of its Executive Committee and Nominating Committee respectively on 27 June 2019
Wong Yick-ming, Rosanna	Appointed as <ul style="list-style-type: none"><li>- Chairman and member of the Consultation Panel of the West Kowloon Cultural District Authority on 1 March 2019</li><li>- Chairman of Asia International School Limited on 1 June 2019</li></ul> Ceased to act as <ul style="list-style-type: none"><li>- Chairman of the Advisory Board of the California Center Early Learning School, Shanghai on 28 May 2019</li><li>- member of The Hong Kong University of Science and Technology Business School Advisory Council on 31 May 2019</li></ul>

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Notes:

- (1) A company whose shares are traded on the AIM market of the London Stock Exchange and in the form of American Depositary Shares on the NASDAQ Global Select Market.
- (2) A company whose shares are listed on the Main Board of the SEHK.

## Report on Review of Interim Financial Statements

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### 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 45 to 96, 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 2019 and the 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 of the Group are not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 1 August 2019

## Interim Financial Statements

### Condensed Consolidated Income Statement

for the six months ended 30 June 2019

Unaudited 2019# US\$ million		Note	Unaudited 2019 2018* HK\$ million	
18,926	Revenue	2, 3	147,620	130,984
(6,652)	Cost of inventories sold		(51,888)	(54,546)
(2,475)	Staff costs		(19,308)	(18,004)
(1,082)	Expensed customer acquisition and retention costs		(8,438)	(7,201)
(2,484)	Depreciation and amortisation	3	(19,374)	(8,855)
(3,074)	Other operating expenses	4	(23,980)	(24,561)
	Share of profits less losses of:			
456	Associated companies		3,562	4,089
499	Joint ventures		3,893	6,221
4,114			32,087	28,127
(887)	Interest expenses and other finance costs	5	(6,920)	(4,335)
3,227	<b>Profit before tax</b>		25,167	23,792
(307)	Current tax	6	(2,390)	(1,939)
(61)	Deferred tax	6	(476)	395
2,859	<b>Profit after tax</b>		22,301	22,248
(510)	<b>Profit attributable to non-controlling interests and holders of perpetual capital securities</b>		(3,977)	(4,228)
2,349	<b>Profit attributable to ordinary shareholders</b>		18,324	18,020
US 60.9 cents	<b>Earnings per share for profit attributable to ordinary shareholders</b>	7	HK\$ 4.75	HK\$ 4.67

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 28.

\* See note 29.

## Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2019

Unaudited 2019# US\$ million		Unaudited 2019 HK\$ million	2018* HK\$ million
2,859	<b>Profit after tax</b>	22,301	22,248
	<b>Other comprehensive income (losses)</b>		
	<b>Items that will not be reclassified to profit or loss:</b>		
(29)	Remeasurement of defined benefit obligations recognised directly in reserves	(230)	559
	Equity securities at fair value through other comprehensive income ("FVOCI")		
(30)	Valuation losses recognised directly in reserves	(233)	(306)
14	Share of other comprehensive income of associated companies	110	103
59	Share of other comprehensive income of joint ventures	459	245
5	Tax relating to items that will not be reclassified to profit or loss	41	(83)
19		147	518
	<b>Items that have been reclassified or may be subsequently reclassified to profit or loss:</b>		
	Debt securities at FVOCI		
12	Valuation gains (losses) recognised directly in reserves	96	(55)
	Cash flow hedges (forward foreign exchange contracts, cross currency interest rate swap contracts and interest rate swap contracts)		
(92)	Gains (losses) recognised directly in reserves	(717)	332
–	Cost of hedging previously accumulated in reserves recognised in income statement	–	(17)
(9)	Gains (losses) on net investment hedges (forward foreign exchange contracts and cross currency swap contracts) recognised directly in reserves	(66)	1,454
(58)	Losses on translating overseas subsidiaries' net assets recognised directly in reserves	(453)	(2,271)
17	Losses previously in reserves related to subsidiaries, associated companies and joint ventures disposed during the period recognised in income statement	130	–
(54)	Share of other comprehensive income (losses) of associated companies	(422)	(1,162)
(183)	Share of other comprehensive income (losses) of joint ventures	(1,426)	(1,389)
11	Tax relating to items that have been reclassified or may be subsequently reclassified to profit or loss	83	(50)
(356)		(2,775)	(3,158)
(337)	Other comprehensive income (losses), net of tax	(2,628)	(2,640)
2,522	<b>Total comprehensive income</b>	19,673	19,608
(421)	<b>Total comprehensive income attributable to non-controlling interests and holders of perpetual capital securities</b>	(3,285)	(4,212)
2,101	<b>Total comprehensive income attributable to ordinary shareholders</b>	16,388	15,396

# See note 28.

\* See note 29.



## Condensed Consolidated Statement of Financial Position

at 30 June 2019

Unaudited 30 June 2019# US\$ million		Note	Unaudited 30 June 2019 HK\$ million	Audited 31 December 2018* HK\$ million
<b>Non-current assets</b>				
14,209	Fixed assets	9	110,832	110,605
10,284	Right-of-use assets	10	80,215	–
–	Leasehold land		–	7,702
8,258	Telecommunications licences		64,412	64,221
11,272	Brand names and other rights		87,924	88,761
41,282	Goodwill		321,996	323,160
17,259	Associated companies		134,623	136,287
15,093	Interests in joint ventures		117,726	118,053
2,819	Deferred tax assets	11	21,986	20,260
1,011	Liquid funds and other listed investments	12	7,886	9,292
1,518	Other non-current assets	13	11,842	10,717
<b>123,005</b>			<b>959,442</b>	<b>889,058</b>
<b>Current assets</b>				
15,661	Cash and cash equivalents	14	122,159	135,411
3,027	Inventories		23,616	23,410
7,969	Trade receivables and other current assets	15	62,153	63,826
<b>26,657</b>			<b>207,928</b>	<b>222,647</b>
15,600	Assets classified as held for sale	16	121,680	120,539
<b>42,257</b>			<b>329,608</b>	<b>343,186</b>
<b>Current liabilities</b>				
4,472	Bank and other debts	17	34,882	25,986
1,870	Lease liabilities		14,586	–
209	Current tax liabilities		1,626	2,071
13,192	Trade payables and other current liabilities	18	102,898	116,272
<b>19,743</b>			<b>153,992</b>	<b>144,329</b>
10,180	Liabilities directly associated with assets classified as held for sale	16	79,404	77,600
<b>29,923</b>			<b>233,396</b>	<b>221,929</b>
<b>12,334</b>	Net current assets		<b>96,212</b>	<b>121,257</b>
<b>135,339</b>	Total assets less current liabilities		<b>1,055,654</b>	<b>1,010,315</b>
<b>Non-current liabilities</b>				
39,443	Bank and other debts	17	307,652	325,570
9,525	Lease liabilities		74,299	–
96	Interest bearing loans from non-controlling shareholders		746	752
2,394	Deferred tax liabilities	11	18,673	19,261
322	Pension obligations		2,515	2,443
9,139	Other non-current liabilities	19	71,286	71,466
<b>60,919</b>			<b>475,171</b>	<b>419,492</b>
<b>74,420</b>	<b>Net assets</b>		<b>580,483</b>	<b>590,823</b>
<b>Capital and reserves</b>				
494	Share capital	20 (a)	3,856	3,856
31,330	Share premium	20 (a)	244,377	244,377
24,798	Reserves	21	193,424	197,918
<b>56,622</b>	Total ordinary shareholders' funds		<b>441,657</b>	<b>446,151</b>
1,580	Perpetual capital securities	20 (b)	12,326	12,326
16,218	Non-controlling interests		126,500	132,346
<b>74,420</b>	<b>Total equity</b>		<b>580,483</b>	<b>590,823</b>

# See note 28.

\* See note 29.

## Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2019

Unaudited Total equity <sup>#</sup> US\$ million		Attributable to					Unaudited Total equity HK\$ million
		Ordinary shareholders		Total ordinary shareholders' funds HK\$ million	Perpetual capital securities HK\$ million	Non- controlling interests HK\$ million	
		Share capital and share premium <sup>(a)</sup> HK\$ million	Reserves <sup>(b)</sup> HK\$ million				
75,746	At 31 December 2018, as previously reported, and 1 January 2019	248,233	197,918	446,151	12,326	132,346	590,823
(2,012)	Effect on adoption of HKFRS 16 (see note 29)	–	(11,812)	(11,812)	–	(3,887)	(15,699)
73,734	At 1 January 2019, as adjusted	248,233	186,106	434,339	12,326	128,459	575,124
2,859	Profit for the period	–	18,324	18,324	241	3,736	22,301
	Other comprehensive income (losses)						
	Equity securities at FVOCI						
(30)	Valuation losses recognised directly in reserves	–	(174)	(174)	–	(59)	(233)
	Debt securities at FVOCI						
12	Valuation gains recognised directly in reserves	–	96	96	–	–	96
(29)	Remeasurement of defined benefit obligations recognised directly in reserves	–	(183)	(183)	–	(47)	(230)
	Cash flow hedges (forward foreign exchange contracts, cross currency interest rate swap contracts and interest rate swap contracts)						
(92)	Losses recognised directly in reserves	–	(581)	(581)	–	(136)	(717)
	Losses on net investment hedges (forward foreign exchange contracts and cross currency swap contracts) recognised directly in reserves						
(9)		–	(50)	(50)	–	(16)	(66)
(58)	Losses on translating overseas subsidiaries' net assets recognised directly in reserves	–	(252)	(252)	–	(201)	(453)
	Losses previously in reserves related to subsidiaries, associated companies and joint ventures disposed during the period recognised in income statement						
17		–	103	103	–	27	130
(40)	Share of other comprehensive income (losses) of associated companies	–	(182)	(182)	–	(130)	(312)
(124)	Share of other comprehensive income (losses) of joint ventures	–	(816)	(816)	–	(151)	(967)
16	Tax relating to components of other comprehensive income (losses)	–	103	103	–	21	124
(337)	Other comprehensive income (losses), net of tax	–	(1,936)	(1,936)	–	(692)	(2,628)
2,522	Total comprehensive income	–	16,388	16,388	241	3,044	19,673
	Hedging reserve gains transferred to the carrying value of non-financial items during the period						
(5)		–	(35)	(35)	–	(5)	(40)
1	Impact of hyperinflation	–	7	7	–	2	9
(1,137)	Dividends paid relating to 2018	–	(8,870)	(8,870)	–	–	(8,870)
(608)	Dividends paid to non-controlling interests	–	–	–	–	(4,739)	(4,739)
(31)	Distribution paid on perpetual capital securities	–	–	–	(241)	–	(241)
	Share option schemes and long term incentive plans of subsidiary companies						
6		–	27	27	–	18	45
(62)	Relating to purchase of non-controlling interests	–	(199)	(199)	–	(279)	(478)
(1,836)		–	(9,070)	(9,070)	(241)	(5,003)	(14,314)
74,420	At 30 June 2019	248,233	193,424	441,657	12,326	126,500	580,483

# See note 28.

(a) See note 20(a) for further details on share capital and share premium.

(b) See note 21 for further details on reserves.

CK Hutchison Holdings Limited  
2019 Interim Report

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

# See note 28.

\* See note 29.

(a) See note 20(a) for further details on share capital and share premium.

(b) See note 21 for further details on reserves.

## Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2019

Unaudited 2019# US\$ million	Note	Unaudited 2019 HK\$ million	Unaudited 2018* HK\$ million
<b>Operating activities</b>			
6,109			
(922)	22 (a)	47,647	35,968
(423)		(7,187)	(4,797)
		(3,302)	(2,557)
<b>4,764</b>		<b>37,158</b>	<b>28,614</b>
(1,348)	22 (b)	(10,511)	(7,253)
<b>3,416</b>		<b>26,647</b>	<b>21,361</b>
<b>Investing activities</b>			
(1,607)		(12,537)	(9,158)
(137)		(1,071)	(3,890)
(85)		(660)	(68)
–	22 (c)	–	29
(1)		(5)	(398)
31		238	953
(65)		(504)	(1,074)
7		51	31
(24)	22 (d)	(187)	–
306		2,388	149
–		–	4
(1,575)		(12,287)	(13,422)
21		169	–
–		(2)	(57)
<b>(1,554)</b>		<b>(12,120)</b>	<b>(13,479)</b>
<b>1,862</b>		<b>14,527</b>	<b>7,882</b>
<b>Financing activities</b>			
2,783	22 (e)	21,707	21,679
(3,539)	22 (e)	(27,605)	(15,892)
(1,108)	22 (e)	(8,643)	–
–	22 (e)	(2)	(6)
–		–	6
(62)		(478)	(56)
–		–	(19,435)
(1,137)		(8,870)	(7,985)
(612)		(4,774)	(3,059)
(31)		(241)	(850)
<b>(3,706)</b>		<b>(28,906)</b>	<b>(25,598)</b>
(1,844)		(14,379)	(17,716)
17,820		138,996	160,470
<b>15,976</b>		<b>124,617</b>	<b>142,754</b>

# See note 28.

\* See note 29.

Unaudited 2019# US\$ million		Note	Unaudited 2019 HK\$ million	2018* HK\$ million
<b>Analysis of cash, liquid funds and other listed investments at 30 June</b>				
15,976	Cash and cash equivalents, as above		124,617	142,754
(315)	Less: cash and cash equivalents included in assets classified as held for sale	16	(2,458)	–
15,661	Cash and cash equivalents	14	122,159	142,754
1,011	Liquid funds and other listed investments	12	7,886	7,689
144	Liquid funds and other listed investments under other current assets	15	1,121	–
16,816	<b>Total cash, liquid funds and other listed investments</b>		131,166	150,443
44,035	Total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions	17	343,472	335,925
96	Interest bearing loans from non-controlling shareholders		746	3,122
27,315	<b>Net debt</b>		213,052	188,604
(96)	Interest bearing loans from non-controlling shareholders		(746)	(3,122)
27,219	<b>Net debt (excluding interest bearing loans from non-controlling shareholders)</b>		212,306	185,482

# See note 28.

\* See note 29.

## Notes to the Interim Financial Statements

### 1 Basis of preparation and changes to the Group's accounting policies

#### (a) Basis of preparation

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 2019 (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 2018 (the "2018 Annual Financial Statements"), which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The Interim Financial Statements have been prepared on the historical cost basis except for the following:

- the defined benefit plans plan assets, certain properties, certain financial assets and liabilities (including derivative instruments) which are measured at fair values; and
- non-current assets and disposal groups classified as held for sale which are measured at the lower of carrying amount and fair value less cost to sell.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from other assets in the consolidated statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position. The major classes of assets and liabilities classified as held for sale are separately disclosed in note 16.

#### (b) Accounting policies

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 2019. The Group had to change its accounting policies for leases with effect from 1 January 2019 as a result of adopting the new lease accounting standard Hong Kong Financial Reporting Standard 16 "Leases" ("HKFRS 16"). Other than changes in accounting policies resulting from application of HKFRS 16, the accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in the 2018 Annual Financial Statements. A summary of the accounting policies for leases adopted with effect from 1 January 2019 are set out in note 29(b) and a summary of the significant accounting policies used in the 2018 Annual Financial Statements is set out in note 40 to the 2018 Annual Financial Statements.

The Group has initially applied HKFRS 16 with effect from 1 January 2019 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 2019. The adoption of HKFRS 16 has resulted in a HK\$15,699 million decrease in the opening balance of total equity on 1 January 2019. The effect of adoption of this standard is summarised in note 29.

The Interim Financial Statements were authorised for issue by the Company's Board of Directors on 1 August 2019.

### 2 Revenue

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

	Six months ended 30 June	
	2019	2018
	HK\$ million	HK\$ million
Sale of goods	80,438	81,795
Revenue from services	64,041	46,249
Interest	3,050	2,877
Dividend income	91	63
	<b>147,620</b>	<b>130,984</b>

## 2 Revenue (continued)

(b) Further details are set out below in respect of revenue of the Company and subsidiary companies, including the disaggregation of revenue from contracts with customers within the scope of HKFRS 15:

(i) By segments

	Six months ended 30 June 2019				
	Revenue from contracts with customers			Revenue from other sources	Total
	recognised at a point in time	recognised over time	Subtotal		
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Ports and Related Services	–	13,323	13,323	78	13,401
Retail	65,613	171	65,784	–	65,784
Infrastructure	1,710	5,158	6,868	3,106	9,974
Husky Energy	–	–	–	–	–
3 Group Europe	7,125	36,334	43,459	–	43,459
Hutchison Telecommunications Hong Kong Holdings	733	1,782	2,515	–	2,515
Hutchison Asia Telecommunications	–	4,325	4,325	–	4,325
Finance & Investments and Others	6,212	164	6,376	1,786	8,162
	<b>81,393</b>	<b>61,257</b>	<b>142,650</b>	<b>4,970</b>	<b>147,620</b>

	Six months ended 30 June 2018				
	Revenue from contracts with customers			Revenue from other sources	Total
	recognised at a point in time	recognised over time	Subtotal		
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Ports and Related Services	–	13,349	13,349	36	13,385
Retail	66,560	–	66,560	–	66,560
Infrastructure	2,177	6,820	8,997	1,433	10,430
Husky Energy	–	–	–	–	–
3 Group Europe	5,338	18,962	24,300	–	24,300
Hutchison Telecommunications Hong Kong Holdings	2,178	1,843	4,021	–	4,021
Hutchison Asia Telecommunications	–	4,081	4,081	–	4,081
Finance & Investments and Others	6,570	166	6,736	1,471	8,207
	<b>82,823</b>	<b>45,221</b>	<b>128,044</b>	<b>2,940</b>	<b>130,984</b>

## 2 Revenue (continued)

(b) Further details are set out below in respect of revenue of the Company and subsidiary companies, including the disaggregation of revenue from contracts with customers within the scope of HKFRS 15 (continued):

(ii) By geographical locations

	Six months ended 30 June 2019				
	Revenue from contracts with customers			Revenue from other sources	Total
	recognised at a point in time	recognised over time	Subtotal		
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Hong Kong	15,666	1,722	17,388	64	17,452
Mainland China	15,630	210	15,840	5	15,845
Europe	30,748	46,600	77,348	2,576	79,924
Canada	–	213	213	112	325
Asia, Australia and Others	13,137	12,348	25,485	427	25,912
Finance & Investments and Others	6,212	164	6,376	1,786	8,162
	<b>81,393</b>	<b>61,257</b>	<b>142,650</b>	<b>4,970</b>	<b>147,620</b>

	Six months ended 30 June 2018				
	Revenue from contracts with customers			Revenue from other sources	Total
	recognised at a point in time	recognised over time	Subtotal		
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Hong Kong	17,970	1,772	19,742	13	19,755
Mainland China	16,477	291	16,768	3	16,771
Europe	29,830	30,976	60,806	826	61,632
Canada	205	–	205	117	322
Asia, Australia and Others	11,771	12,016	23,787	510	24,297
Finance & Investments and Others	6,570	166	6,736	1,471	8,207
	<b>82,823</b>	<b>45,221</b>	<b>128,044</b>	<b>2,940</b>	<b>130,984</b>

(c) Contract balances related to contracts with customers within the scope of HKFRS 15

Under HKFRS 15, a contract asset or a contract liability is generated when either party to the contract performs, depending on the relationship between the entity's performance and the customer's payment. When an entity satisfies a performance obligation by transferring a promised goods or service, the entity has earned a right to consideration from the customer and, therefore, has a contract asset. When the customer performs first, for example, by prepaying its promised consideration, the entity has a contract liability. Generally, contract assets may represent conditional or unconditional rights to consideration. The right would be conditional, for example, when an entity is required first to satisfy another performance obligation in the contract before it is entitled to payment from the customer. If an entity has an unconditional right to receive consideration from the customer, the contract asset is classified as and accounted for as a receivable and presented separately from other contract assets. A right is unconditional if nothing other than the passage of time is required before payment of that consideration is due.

The following table provides information about trade receivables, contract assets and contract liabilities from contracts with customers within the scope of HKFRS 15.

	30 June 2019	31 December 2018
	HK\$ million	HK\$ million
Trade receivables (see note 15)	17,336	19,255
Contract assets (see notes 13 and 15)	6,003	6,943
Contract liabilities (see notes 18 and 19)	(5,631)	(5,883)

Contract assets primarily relate to the Group's rights to consideration for delivered services and devices but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. Contract liabilities primarily relate to the Group's unfulfilled performance obligations for which consideration has been received at the reporting date. On fulfilment of its obligations, the contract liability is recognised in revenue in the period when the performance obligations are fulfilled.



### 3 Operating segment information

- (a) The Group manages its businesses by divisions, which are organised by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management and board of directors for the purposes of resource allocation, performance assessment and internal decision-making, the Group presents its operating segment information based on the following five operating divisions.

*Ports and Related Services:*

The division comprises the Group's 80% interest in the Hutchison Ports group of companies and its 30.07% interest in the Hutchison Port Holdings Trust ("HPH Trust"). Results of HPH Trust are included in the segment results (under Ports and Related Services) based on the Group's effective shareholdings (net of non-controlling interests) in HPH Trust.

*Retail:*

The retail division consists of the A S Watson ("ASW") group of companies, the largest health and beauty retailer in Asia and Europe in terms of store numbers.

*Infrastructure:*

The Infrastructure division comprises the Group's 75.67% interest in CK Infrastructure Holdings Limited ("CKI"), a company listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), and the Group's interests in six infrastructure investments co-owned with CKI comprising of interests in Northumbrian Water, Park'N Fly, UK Rails, Australian Gas Networks, Dutch Enviro Energy and Wales & West Utilities. In 2018, the Group has divested a substantial portion of its economic benefits arising from these six infrastructure investments. Results of these six infrastructure investments for the period following the divestiture are included in the segment results on a net of divestiture basis.

*Husky Energy:*

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

*Telecommunications:*

The Group's telecommunications division consists of 3 Group Europe with businesses in six countries in Europe, a 66.09% interest in Hutchison Telecommunications Hong Kong Holdings ("HTHKH"), which is listed on the Stock Exchange and Hutchison Asia Telecommunications. In the second half of 2018, the Group has acquired the remaining 50% interest in the 3 Group Europe telecommunications businesses in Italy operated by Wind Tre S.p.A. ("Wind Tre") and become the sole shareholder of Wind Tre. Results of Wind Tre for the period following the acquisition are included in the segment results (under 3 Group Europe) on a 100% basis.

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 that are not presented separately and includes a 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, the Marionnaud business, listed subsidiary Hutchison China MediTech, listed associated companies TOM Group and CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences"), corporate head office operations and the returns earned on the Group's holdings of cash and liquid investments.

### 3 Operating segment information (continued)

(b) Segment results, assets and liabilities

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. Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments. The Group uses two measures of segment results, EBITDA (see note 3(b)(xiii)) and EBIT (see note 3(b)(xiv)).

Revenue from external customers is after elimination of inter-segment revenue. The amounts eliminated are mainly attributable to Retail of HK\$14 million (30 June 2018 - HK\$17 million), Hutchison Telecommunications Hong Kong Holdings of HK\$5 million (30 June 2018 - HK\$5 million) and Hutchison Asia Telecommunications of HK\$2 million (30 June 2018 - HK\$1 million).

In the current period, the Group has adopted the HKFRS 16 accounting standard (which relates to accounting for leases) for its statutory reporting, but its management reporting has remained on the precedent lease accounting standard Hong Kong Accounting Standard 17 "Leases" ("HKAS 17"). The Group believes that the HKAS 17 basis metrics, which are not intended to be a substitute for, or superior to, the reported metrics on a HKFRS 16 basis ("Post-HKFRS 16 basis"), provide useful information to allow comparable growth rates to be calculated and a like-with-like comparison with the prior period results, and to better reflect management's view of the Group's underlying operational performances. Accordingly, segmental information is presented on a HKAS 17 basis ("Pre-HKFRS 16 basis") as this is the basis of the information used for resource allocation, performance assessment and internal decision-making. As additional information, reconciliation from Pre-HKFRS 16 metrics to Post-HKFRS 16 is included in the following segmental information analysis. The HKAS 17 lease accounting policy is disclosed in note 40(w) of the Group's 2018 Annual Financial Statements.

(i) An analysis of revenue by segments

	Revenue							
	Six months ended 30 June 2019				Six months ended 30 June 2018			
	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	13,401	4,149	17,550	8%	13,385	4,206	17,591	8%
Retail	65,784	17,377	83,161	38%	66,560	17,314	83,874	37%
Infrastructure	6,210	19,415	25,625	12%	10,430	23,795	34,225	15%
Husky Energy	—	23,465	23,465	11%	—	27,315	27,315	12%
3 Group Europe	43,459	5	43,464	20%	24,300	11,824	36,124	16%
Hutchison Telecommunications Hong Kong Holdings	2,515	—	2,515	1%	4,021	—	4,021	2%
Hutchison Asia Telecommunications	4,325	—	4,325	2%	4,081	—	4,081	2%
Finance & Investments and Others	8,162	8,795	16,957	8%	8,207	9,069	17,276	8%
	<b>143,856</b>	<b>73,206</b>	<b>217,062</b>	<b>100%</b>	<b>130,984</b>	<b>93,523</b>	<b>224,507</b>	<b>100%</b>
<i>Portion attributable to:</i>								
Non-controlling interests of HPH Trust	—	520	520		—	503	503	
Divestiture of infrastructure investments	3,764	2,214	5,978		—	—	—	
	<b>147,620</b>	<b>75,940</b>	<b>223,560</b>		<b>130,984</b>	<b>94,026</b>	<b>225,010</b>	
HKFRS 16 impact	—	—	—					
	<b>147,620</b>	<b>75,940</b>	<b>223,560</b>					

### 3 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(ii) An analysis of EBITDA by segments

	EBITDA <sup>(xiii)</sup>							
	Six months ended 30 June 2019				Six months ended 30 June 2018			
	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	4,733	1,717	6,450	12%	4,420	1,785	6,205	11%
Retail	6,830	1,352	8,182	15%	6,137	1,395	7,532	14%
Infrastructure	3,558	10,798	14,356	27%	6,094	12,851	18,945	34%
Husky Energy	–	4,713	4,713	9%	–	5,877	5,877	11%
3 Group Europe	16,297	–	16,297	30%	8,212	4,585	12,797	23%
Hutchison Telecommunications Hong Kong Holdings	628	35	663	1%	654	36	690	1%
Hutchison Asia Telecommunications	724	–	724	1%	346	–	346	1%
Finance & Investments and Others	433	2,170	2,603	5%	912	2,046	2,958	5%
<b>EBITDA</b>	<b>33,203</b>	<b>20,785</b>	<b>53,988</b>	<b>100%</b>	<b>26,775</b>	<b>28,575</b>	<b>55,350</b>	<b>100%</b>
<i>Portion attributable to:</i>								
Non-controlling interests of HPH Trust	–	357	357		–	349	349	
<b>EBITDA</b>	<b>33,203<sup>^</sup></b>	<b>21,142<sup>^</sup></b>	<b>54,345<sup>^</sup></b>		<b>26,775</b>	<b>28,924</b>	<b>55,699</b>	
Depreciation and amortisation (see note 3(b)(iv))	(11,028)	(8,859)	(19,887)		(8,855)	(11,242)	(20,097)	
Interest expenses and other finance costs	(4,591)	(3,205)	(7,796)		(4,335)	(4,579)	(8,914)	
Current tax	(2,267)	(1,517)	(3,784)		(1,939)	(1,720)	(3,659)	
Deferred tax	(441)	(90)	(531)		395	(1,000)	(605)	
Non-controlling interests	(3,925)	(222)	(4,147)		(4,228)	(176)	(4,404)	
	<b>10,951</b>	<b>7,249</b>	<b>18,200</b>		<b>7,813</b>	<b>10,207</b>	<b>18,020</b>	
<b>HKFRS 16 impact</b>								
EBITDA	10,155 <sup>^</sup>	1,546 <sup>^</sup>	11,701 <sup>^</sup>					
Depreciation and amortisation	(8,346)	(1,325)	(9,671)					
Interest expenses and other finance costs	(1,627)	(342)	(1,969)					
Current tax	(1)	–	(1)					
Deferred tax	19	14	33					
Non-controlling interests	31	–	31					
	<b>11,182</b>	<b>7,142</b>	<b>18,324</b>					
<sup>^</sup> Post-HKFRS 16 basis EBITDA (see note 22(a)(i))	<b>43,358</b>	<b>22,688</b>	<b>66,046</b>					

### 3 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(iii) An analysis of EBIT by segments

	EBIT <sup>(xiv)</sup>							
	Six months ended 30 June 2019				Six months ended 30 June 2018			
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	Total HK\$ million	%	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	Total HK\$ million	%
Ports and Related Services	3,242	1,008	4,250	12%	2,818	1,046	3,864	11%
Retail	5,584	1,006	6,590	19%	4,947	1,045	5,992	17%
Infrastructure	2,599	7,302	9,901	29%	4,297	8,945	13,242	37%
Husky Energy	–	1,787	1,787	5%	–	2,761	2,761	8%
<b>3 Group Europe</b>								
EBITDA before the following non-cash items:	16,297	–	16,297		8,212	4,585	12,797	
Depreciation	(4,313)	–	(4,313)		(2,406)	(704)	(3,110)	
Amortisation of licence fees, customer acquisition and retention costs and other rights	(2,014)	–	(2,014)		(1,112)	(1,087)	(2,199)	
EBIT – 3 Group Europe	9,970	–	9,970	29%	4,694	2,794	7,488	21%
Hutchison Telecommunications								
Hong Kong Holdings	249	11	260	1%	273	11	284	1%
Hutchison Asia Telecommunications	216	–	216	1%	69	–	69	–
Finance & Investments and Others	315	949	1,264	4%	822	866	1,688	5%
<b>EBIT</b>	<b>22,175<sup>^</sup></b>	<b>12,063<sup>^</sup></b>	<b>34,238<sup>^</sup></b>	<b>100%</b>	<b>17,920</b>	<b>17,468</b>	<b>35,388</b>	<b>100%</b>
<i>Portion attributable to:</i>								
Non-controlling interests of HPH Trust	–	220	220		–	214	214	
Interest expenses and other finance costs	(4,591)	(3,205)	(7,796)		(4,335)	(4,579)	(8,914)	
Current tax	(2,267)	(1,517)	(3,784)		(1,939)	(1,720)	(3,659)	
Deferred tax	(441)	(90)	(531)		395	(1,000)	(605)	
Non-controlling interests	(3,925)	(222)	(4,147)		(4,228)	(176)	(4,404)	
	<b>10,951</b>	<b>7,249</b>	<b>18,200</b>		<b>7,813</b>	<b>10,207</b>	<b>18,020</b>	
<b>HKFRS 16 impact</b>								
EBIT	1,809 <sup>^</sup>	221 <sup>^</sup>	2,030 <sup>^</sup>					
Interest expenses and other finance costs	(1,627)	(342)	(1,969)					
Current tax	(1)	–	(1)					
Deferred tax	19	14	33					
Non-controlling interests	31	–	31					
	<b>11,182</b>	<b>7,142</b>	<b>18,324</b>					
<sup>^</sup> Post-HKFRS 16 basis EBIT	<b>23,984</b>	<b>12,284</b>	<b>36,268</b>					

### 3 Operating segment information (continued)

- (b) Segment results, assets and liabilities (continued)  
(iv) An analysis of depreciation and amortisation expenses by segments

	Depreciation and amortisation					
	Six months ended 30 June 2019			Six months ended 30 June 2018		
	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	1,491	709	2,200	1,602	739	2,341
Retail	1,246	346	1,592	1,190	350	1,540
Infrastructure	959	3,496	4,455	1,797	3,906	5,703
Husky Energy	–	2,926	2,926	–	3,116	3,116
3 Group Europe	6,327	–	6,327	3,518	1,791	5,309
Hutchison Telecommunications Hong Kong Holdings	379	24	403	381	25	406
Hutchison Asia Telecommunications	508	–	508	277	–	277
Finance & Investments and Others	118	1,221	1,339	90	1,180	1,270
	<b>11,028</b>	<b>8,722</b>	<b>19,750</b>	<b>8,855</b>	<b>11,107</b>	<b>19,962</b>
<i>Portion attributable to:</i>						
Non-controlling interests of HPH Trust	–	137	137	–	135	135
	<b>11,028</b>	<b>8,859</b>	<b>19,887</b>	<b>8,855</b>	<b>11,242</b>	<b>20,097</b>
HKFRS 16 impact	8,346	1,325	9,671			
	<b>19,374</b>	<b>10,184</b>	<b>29,558</b>			

### 3 Operating segment information (continued)

- (b) Segment results, assets and liabilities (continued)  
(v) An analysis of capital expenditure by segments

	Capital expenditure <sup>(viii)</sup>								
	Six months ended 30 June 2019					Six months ended 30 June 2018			
	Fixed assets and investment properties <sup>@</sup>	Telecom- munications licences <sup>@</sup>	Brand names and other rights <sup>@</sup>	Assets classified as held for sale	Total	Fixed assets, investment properties and leasehold land	Telecom- munications licences	Brand names and other rights	Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Ports and Related Services	811	–	–	–	811	1,285	–	–	1,285
Retail	954	–	–	–	954	1,142	–	–	1,142
Infrastructure	110	–	3	3,582	3,695	2,461	–	41	2,502
Husky Energy	–	–	–	–	–	–	–	–	–
3 Group Europe	5,663	1,045	657	–	7,365	2,763	1,747	26	4,536
Hutchison Telecommunications									
Hong Kong Holdings	154	–	–	–	154	282	–	–	282
Hutchison Asia Telecommunications	1,105	26	–	–	1,131	1,157	2,143	–	3,300
Finance & Investments and Others	158	–	–	–	158	68	–	1	69
	<b>8,955</b>	<b>1,071</b>	<b>660</b>	<b>3,582</b>	<b>14,268</b>	<b>9,158</b>	<b>3,890</b>	<b>68</b>	<b>13,116</b>
HKFRS 16 impact	–	–	–	–	–				
	<b>8,955</b>	<b>1,071</b>	<b>660</b>	<b>3,582</b>	<b>14,268</b>				

@ net of transfer to assets classified as held for sale.

- (vi) An analysis of total assets by segments

	Total assets									
	30 June 2019					31 December 2018				
	Company and Subsidiaries	Deferred tax assets	Assets classified as held for sale	Investments in associated companies and interests in joint ventures	Total assets	Company and Subsidiaries	Deferred tax assets	Assets classified as held for sale	Investments in associated companies and interests in joint ventures	Total assets
	Segment assets <sup>(vi)</sup>	HK\$ million	HK\$ million	HK\$ million	HK\$ million	Segment assets <sup>(vi)</sup>	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Ports and Related Services	73,726	1,064	–	20,519	95,309	74,366	243	–	20,728	95,337
Retail	198,094	911	–	13,966	212,971	199,151	1,059	–	13,771	213,981
Infrastructure	57,405	5	119,510	140,387	317,307	54,963	12	118,187	142,569	315,731
Husky Energy	–	–	–	65,680	65,680	–	–	–	64,297	64,297
3 Group Europe	309,393	18,057	1,906	8	329,364	309,333	18,659	2,352	10	330,354
Hutchison Telecommunications										
Hong Kong Holdings	15,028	226	–	367	15,621	19,469	258	–	396	20,123
Hutchison Asia Telecommunications	13,527	–	–	–	13,527	11,333	–	–	–	11,333
Finance & Investments and Others	157,129	31	–	12,270	169,430	168,490	29	–	12,569	181,088
	<b>824,302</b>	<b>20,294</b>	<b>121,416</b>	<b>253,197</b>	<b>1,219,209</b>	<b>837,105</b>	<b>20,260</b>	<b>120,539</b>	<b>254,340</b>	<b>1,232,244</b>
HKFRS 16 impact	68,733	1,692	264	(848)	69,841					
	<b>893,035</b>	<b>21,986</b>	<b>121,680</b>	<b>252,349</b>	<b>1,289,050</b>					

### 3 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(vii) An analysis of total liabilities by segments

	Total liabilities									
	30 June 2019					31 December 2018				
	Segment liabilities <sup>(vii)</sup> HK\$ million	Current & non-current borrowings <sup>(vii)</sup> and other liabilities HK\$ million	Liabilities directly associated with assets classified as held for sale HK\$ million	Current & deferred tax liabilities HK\$ million	Total liabilities HK\$ million	Segment liabilities <sup>(vii)</sup> HK\$ million	Current & non-current borrowings <sup>(vii)</sup> and other liabilities HK\$ million	Liabilities directly associated with assets classified as held for sale HK\$ million	Current & deferred tax liabilities HK\$ million	Total liabilities HK\$ million
Ports and Related Services	12,146	16,434	–	5,029	33,609	13,433	16,127	–	4,472	34,032
Retail	24,317	12,873	–	9,359	46,549	26,366	13,407	–	9,962	49,735
Infrastructure	5,096	30,909	79,114	554	115,673	4,910	30,535	77,600	590	113,635
Husky Energy	–	–	–	–	–	–	–	–	–	–
3 Group Europe	46,981	102,607	–	421	150,009	55,915	113,808	–	94	169,817
Hutchison Telecommunications Hong Kong Holdings	1,565	349	–	26	1,940	1,804	343	–	16	2,163
Hutchison Asia Telecommunications	5,192	20,148	–	1	25,341	5,976	18,897	–	1	24,874
Finance & Investments and Others	12,423	231,395	–	5,907	249,725	10,311	230,657	–	6,197	247,165
	107,720	414,715	79,114	21,297	622,846	118,715	423,774	77,600	21,332	641,421
HKFRS 16 impact	86,578	(149)	290	(998)	85,721					
	194,298	414,566	79,404	20,299	708,567					

(viii) An analysis of revenue by geographical locations

	Revenue								
	Six months ended 30 June 2019				Six months ended 30 June 2018				
	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	17,452	2,112	19,564	9%	19,755	2,252	22,007	10%	
Mainland China	15,845	3,643	19,488	9%	16,771	3,858	20,629	9%	
Europe	76,256	27,950	104,206	48%	61,632	43,024	104,656	47%	
Canada <sup>(vii)</sup>	229	23,274	23,503	11%	322	27,013	27,335	12%	
Asia, Australia and Others	25,912	7,432	33,344	15%	24,297	8,307	32,604	14%	
Finance & Investments and Others	8,162	8,795	16,957	8%	8,207	9,069	17,276	8%	
	143,856	73,206	217,062 <sup>**</sup>	100%	130,984	93,523	224,507 <sup>**</sup>	100%	
HKFRS 16 Impact	–	–	–						
	143,856	73,206	217,062 <sup>**</sup>						

\*\* see note 3(b)(i) for reconciliation to total revenue included in the Group's income statement.

### 3 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(ix) An analysis of EBITDA by geographical locations

	EBITDA <sup>(xiii)</sup>							
	Six months ended 30 June 2019				Six months ended 30 June 2018			
	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	669	902	1,571	3%	938	948	1,886	3%
Mainland China	3,510	2,074	5,584	10%	2,918	2,438	5,356	10%
Europe	22,493	7,186	29,679	55%	16,875	13,163	30,038	54%
Canada <sup>(viii)</sup>	179	4,030	4,209	8%	220	5,115	5,335	10%
Asia, Australia and Others	5,919	4,423	10,342	19%	4,912	4,865	9,777	18%
Finance & Investments and Others	433	2,170	2,603	5%	912	2,046	2,958	5%
	<b>33,203</b>	<b>20,785</b>	<b>53,988<sup>#</sup></b>	<b>100%</b>	<b>26,775</b>	<b>28,575</b>	<b>55,350<sup>#</sup></b>	<b>100%</b>
HKFRS 16 impact	10,155	1,546	11,701					
	<b>43,358</b>	<b>22,331</b>	<b>65,689<sup>#</sup></b>					

<sup>#</sup> see note 3(b)(ii) for reconciliation to total EBITDA included in the Group's income statement.

(x) An analysis of EBIT by geographical locations

	EBIT <sup>(xiv)</sup>							
	Six months ended 30 June 2019				Six months ended 30 June 2018			
	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	112	397	509	1%	370	423	793	2%
Mainland China	3,001	1,404	4,405	13%	2,416	1,722	4,138	12%
Europe	14,431	5,150	19,581	57%	10,796	9,054	19,850	56%
Canada <sup>(viii)</sup>	167	1,277	1,444	4%	209	2,201	2,410	7%
Asia, Australia and Others	4,149	2,886	7,035	21%	3,307	3,202	6,509	18%
Finance & Investments and Others	315	949	1,264	4%	822	866	1,688	5%
	<b>22,175</b>	<b>12,063</b>	<b>34,238<sup>@@</sup></b>	<b>100%</b>	<b>17,920</b>	<b>17,468</b>	<b>35,388<sup>@@</sup></b>	<b>100%</b>
HKFRS 16 impact	1,809	221	2,030					
	<b>23,984</b>	<b>12,284</b>	<b>36,268<sup>@@</sup></b>					

<sup>@@</sup> see note 3(b)(iii) for reconciliation to total EBIT included in the Group's income statement.



### 3 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(xi) An analysis of capital expenditure by geographical locations

	Capital expenditure <sup>(viii)</sup>								
	Six months ended 30 June 2019					Six months ended 30 June 2018			
	Fixed assets and investment properties <sup>@</sup>	Telecom- munications licences <sup>@</sup>	Brand names and other rights <sup>@</sup>	Assets classified as held for sale	Total	Fixed assets, investment properties and leasehold land	Telecom- munications licences	Brand names and other rights	Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Hong Kong	420	–	–	–	420	531	–	–	531
Mainland China	208	–	–	–	208	242	–	–	242
Europe	6,283	1,045	657	3,572	11,557	5,996	1,747	26	7,769
Canada	–	–	–	10	10	3	–	36	39
Asia, Australia and Others	1,886	26	3	–	1,915	2,318	2,143	5	4,466
Finance & Investments and Others	158	–	–	–	158	68	–	1	69
	8,955	1,071	660	3,582	14,268	9,158	3,890	68	13,116
HKFRS 16 impact	–	–	–	–	–				
	8,955	1,071	660	3,582	14,268				

@ net of transfer to asset classified as held for sale.

(xii) An analysis of total assets by geographical locations

	Total assets									
	30 June 2019					31 December 2018				
	Company and Subsidiaries	Deferred tax assets	Assets classified as held for sale	Investments in associated companies and interests in joint ventures	Total assets	Company and Subsidiaries	Deferred tax assets	Assets classified as held for sale	Investments in associated companies and interests in joint ventures	Total assets
	Segment assets <sup>(vi)</sup>	HK\$ million	HK\$ million	HK\$ million	HK\$ million	Segment assets <sup>(vi)</sup>	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Hong Kong	58,926	328	–	12,731	71,985	55,494	306	–	14,233	70,033
Mainland China	43,315	459	–	22,203	65,977	47,989	681	–	23,735	72,405
Europe	446,489	18,766	115,449	88,682	669,386	452,780	18,914	114,559	87,437	673,690
Canada <sup>(viii)</sup>	3,384	–	2,588	66,543	72,515	3,638	6	2,558	63,027	69,229
Asia, Australia and Others	115,059	710	3,379	50,768	169,916	108,714	324	3,422	53,339	165,799
Finance & Investments and Others	157,129	31	–	12,270	169,430	168,490	29	–	12,569	181,088
	824,302	20,294	121,416	253,197	1,219,209	837,105	20,260	120,539	254,340	1,232,244
HKFRS 16 impact	68,733	1,692	264	(848)	69,841					
	893,035	21,986	121,680	252,349	1,289,050					

### 3 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

- (xiii) EBITDA represents the EBITDA of the Company and subsidiary companies as well as the Group's share of the EBITDA 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 and the Group's interests in six infrastructure investments co-owned with CKI comprising of Northumbrian Water, Park'N Fly, UK Rails, Australian Gas Networks, Dutch Enviro Energy and Wales & West Utilities that are included on a 100% basis before the divesture (see note 3(a) under Infrastructure) and on a net of divesture basis after the divesture. EBITDA is defined as earnings before interest expenses and other finance costs, tax, depreciation and amortisation, and includes profits on disposal of investments and other earnings. Information concerning EBITDA 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 to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBITDA is therefore presented as a measure of segment results in accordance with HKFRS 8. EBITDA is not a measure of cash liquidity or financial performance under HKFRS and the EBITDA measures used by the Group may not be comparable to other similarly titled measures of other companies. EBITDA should not necessarily be construed as an alternative to cash flows or results from operations as determined in accordance with HKFRS.
- (xiv) EBIT represents the EBIT of the Company and subsidiary companies as well as the Group's share of the EBIT 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 and the Group's interests in six infrastructure investments co-owned with CKI comprising of Northumbrian Water, Park'N Fly, UK Rails, Australian Gas Networks, Dutch Enviro Energy and Wales & West Utilities that are included on a 100% basis before the divesture (see note 3(a) under Infrastructure) and on a net of divesture basis after the divesture. EBIT is defined as earnings before interest expenses and other finance costs and tax. Information concerning EBIT 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 to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBIT is therefore presented as a measure of segment results in accordance with HKFRS 8. EBIT is not a measure of financial performance under HKFRS and the EBIT measures used by the Group may not be comparable to other similarly titled measures of other companies. EBIT should not necessarily be construed as an alternative to results from operations as determined in accordance with HKFRS.
- (xv) Segment assets and segment liabilities are measured in the same way as in the financial statements. Segment assets comprise fixed assets, right-of-use assets, telecommunications licences, brand names and other rights, goodwill, other non-current assets, liquid funds and other listed investments, cash and cash equivalents, other current assets and exclude assets classified as held for sale (31 December 2018 - comprise fixed assets, leasehold land, telecommunications licences, brand names and other rights, goodwill, other non-current assets, liquid funds and other listed investments, cash and cash equivalents, other current assets and exclude assets classified as held for sale). Segment liabilities comprise trade and other payables, lease liabilities and pension obligations and exclude liabilities directly associated with assets classified as held for sale (31 December 2018 - comprise trade and other payables and pension obligations and exclude liabilities directly associated with assets classified as held for sale). As additional information, the Group's non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets for Hong Kong, Mainland China, Europe, Canada, and Asia, Australia and Others amounted to HK\$79,582 million (31 December 2018 - HK\$73,511 million), HK\$73,431 million (31 December 2018 - HK\$85,882 million), HK\$473,957 million (31 December 2018 - HK\$463,580 million), HK\$69,903 million (31 December 2018 - HK\$66,500 million), HK\$149,908 million (31 December 2018 - HK\$159,698 million) respectively.
- (xvi) Current and non-current borrowings comprise bank and other debts and interest bearing loans from non-controlling shareholders.
- (xvii) Include contribution from the United States for Husky Energy.
- (xviii) For the purpose of segmental information analysis, expenditures incurred for leases are not regarded as capital expenditures.

### 4 Other operating expenses

Other operating expenses include cost of providing services of HK\$13,501 million and expenses for short term, low value leases and payment for variable rent of HK\$3,295 million. The balance of the comparative period includes cost of providing services of HK\$9,331 million and operating lease expenses of HK\$9,999 million.

## 5 Interest expenses and other finance costs

	Six months ended 30 June	
	2019 HK\$ million	2018 HK\$ million
Interest on borrowings	5,779	4,951
Interest on lease liabilities	1,627	–
Other finance costs (income) <sup>(a)</sup>	(84)	78
	<b>7,322</b>	<b>5,029</b>
Amortisation of loan facilities fees and premiums or discounts relating to borrowings	100	100
Unwinding of discount and other non-cash interest adjustments <sup>(b)</sup>	(367)	(562)
	<b>7,055</b>	<b>4,567</b>
Less: interest capitalised	(135)	(232)
	<b>6,920</b>	<b>4,335</b>

(a) Include fair value gain of HK\$341 million (30 June 2018 - nil) on derivatives financial instruments used to manage interest rate exposure.

(b) Other non-cash interest adjustments mainly include amortisation of bank and other debts' fair value adjustments arising from acquisitions.

## 6 Tax

	Six months ended 30 June	
	2019 HK\$ million	2018 HK\$ million
Current tax charge		
Hong Kong	135	192
Outside Hong Kong	2,255	1,747
	<b>2,390</b>	<b>1,939</b>
Deferred tax charge (credit)		
Hong Kong	12	38
Outside Hong Kong	464	(433)
	<b>476</b>	<b>(395)</b>
	<b>2,866</b>	<b>1,544</b>

Hong Kong profits tax has been provided for at the rate of 16.5% (30 June 2018 - 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\$18,324 million (30 June 2018 – HK\$18,020 million) and on 3,856,240,500 shares in issue during the six months ended 30 June 2019 (30 June 2018 – 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 2019 and 30 June 2018. The employee share options of these subsidiary and associated companies outstanding as at 30 June 2019 and 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	
	2019	2018
	HK\$ million	HK\$ million
Distribution paid on perpetual capital securities	241	850

### (b) Dividends

	Six months ended 30 June	
	2019	2018
	HK\$ million	HK\$ million
Interim dividend, declared of HK\$0.87 per share (30 June 2018 – HK\$0.87 per share)	3,355	3,356

In addition, final dividend in respect of the year 2018 of HK\$2.30 per share totalling HK\$8,870 million (2017 – HK\$2.07 per share totalling HK\$7,985 million) was approved and paid during the current period.

## 9 Fixed assets

During the six months ended 30 June 2019, the Group has acquired fixed assets with a cost of HK\$12,537 million (30 June 2018 – HK\$9,158 million), of which HK\$3,582 million (30 June 2018 – nil) are presented as assets classified as held for sale. Fixed assets with a net book value of HK\$87 million (30 June 2018 – HK\$66 million) were disposed of during the period, resulting in a loss of HK\$37 million (30 June 2018 – HK\$36 million). Fixed assets presented as assets classified as held for sale with a net book value of HK\$22 million (30 June 2018 – nil) were disposed of during the period, resulting in a loss of HK\$21 million (30 June 2018 – nil).

## 10 Right-of-use assets

During the six months ended 30 June 2019, the Group entered into new lease agreements. For these new leases, the Group is required to make fixed monthly payments and, in respect of certain of these new leases, additional variable payments depending on the turnover. On leases that commenced during the six months ended 30 June 2019, the Group has recognised HK\$6,298 million of right-of-use assets, of which HK\$30 million are presented as assets classified as held for sale, and HK\$6,288 million of lease liabilities, of which HK\$30 million are presented as liabilities directly associated with assets classified as held for sale.

## 11 Deferred tax

	30 June 2019	31 December 2018
	HK\$ million	HK\$ million
Deferred tax assets	21,986	20,260
Deferred tax liabilities	18,673	19,261
Net deferred tax assets	3,313	999

## 11 Deferred tax (continued)

Analysis of net deferred tax assets (liabilities):

	30 June 2019 HK\$ million	31 December 2018 HK\$ million
Unused tax losses	18,350	18,459
Accelerated depreciation allowances	(4,252)	(4,127)
Fair value adjustments arising from acquisitions	(10,488)	(10,501)
Revaluation of investment properties and other investments	117	126
Withholding tax on undistributed profits	(509)	(497)
Other temporary differences	95	(2,461)
	<b>3,313</b>	<b>999</b>

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 2019, the Group has recognised accumulated deferred tax assets amounting to HK\$21,986 million (31 December 2018 - HK\$20,260 million) of which HK\$18,259 million (31 December 2018 - HK\$18,659 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\$123,004 million (31 December 2018 - HK\$99,135 million). Their potential tax effect amounted to HK\$29,344 million at 30 June 2019 (31 December 2018 - HK\$28,880 million).

## 12 Liquid funds and other listed investments

	30 June 2019 HK\$ million	31 December 2018 HK\$ million
Financial assets at amortised cost		
Managed funds, outside Hong Kong	43	66
Financial assets at FVOCI		
Listed equity securities, Hong Kong	2,459	2,909
Listed equity securities, outside Hong Kong	229	208
Managed funds - listed equity securities, outside Hong Kong	177	154
Managed funds - listed debt securities, outside Hong Kong	4,889	4,770
Listed / traded debt securities, outside Hong Kong	-	1,089
	<b>7,754</b>	<b>9,130</b>
Financial assets at fair value through profit or loss ("FVPL")	<b>89</b>	<b>96</b>
	<b>7,886</b>	<b>9,292</b>

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

### 13 Other non-current assets

	30 June 2019 HK\$ million	31 December 2018 HK\$ million
Investment properties	382	382
Customer acquisition and retention costs <sup>(a)</sup>	2,348	1,576
Contract assets	2,322	2,726
Unlisted investments		
Financial assets at amortised costs - debt securities <sup>(b)</sup>	170	170
Financial assets at FVOCI - equity securities <sup>(c)</sup>	1,967	1,953
Financial assets at fair value through profit or loss - equity securities	636	641
Financial assets at fair value through profit or loss - debt securities	308	318
Derivative financial instruments		
Fair value hedges - Interest rate swaps	65	19
Cash flow hedges - Cross currency Interest rate swaps	718	317
Net investment hedges		
Forward foreign exchange contracts	1,824	2,021
Cross currency swaps	444	427
Other derivative financial instruments	349	167
Others (mainly lease receivables)	309	-
	<b>11,842</b>	<b>10,717</b>

- (a) Customer acquisition and retention costs primarily relate to incremental commission costs incurred to obtain telecommunications contracts with customers. The amount of amortisation charged to the income statement for the period was HK\$692 million (30 June 2018 - HK\$536 million) and there was no impairment loss in relation to the cost capitalised. The Group applies the practical expedient in paragraph 94 of HKFRS 15, and recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the costs that the Group otherwise would have recognised is one year or less.
- (b) The carrying value of the 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.
- (c) 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 equity securities are not significant to the Group.

### 14 Cash and cash equivalents

	30 June 2019 HK\$ million	31 December 2018 HK\$ million
Cash at bank and in hand	22,071	32,253
Short term bank deposits	100,088	103,158
	<b>122,159</b>	<b>135,411</b>

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

## 15 Trade receivables and other current assets

	30 June 2019 HK\$ million	31 December 2018 HK\$ million
Trade receivables <sup>(a)</sup>	18,621	20,391
Less: loss allowance provision	(1,285)	(1,136)
	<b>17,336</b>	<b>19,255</b>
Other current assets		
Derivative financial instruments		
Fair value hedges - Interest rate swaps	11	-
Net investment hedges - Forward foreign exchange contracts	825	567
Financial assets at FVOCI		
Listed / traded debt securities, outside Hong Kong <sup>(b)</sup>	1,121	-
Contract assets	3,681	4,217
Prepayments	20,596	21,105
Other receivables	18,583	18,682
	<b>62,153</b>	<b>63,826</b>

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

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

	30 June 2019 HK\$ million	31 December 2018 HK\$ million
Less than 31 days	13,317	11,830
Within 31 to 60 days	1,903	2,308
Within 61 to 90 days	740	994
Over 90 days	2,661	5,259
	<b>18,621</b>	<b>20,391</b>

(b) 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.

## 16 Assets and liabilities classified as held for sale

	30 June 2019 HK\$ million	31 December 2018 HK\$ million
Assets classified as held for sale		
Disposal group held for sale <sup>(a)</sup>	119,774	118,187
Non-current assets held for sale <sup>(b)</sup>	1,906	2,352
	<b>121,680</b>	<b>120,539</b>
Liabilities directly associated with assets classified as held for sale <sup>(a)</sup>	<b>79,404</b>	<b>77,600</b>

## 16 Assets and liabilities classified as held for sale (continued)

- (a) The Group has interests in six infrastructure investments co-owned with CKI comprising of interests in subsidiary Northumbrian Water, subsidiary ParkN Fly, subsidiary UK Rails, joint venture Australian Gas Networks, joint venture Dutch Enviro Energy and joint venture Wales & West Utilities. On 20 December 2018, the board of directors of the Company approved a plan to streamline the Group's holdings in these infrastructure investments which will lead to the Group ceasing control on some of these infrastructure investments.

These interests in the six co-owned infrastructure investments are reclassified for accounting purposes as disposal group held for sale as at the reporting date. During the year ended 31 December 2018, there is no gain or loss recognised in the income statement on reclassification. The major classes and the carrying amounts of asset and liability items of this disposal group classified as held for sale at the reporting date are as follows:

	30 June 2019 HK\$ million	31 December 2018 HK\$ million
<b>Assets</b>		
Fixed assets	72,718	71,309
Right-of-use assets	1,070	–
Brand names and other rights	7,430	7,443
Goodwill	25,783	25,686
Interests in joint ventures	7,136	7,223
Deferred tax assets	429	416
Other non-current assets	366	304
Cash and cash equivalents	2,458	3,585
Inventories	53	56
Trade receivables and other current assets	2,331	2,165
<b>Assets classified as held for sale</b>	<b>119,774</b>	<b>118,187</b>
<b>Liabilities</b>		
Bank and other debts	58,004	57,707
Lease liabilities	1,305	–
Current tax liabilities	200	134
Trade payables and other current liabilities	4,109	4,453
Interest bearing loans from non-controlling shareholders	2,076	2,071
Deferred tax liabilities	6,288	6,255
Pension obligations	1,003	1,113
Other non-current liabilities	6,419	5,867
<b>Liabilities directly associated with assets classified as held for sale</b>	<b>79,404</b>	<b>77,600</b>
<b>Net assets directly associated with disposal group</b>	<b>40,370</b>	<b>40,587</b>
<b>Non-controlling interests</b>	<b>3,064</b>	<b>3,021</b>
<b>Net assets and non-controlling interests directly associated with disposal group</b>	<b>37,306</b>	<b>37,566</b>
<b>Amounts included in accumulated other comprehensive income:</b>		
Exchange reserve deficit	(4,066)	(4,146)
Pension reserve deficit	(690)	(691)
Hedging reserve deficit	(1,701)	(1,112)
<b>Reserves of disposal group classified as held for sale</b>	<b>(6,457)</b>	<b>(5,949)</b>



## 16 Assets and liabilities classified as held for sale (continued)

- (b) During the year ended 31 December 2018, the Group acquired the remaining 50% interest in the telecommunications businesses in Italy operated by Wind Tre and become the sole shareholder of Wind Tre. Wind Tre has a pre-existing commitment to sell certain telecommunications assets, including sites, spectrums and frequencies to an external third party. The transfer is expected to be completed within a year from the reporting date. These assets are classified for accounting purposes as assets held for sale as at the reporting date and the major classes of assets and their carrying amounts at that date are as follows:

	<b>30 June 2019</b>	31 December 2018
	<b>HK\$ million</b>	HK\$ million
Fixed assets	<b>565</b>	477
Telecommunications licences	<b>1,341</b>	1,875
	<b>1,906</b>	2,352

Non-current asset held for sale is presented within total assets of "3 Group Europe" segment in note 3(b)(vi) and "Europe" in note 3(b)(xii).

## 17 Bank and other debts

	30 June 2019			31 December 2018		
	Current portion	Non-current portion	Total	Current portion	Non-current portion	Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Principal amounts						
Bank loans	25,523	88,276	113,799	5,943	111,235	117,178
Other loans	4	259	263	38	410	448
Notes and bonds	9,319	214,941	224,260	19,710	209,582	229,292
	<b>34,846</b>	<b>303,476</b>	<b>338,322</b>	25,691	321,227	346,918
Unamortised fair value adjustments arising from acquisitions	302	4,848	5,150	553	5,197	5,750
Subtotal before the following items	<b>35,148</b>	<b>308,324</b>	<b>343,472</b>	26,244	326,424	352,668
Unamortised loan facilities fees and premiums or discounts related to debts	(20)	(637)	(657)	(1)	(656)	(657)
Adjustments to carrying amounts pursuant to unrealised losses on interest rate swap contracts	(246)	(35)	(281)	(257)	(198)	(455)
	<b>34,882</b>	<b>307,652</b>	<b>342,534</b>	25,986	325,570	351,556

## 17 Bank and other debts (continued)

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

	30 June 2019			
	Bank loans HK\$ million	Other loans HK\$ million	Notes and bonds HK\$ million	Total HK\$ million
2019, remainder of year	5,168	2	8,018	13,188
2020	30,759	4	9,100	39,863
2021	30,276	3	19,870	50,149
2022	38,452	171	30,060	68,683
2023	9,142	4	30,439	39,585
2024 to 2028	2	20	108,180	108,202
2029 to 2038	–	47	18,593	18,640
2039 and thereafter	–	12	–	12
	113,799	263	224,260	338,322
Less: current portion	(25,523)	(4)	(9,319)	(34,846)
	<b>88,276</b>	<b>259</b>	<b>214,941</b>	<b>303,476</b>
	31 December 2018			
	Bank loans HK\$ million	Other loans HK\$ million	Notes and bonds HK\$ million	Total HK\$ million
2019	5,943	38	19,710	25,691
2020	35,020	37	9,100	44,157
2021	31,270	39	19,975	51,284
2022	36,119	205	30,113	66,437
2023	8,826	29	31,689	40,544
2024 to 2028	–	41	105,927	105,968
2029 to 2038	–	47	12,778	12,825
2039 and thereafter	–	12	–	12
	117,178	448	229,292	346,918
Less: current portion	(5,943)	(38)	(19,710)	(25,691)
	<b>111,235</b>	<b>410</b>	<b>209,582</b>	<b>321,227</b>

## 18 Trade payables and other current liabilities

	30 June 2019 HK\$ million	31 December 2018 HK\$ million
Trade payables <sup>(a)</sup>	28,275	29,233
Other current liabilities		
Derivative financial instruments		
Cash flow hedges		
Interest rate swaps	–	8
Cross currency interest rate swaps	730	–
Forward foreign exchange contracts	8	2
Other contracts	14	–
Net investment hedges – Forward foreign exchange contracts	50	6
Other derivative financial instruments	1	–
Interest free loans from non-controlling shareholders	385	385
Contract liabilities	5,629	5,880
Provisions	4,035	4,514
Other payables and accruals	63,771	76,244
	<b>102,898</b>	<b>116,272</b>

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

	30 June 2019 HK\$ million	31 December 2018 HK\$ million
Less than 31 days	21,073	19,764
Within 31 to 60 days	2,994	4,095
Within 61 to 90 days	1,358	2,392
Over 90 days	2,850	2,982
	<b>28,275</b>	<b>29,233</b>

## 19 Other non-current liabilities

	30 June 2019 HK\$ million	31 December 2018 HK\$ million
Contract liabilities	2	3
Derivative financial instruments		
Fair value hedges - Interest rate swaps	-	116
Cash flow hedges		
Interest rate swaps	632	373
Cross currency interest rate swaps	-	928
Other contracts	2	-
Net investment hedges		
Forward foreign exchange contracts	5	-
Cross currency swaps	83	45
Other derivative financial instruments	537	481
Obligations for telecommunications licences and other rights	10,178	9,613
Other non-current liabilities <sup>(a)</sup>	16,457	15,610
Liabilities relating to the economic benefits agreements <sup>(b)</sup>	14,308	14,308
Provisions	29,082	29,989
	<b>71,286</b>	<b>71,466</b>

(a) Includes equipment purchase payables of HK\$11,747 million (31 December 2018 - HK\$10,906 million).

(b) In October 2018, the Group has divested a substantial portion of the economic benefits arising from six infrastructure investments co-owned with CKI comprising of interests in Northumbrian Water, Park'N Fly, UK Rails, Australian Gas Networks, Dutch Enviro Energy and Wales & West Utilities under economic benefit agreements entered with CK Asset Holdings Limited ("CKA"), CKI and Power Assets Holdings Limited ("PAH"). As part of the arrangement, upon the occurrence of certain events, the Group is required to return the consideration. The Group recognises liabilities measured by reference to the amount of consideration it received under this arrangement from entities outside the Group.

During the current period, the Group has reached a supplemental agreement to amend the economic benefit agreement entered with CKA in 2018 to, amongst others, provide the counter party with proportionate voting rights of the co-owned infrastructure investments in Europe and Canada.

Subsequent to the current period, the Group has reached a supplemental agreement with each of CKI and PAH to amend the economic benefit agreements entered in 2018 to, among others, provide them with their respective proportionate voting rights of the co-owned infrastructure investments in Europe and Canada.

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

### (a) Share capital and share premium

	<b>30 June 2019</b>	31 December 2018	<b>30 June 2019</b>	31 December 2018
	<b>Number of shares</b>	Number of shares	<b>HK\$ million</b>	HK\$ million
Issued and fully paid:				
Ordinary shares	<b>3,856,240,500</b>	3,856,240,500	<b>3,856</b>	3,856
Share capital			<b>3,856</b>	3,856
Share premium			<b>244,377</b>	244,377
			<b>248,233</b>	248,233

### (b) Perpetual capital securities

	<b>30 June 2019</b>	31 December 2018
	<b>HK\$ million</b>	HK\$ million
US\$1,000 million issued in 2017	<b>7,842</b>	7,842
EUR500 million issued in 2018	<b>4,484</b>	4,484
	<b>12,326</b>	12,326

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 May 2017 and December 2018, wholly owned subsidiary companies of the Group issued perpetual capital securities with nominal amount of US\$1,000 million (approximately HK\$7,800 million) and EUR500 million (approximately HK\$4,475 million) respectively for cash.

## 21 Reserves

	Six months ended 30 June 2019				Total HK\$ million
	Retained profits HK\$ million	Exchange reserve HK\$ million	Hedging reserve HK\$ million	Others <sup>(a)</sup> HK\$ million	
At 31 December 2018, as previously reported, and 1 January 2019	576,381	(31,979)	(2,138)	(344,346)	197,918
Effect on adoption of HKFRS 16 (see note 29)	(11,812)	–	–	–	(11,812)
At 1 January 2019, as adjusted	564,569	(31,979)	(2,138)	(344,346)	186,106
Profit for the period	18,324	–	–	–	18,324
Other comprehensive income (losses)					
Equity securities at FVOCI					
Valuation losses recognised directly in reserves	–	–	–	(174)	(174)
Debt securities at FVOCI					
Valuation gains recognised directly in reserves	–	–	–	96	96
Remeasurement of defined benefit obligations recognised directly in reserves	(183)	–	–	–	(183)
Cash flow hedges (forward foreign exchange contracts, cross currency interest rate swap contracts and interest rate swap contracts)					
Losses recognised directly in reserves	–	–	(581)	–	(581)
Losses on net investment hedges (forward foreign exchange contracts and cross currency swap contracts) recognised directly in reserves	–	(50)	–	–	(50)
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	–	(252)	–	–	(252)
Losses previously in reserves related to subsidiaries, associated companies and joint ventures disposed during the period recognised in income statement	–	89	14	–	103
Losses previously in other reserves related to subsidiaries disposed during the period transferred directly to retained profits	(5)	–	–	5	–
Share of other comprehensive income (losses) of associated companies	85	202	(466)	(3)	(182)
Share of other comprehensive income (losses) of joint ventures	347	(586)	(576)	(1)	(816)
Tax relating to components of other comprehensive income (losses)	37	–	66	–	103
Other comprehensive income (losses), net of tax	281	(597)	(1,543)	(77)	(1,936)
Hedging reserve gains transferred to the carrying value of non-financial item during the period	–	–	(35)	–	(35)
Impact of hyperinflation	–	7	–	–	7
Dividends paid relating to 2018	(8,870)	–	–	–	(8,870)
Share option schemes and long term incentive plans of subsidiary companies	3	–	–	24	27
Transfer of gain on disposal of equity securities at FVOCI to retained profits	67	–	–	(67)	–
Relating to purchase of non-controlling interests	–	–	–	(199)	(199)
At 30 June 2019	574,374	(32,569)	(3,716)	(344,665)	193,424

## 21 Reserves (continued)

	Six months ended 30 June 2018				Total HK\$ million
	Retained profits HK\$ million	Exchange reserve HK\$ million	Hedging reserve HK\$ million	Others <sup>(a)</sup> HK\$ million	
At 1 January 2018	547,877	(20,642)	(2,094)	(343,018)	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 exchange 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 exchange 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)	126	(40)	(1,107)
Share of other comprehensive income (losses) of joint ventures	194	(1,344)	141	(20)	(1,029)
Tax relating to components of other comprehensive income (losses)	(66)	–	(40)	–	(106)
Other comprehensive income (losses), net of tax	671	(3,354)	477	(418)	(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)	(1,621)	(343,401)	191,230

- (a) Other reserves comprise revaluation reserve and other capital reserves. As at 30 June 2019, revaluation reserve deficit amounted to HK\$3,134 million (1 January 2019 - HK\$2,985 million, 30 June 2018 - HK\$1,753 million and 1 January 2018 - HK\$1,452 million), and other capital reserves deficit amounted to HK\$341,531 million (1 January 2019 - HK\$341,361 million, 30 June 2018 - HK\$341,648 million and 1 January 2018 - HK\$341,566 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.

## 22 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	
	2019 HK\$ million	2018 HK\$ million
<b>Profit after tax</b>	<b>22,301</b>	<b>22,248</b>
Less: share of profits less losses of		
Associated companies	(3,562)	(4,089)
Joint ventures	(3,893)	(6,221)
	<b>14,846</b>	<b>11,938</b>
Adjustments for:		
Current tax charge	2,390	1,939
Deferred tax charge (credit)	476	(395)
Interest expenses and other finance costs	6,920	4,335
Depreciation and amortisation	19,374	8,855
Others	313	103
<b>EBITDA of Company and subsidiaries <sup>(a)</sup></b>	<b>44,319</b>	<b>26,775</b>
Loss on disposal of fixed assets	58	36
Dividends received from associated companies and joint ventures	4,859	9,836
Profit on disposal of subsidiaries, associated companies and joint ventures	(412)	(33)
Other items		
Customer acquisition and retention costs capitalised in the period	(1,430)	(472)
Others	253	(174)
	<b>47,647</b>	<b>35,968</b>

	Six months ended 30 June	
	2019 HK\$ million	2018 HK\$ million
(i) Reconciliation of EBITDA:		
EBITDA of Company and subsidiaries	44,319	26,775
Divestiture of infrastructure investments	(961)	—
EBITDA of Company and subsidiaries (see note 3(b)(ii))	<b>43,358</b>	<b>26,775</b>
Share of EBITDA of associated companies and joint ventures		
Share of profits less losses:		
Associated companies	3,562	4,089
Joint ventures	3,893	6,221
Adjustments for:		
Depreciation and amortisation	10,184	11,242
Interest expenses and other finance costs	3,547	4,579
Current tax charge	1,517	1,720
Deferred tax charge	76	1,000
Non-controlling interests	222	176
Others	(313)	(103)
	<b>22,688</b>	<b>28,924</b>
EBITDA (see notes 3(b)(ii) and 3(b)(xiii))	<b>66,046</b>	<b>55,699</b>



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

### (b) Changes in working capital

	Six months ended 30 June	
	2019 HK\$ million	2018 HK\$ million
Increase in inventories	(530)	(1,163)
Increase in trade and other receivables	(1,954)	(531)
Decrease in trade and other payables	(9,683)	(4,578)
Other non-cash items	1,656	(981)
	<b>(10,511)</b>	<b>(7,253)</b>

### (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	
	2019 HK\$ million	2018 HK\$ million
Purchase consideration transferred:		
Cash and cash equivalents paid	–	38
Fair value of investments held by the Company prior to acquisition	–	278
	<b>–</b>	<b>316</b>
Fair value		
Fixed assets	–	191
Deferred tax assets	–	2
Cash and cash equivalents	–	67
Trade receivables and other current assets	–	105
Inventories	–	51
Creditors and current tax liabilities	–	(144)
Bank and other debts	–	(2)
Deferred tax liabilities	–	(1)
Net identifiable assets acquired	–	269
Non-controlling interests	–	(44)
	<b>–</b>	<b>225</b>
Goodwill	–	91
	<b>–</b>	<b>316</b>
Total consideration	<b>–</b>	<b>316</b>
Net cash outflow (inflow) arising from acquisition:		
Cash and cash equivalents paid	–	38
Cash and cash equivalents acquired	–	(67)
	<b>–</b>	<b>(29)</b>

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

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

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

During the comparative six months ended 30 June 2018, acquisition related costs of approximately HK\$2 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 since the respective date of acquisition was not material.

### (d) Disposal of subsidiary companies

	Six months ended 30 June	
	2019 HK\$ million	2018 HK\$ million
Consideration received or receivable		
Cash and cash equivalents	–	–
Investments retained subsequent to disposal	345	–
Total disposal consideration	345	–
Carrying amount of net liabilities disposed	293	–
Cumulative exchange loss in respect of the net assets of subsidiaries reclassified from equity to profit or loss on loss of control of subsidiaries	(5)	–
Gain on disposal*	633	–
Net cash outflow on disposal of subsidiaries		
Cash and cash equivalents received as consideration	–	–
Less: Cash and cash equivalents disposed	(187)	–
Total net cash consideration	(187)	–
Analysis of assets and liabilities over which control was lost		
Fixed assets	126	–
Right-of-use assets	692	–
Deferred tax assets	9	–
Trade and other receivables	185	–
Inventories	208	–
Trade and other payables and current tax liabilities	(812)	–
Leases liabilities	(884)	–
Non-controlling interests	(4)	–
Net liabilities (excluding cash and cash equivalents) disposed	(480)	–
Cash and cash equivalents disposed	187	–
Net liabilities disposed	(293)	–

\* The gain on disposal for the six months ended 30 June 2019 is recognised in the consolidated income statement and is included in the line item titled other operating expenses.

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

### (e) Changes in liabilities arising from financing activities

The following tables sets out an analysis of the cash flows and non-cash changes in liabilities arising from financing activities:

	Bank and other debts HK\$ million	Lease liabilities HK\$ million	Interest bearing loans from non- controlling shareholders HK\$ million	Interest free loan from non- controlling shareholders HK\$ million	Liabilities relating to the economic benefits agreements HK\$ million	Total HK\$ million
At 31 December 2018, as previously reported, and 1 January 2019	351,556	–	752	385	14,308	367,001
Effect of adoption of HKFRS 16 (see note 29)	(174)	92,130	–	–	–	91,956
At 1 January 2019, as adjusted	351,382	92,130	752	385	14,308	458,957
Financing cash flows						
New borrowings	21,707	–	–	–	–	21,707
Repayment of borrowings	(27,605)	–	–	–	–	(27,605)
Capital element of lease liabilities paid	–	(8,643)	–	–	–	(8,643)
Interest element of lease liabilities paid	–	(1,986)	–	–	–	(1,986)
Net loans to non-controlling shareholders	–	–	(2)	–	–	(2)
Non-cash changes						
Amortisation of loan facilities fees and premiums or discounts relating to borrowings (see note 5)	100	–	–	–	–	100
Losses arising on adjustment for hedged items in a designated fair value hedge	174	–	–	–	–	174
Amortisation of bank and other debts' fair value adjustments arising from acquisitions	(641)	–	–	–	–	(641)
Increase in lease liabilities from entering into new leases during the period (see note 10)	–	6,288	–	–	–	6,288
Interest on lease liabilities (see note 5)	–	1,627	–	–	–	1,627
Relating to subsidiaries disposed (see note 22(d))	–	(884)	–	–	–	(884)
Exchange translation differences	(1,347)	359	1	–	–	(987)
Transfer to liabilities directly associated with assets classified as held for sale (see note 16)	(1,236)	(6)	(5)	–	–	(1,247)
At 30 June 2019	342,534	88,885	746	385	14,308	446,858

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

### (e) Changes in liabilities arising from financing activities (continued)

The following tables sets out an analysis of the cash flows and non-cash changes in liabilities arising from financing activities (continued):

	Bank and other debts HK\$ million	Lease liabilities HK\$ million	Interest bearing loans from non- controlling shareholders HK\$ million	Interest free loan from non- controlling shareholders HK\$ million	Liabilities relating to the economic benefits agreements 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	(759)	–	–	–	–	(759)
Relating to subsidiaries acquired (see note 22(c))	2	–	–	–	–	2
Exchange translation differences	(2,380)	–	(19)	–	–	(2,399)
At 30 June 2018	334,543	–	3,122	385	–	338,050

## 23 Contingent liabilities

At 30 June 2019, 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\$4,138 million (31 December 2018 - HK\$4,138 million).

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

	30 June 2019 HK\$ million	31 December 2018 HK\$ million
To associated companies	2,807	2,777
To joint ventures	728	728

At 30 June 2019, the Group had provided performance and other guarantees of HK\$2,900 million (31 December 2018 - HK\$2,885 million).

## 24 Commitments

There have been no material changes in the total amount of capital commitments since 31 December 2018 except for the amounts taken up during the period in the normal course of business.

## 25 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 2018.

Transactions between the Company and its subsidiaries have been eliminated on consolidation. Saved as disclosed elsewhere in the Interim Financial Statements, 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).

## 26 Legal proceedings

At 30 June 2019, 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.

## 27 Subsequent events

Saved as disclosed elsewhere in the Interim Financial Statements, the followings are the material events and transactions entered subsequent to 30 June 2019:

In July 2019, the Group has sold 9% interest in Hutchison China Meditech Limited for a cash proceed of approximately US\$280 million with the shareholding reduced from 60.15% to 51.15%.

In July 2019, the Group formed a new wholly-owned telecommunications holding company, CK Hutchison Group Telecom Holdings ("CK Hutchison Telecom"), which consolidates the Group's European operations and HTHKH under one holding entity. The CK Hutchison Telecom Group will refinance all the existing external debt of Wind Tre of approximately €10 billion and be separately rated with an expected investment grade rating from all three credit rating agencies. Correspondingly, the CK Hutchison Telecom Group will also set up a new telecommunications infrastructure company, CK Hutchison Networks Holdings, which will group the 28,500 tower asset interests into a separately managed wholly-owned subsidiary of CK Hutchison Telecom.

## 28 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 2019, 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.

## 29 Changes in significant accounting policies

### (a) HKFRS 16

The new leases standard HKFRS 16 "Leases" is mandatory for the Group's financial statements for annual periods beginning on or after 1 January 2019. HKFRS 16 replaces HKAS 17 "Leases".

HKFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The new lease standard requires lessees to account for all leases in a similar way to finance leases under the principles of precedent lease accounting standard HKAS 17. At the commencement date of the lease the lessee recognises and measures a lease liability at the present value of the minimum future lease payments and recognises a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee recognises interest expense accrued on the outstanding balance of the lease liability and the depreciation of the right-of-use asset.

Under the new lease standard, total interest and depreciation over the entire term of a lease equals total rental expense under HKAS 17, but total lease expense on an individual lease basis is front loaded as interest is higher in the beginning of the term where rental expense under the HKAS 17 basis is recognised on a straight-line basis.

HKFRS 16 has no impact on:

- cash.
- the Group's underlying business economics.
- how the Group operates the businesses.

HKFRS 16 has a significant impact on the Group's financial statements. Impacts include:

- statement of financial position is "grossed up", as substantially all leases are brought on balance sheet, including lease renewals where management is "reasonably certain".
- increase in EBITDA and EBIT (no longer operating lease expense, now interest and depreciation).
- negative net earnings and EPS impact earlier in the lease term on an individual lease basis.
- nil cumulative net earnings and EPS impact over the term of the lease.
- change in classification of amounts on the statement of cash flows and statement of financial position.

In applying HKFRS 16 for the first time, the Group has applied the following recognition exemptions and practical expedients permitted by the standard:

- grandfather the definition of a lease for existing contracts at the date of initial application.
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- reliance on previous assessments on whether leases are onerous.
- the use of recognition exemption to leases with a remaining lease term of less than 12 months at 1 January 2019.
- the use of recognition exemption to leases for which the underlying asset is of low value.
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.
- the use of hindsight in determining lease term at the date of initial application.

## 29 Changes in significant accounting policies (continued)

### (b) How the Group's leasing activities are accounted for

Until the 2018 financial year, leases were classified as either operating leases or finance leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the lease liability and interest on lease liability. The interest on lease liability is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- variable lease payment that are based on an index or a rate.
- amounts expected to be payable by the lessee under residual value guarantees.
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option.
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability.
- lease payments made at or before the commencement date less any lease incentives received.
- initial direct costs and restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Some leases contain variable payment terms that are linked to sales generated from a store. For individual retail stores, lease payments are on the basis of variable payment terms and there is a wide range of sales percentages applied. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The accounting policies applicable to the Group as a lessor are not different from those under HKAS 17. However, when the Group is an intermediate lessor the sublease are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

## 29 Changes in significant accounting policies (continued)

### (c) Reconciliation from lease commitments to lease liabilities

Set out below is a reconciliation of the operating lease commitments disclosed at 31 December 2018 to lease liabilities recognised on 1 January 2019:

	HK\$ million
Operating lease commitments disclosed at 31 December 2018	88,584
Discounted using the Group's weighted average incremental borrowing rate of 3.7%	59,457
Add: finance lease liabilities recognised as at 31 December 2018	174
Less: leases end within 12 months from the date of initial application	(361)
Less: low-value leases recognised on a straight-line basis as expense	(94)
Less: non lease components	(1,492)
Add: adjustments as a result of a different treatment of contractual and expected lease periods including extension options	33,825
Add: adjustments relating to changes in the index or rate affecting variable payments	428
Others (mainly prepaid and accrued lease expenses)	193
	<hr/>
Lease liability recognised at 1 January 2019	92,130
	<hr/>
Of which are:	
Current lease liabilities	15,713
Non-current lease liabilities	76,417
	<hr/>
	92,130
	<hr/>

### (d) Effect on adoption of HKFRS 16

The Group has initially applied HKFRS 16 with effect from 1 January 2019. On adoption, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average incremental borrowing rate applied to the Group's lease liabilities on 1 January 2019 was 3.7%. For leases previously classified as finance leases under HKAS 17, the Group transferred the carrying amounts (immediately before transition) of the underlying assets and obligations, previously grouped for financial statements presentation purposes under Fixed assets and Other debts, to Right-of-use assets and Lease liability at 1 January 2019. In addition, leasehold land previously presented as a separate item on the statement of financial position is grouped as part of right-of-use assets with effect from 1 January 2019.

The Group has applied the modified retrospective approach to adopt HKFRS 16. The modified retrospective approach applies the requirements of the standard retrospectively with the cumulative effects of initial application recorded in opening equity at 1 January 2019, and with no restatement of the comparative period. The comparative information continues to be reported under the accounting policies prevailing prior to 1 January 2019. The adoption has resulted in a HK\$15,699 million decrease in the opening balance of total equity on 1 January 2019. The impact is mainly attributable to the recognition of right-of-use assets and lease liabilities of lease contracts, as explained further below.



## 29 Changes in significant accounting policies (continued)

### (d) Effect on adoption of HKFRS 16 (continued)

#### (i) Opening consolidated statement of financial position on 1 January 2019

As explained above, HKFRS 16 was adopted without restating comparative information. The resulting reclassifications and adjustments arising from the new accounting policies for leases are therefore not reflected in the comparative balances, but are recognised in the opening consolidated statement of financial position on 1 January 2019.

	31 December 2018 As previously reported HK\$ million	Effect on adoption of HKFRS 16 HK\$ million	1 January 2019 As adjusted HK\$ million
<b>Non-current assets</b>			
Fixed assets	110,605	(560)	110,045
Right-of-use assets	—	83,157	83,157
Leasehold land	7,702	(7,702)	—
Telecommunications licences	64,221	—	64,221
Brand names and other rights	88,761	—	88,761
Goodwill	323,160	—	323,160
Associated companies	136,287	(36)	136,251
Interests in joint ventures	118,053	(709)	117,344
Deferred tax assets	20,260	1,632	21,892
Liquid funds and other listed investments	9,292	—	9,292
Other non-current assets	10,717	315	11,032
	889,058	76,097	965,155
<b>Current assets</b>			
Cash and cash equivalents	135,411	—	135,411
Inventories	23,410	—	23,410
Trade receivables and other current assets	63,826	(2,829)	60,997
	222,647	(2,829)	219,818
Assets classified as held for sale	120,539	342	120,881
	343,186	(2,487)	340,699
<b>Current liabilities</b>			
Bank and other debts	25,986	(34)	25,952
Lease liabilities	—	15,713	15,713
Current tax liabilities	2,071	—	2,071
Trade payables and other current liabilities	116,272	(2,027)	114,245
	144,329	13,652	157,981
Liabilities directly associated with assets classified as held for sale	77,600	368	77,968
	221,929	14,020	235,949
Net current assets	121,257	(16,507)	104,750
Total assets less current liabilities	1,010,315	59,590	1,069,905
<b>Non-current liabilities</b>			
Bank and other debts	325,570	(140)	325,430
Lease liabilities	—	76,417	76,417
Interest bearing loans from non-controlling shareholders	752	—	752
Deferred tax liabilities	19,261	(988)	18,273
Pension obligations	2,443	—	2,443
Other non-current liabilities	71,466	—	71,466
	419,492	75,289	494,781
<b>Net assets</b>	590,823	(15,699)	575,124
<b>Capital and reserves</b>			
Share capital	3,856	—	3,856
Share premium	244,377	—	244,377
Reserves	197,918	(11,812)	186,106
Total ordinary shareholders' funds	446,151	(11,812)	434,339
Perpetual capital securities	12,326	—	12,326
Non-controlling interests	132,346	(3,887)	128,459
<b>Total equity</b>	590,823	(15,699)	575,124

## 29 Changes in significant accounting policies (continued)

### (d) Effect on adoption of HKFRS 16 (continued)

(ii) Consolidated income statement for the six months ended 30 June 2019

	For the six months ended 30 June 2019		
	As presented under accounting policies pre 1 January 2019 HK\$ million	Effect on adoption of HKFRS 16 HK\$ million	As presented under accounting policies from 1 January 2019 HK\$ million
Revenue	147,620	–	147,620
Cost of inventories sold	(51,888)	–	(51,888)
Staff costs	(19,308)	–	(19,308)
Expensed customer acquisition and retention costs	(8,677)	239	(8,438)
Depreciation and amortisation	(11,028)	(8,346)	(19,374)
Other operating expenses	(33,896)	9,916	(23,980)
Share of profits less losses of:			
Associated companies	3,577	(15)	3,562
Joint ventures	3,985	(92)	3,893
	30,385	1,702	32,087
Interest expenses and other finance costs	(5,293)	(1,627)	(6,920)
<b>Profit before tax</b>	25,092	75	25,167
Current tax	(2,389)	(1)	(2,390)
Deferred tax	(495)	19	(476)
<b>Profit after tax</b>	22,208	93	22,301
<b>Profit attributable to non-controlling interests and holders of perpetual capital securities</b>	(4,008)	31	(3,977)
<b>Profit attributable to ordinary shareholders</b>	18,200	124	18,324
<b>Earnings per share for profit attributable to ordinary shareholders</b>	HK\$ 4.72	HK\$ 0.03	HK\$ 4.75

## 29 Changes in significant accounting policies (continued)

### (d) Effect on adoption of HKFRS 16 (continued)

(iii) Consolidated statement of comprehensive income for the six months ended 30 June 2019

	For the six months ended 30 June 2019		
	As presented under accounting policies pre 1 January 2019 HK\$ million	Effect on adoption of HKFRS 16 HK\$ million	As presented under accounting policies from 1 January 2019 HK\$ million
<b>Profit after tax</b>	22,208	93	22,301
<b>Other comprehensive income (losses)</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Remeasurement of defined benefit obligations recognised directly in reserves	(230)	–	(230)
Equity securities at FVOCI			
Valuation losses recognised directly in reserves	(233)	–	(233)
Share of other comprehensive income of associated companies	110	–	110
Share of other comprehensive income of joint ventures	459	–	459
Tax relating to items that will not be reclassified to profit or loss	41	–	41
	147	–	147
<b>Items that have been reclassified or may be subsequently reclassified to profit or loss:</b>			
Debt securities at FVOCI			
Valuation gains (losses) recognised directly in reserves	96	–	96
Cash flow hedges (forward foreign exchange contracts, cross currency interest rate swap contracts and interest rate swap contracts)			
Gains (losses) recognised directly in reserves	(717)	–	(717)
Gains (losses) on net investment hedges (forward foreign exchange contracts and cross currency swap contracts) recognised directly in reserves	(66)	–	(66)
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	(175)	(278)	(453)
Losses previously in reserve related to subsidiaries, associated companies and joint ventures disposed during the period recognised in income statement	130	–	130
Share of other comprehensive income (losses) of associated companies	(422)	–	(422)
Share of other comprehensive income (losses) of joint ventures	(1,430)	4	(1,426)
Tax relating to items that have been reclassified or may be subsequently reclassified to profit or loss	83	–	83
	(2,501)	(274)	(2,775)
Other comprehensive income (losses), net of tax	(2,354)	(274)	(2,628)
<b>Total comprehensive income</b>	19,854	(181)	19,673
<b>Total comprehensive income attributable to non-controlling interests and holders of perpetual capital securities</b>	(3,414)	129	(3,285)
<b>Total comprehensive income attributable to ordinary shareholders</b>	16,440	(52)	16,388

## 29 Changes in significant accounting policies (continued)

### (d) Effect on adoption of HKFRS 16 (continued)

(iv) Consolidated statement of financial position on 30 June 2019

	As at 30 June 2019		
	As presented under accounting policies pre 1 January 2019 HK\$ million	Effect on adoption of HKFRS 16 HK\$ million	As presented under accounting policies from 1 January 2019 HK\$ million
<b>Non-current assets</b>			
Fixed assets	111,389	(557)	110,832
Right-of-use assets	–	80,215	80,215
Leasehold land	7,481	(7,481)	–
Telecommunications licences	64,412	–	64,412
Brand names and other rights	87,924	–	87,924
Goodwill	321,996	–	321,996
Associated companies	134,674	(51)	134,623
Interests in joint ventures	118,523	(797)	117,726
Deferred tax assets	20,294	1,692	21,986
Liquid funds and other listed investments	7,886	–	7,886
Other non-current assets	11,533	309	11,842
	886,112	73,330	959,442
<b>Current assets</b>			
Cash and cash equivalents	122,159	–	122,159
Inventories	23,616	–	23,616
Trade receivables and other current assets	65,906	(3,753)	62,153
	211,681	(3,753)	207,928
Assets classified as held for sale	121,416	264	121,680
	333,097	(3,489)	329,608
<b>Current liabilities</b>			
Bank and other debts	34,915	(33)	34,882
Lease liabilities	–	14,586	14,586
Current tax liabilities	1,625	1	1,626
Trade payables and other current liabilities	105,205	(2,307)	102,898
	141,745	12,247	153,992
Liabilities directly associated with assets classified as held for sale	79,114	290	79,404
	220,859	12,537	233,396
Net current assets	112,238	(16,026)	96,212
Total assets less current liabilities	998,350	57,304	1,055,654
<b>Non-current liabilities</b>			
Bank and other debts	307,768	(116)	307,652
Lease liabilities	–	74,299	74,299
Interest bearing loans from non-controlling shareholders	746	–	746
Deferred tax liabilities	19,672	(999)	18,673
Pension obligations	2,515	–	2,515
Other non-current liabilities	71,286	–	71,286
	401,987	73,184	475,171
<b>Net assets</b>	596,363	(15,880)	580,483
<b>Capital and reserves</b>			
Share capital	3,856	–	3,856
Share premium	244,377	–	244,377
Reserves	205,288	(11,864)	193,424
Total ordinary shareholders' funds	453,521	(11,864)	441,657
Perpetual capital securities	12,326	–	12,326
Non-controlling interests	130,516	(4,016)	126,500
<b>Total equity</b>	596,363	(15,880)	580,483

## 29 Changes in significant accounting policies (continued)

### (d) Effect on adoption of HKFRS 16 (continued)

(v) Consolidated statement of cash flows for the six months ended 30 June 2019

	For the six months ended 30 June 2019		
	As presented under accounting policies pre 1 January 2019 HK\$ million	Effect on adoption of HKFRS 16 HK\$ million	As presented under accounting policies from 1 January 2019 HK\$ million
	(A)		(B)
<b>Operating activities</b>			
Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	37,492	10,155	47,647
Interest expenses and other finance costs paid (net of capitalisation)	(5,560)	(1,627)	(7,187)
Tax paid	(3,302)	—	(3,302)
<b>Funds from operations (Funds from operations under (B) is before payment of lease liabilities)</b>	<b>28,630</b>	<b>8,528</b>	<b>37,158</b>
Changes in working capital	(10,603)	92	(10,511)
<b>Net cash from operating activities</b>	<b>18,027</b>	<b>8,620</b>	<b>26,647</b>
<b>Investing activities</b>			
Purchase of fixed assets	(12,537)	—	(12,537)
Additions to telecommunications licences	(1,071)	—	(1,071)
Additions to brand names and other rights	(660)	—	(660)
Additions to other unlisted investments	(5)	—	(5)
Repayments from associated companies and joint ventures	238	—	238
Purchase of and advances to associated companies and joint ventures	(504)	—	(504)
Proceeds on disposal of fixed assets	51	—	51
Proceeds on disposal of subsidiary companies	(187)	—	(187)
Proceeds on disposal of associated companies and joint ventures	2,388	—	2,388
Cash flows used in investing activities before additions to / disposal of liquid funds and other listed investments	(12,287)	—	(12,287)
Disposal of liquid funds and other listed investments	169	—	169
Additions to liquid funds and other listed investments	(2)	—	(2)
<b>Cash flows used in investing activities</b>	<b>(12,120)</b>	<b>—</b>	<b>(12,120)</b>
<b>Net cash inflow before financing activities</b>	<b>5,907</b>	<b>8,620</b>	<b>14,527</b>
<b>Financing activities</b>			
New borrowings	21,707	—	21,707
Repayment of borrowings	(27,628)	23	(27,605)
Payment of lease liabilities	—	(8,643)	(8,643)
Net loans to non-controlling shareholders	(2)	—	(2)
Payment to acquire additional interests in subsidiary companies	(478)	—	(478)
Dividends paid to ordinary shareholders	(8,870)	—	(8,870)
Dividends paid to non-controlling interests	(4,774)	—	(4,774)
Distribution paid on perpetual capital securities	(241)	—	(241)
<b>Cash flows used in financing activities</b>	<b>(20,286)</b>	<b>(8,620)</b>	<b>(28,906)</b>
Decrease in cash and cash equivalents	(14,379)	—	(14,379)
Cash and cash equivalents at 1 January	138,996	—	138,996
<b>Cash and cash equivalents at 30 June</b>	<b>124,617</b>	<b>—</b>	<b>124,617</b>

## 29 Changes in significant accounting policies (continued)

### (e) 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 2020 and earlier application is permitted. However, the Group has not early adopted these new standards or amendments to standards in preparing the Interim Financial Statements. The Group is continuing to assess the implications of the adoption of these new standards and amendments to standards. Based on information currently available to the Group there are no new standards or amendments to 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.

## 30 Fair value measurements

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

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

	Note	Classification under HKFRS 9	30 June 2019		31 December 2018	
			Carrying amount HK\$ million	Fair values HK\$ million	Carrying amount HK\$ million	Fair values HK\$ million
<b>Financial assets</b>						
Liquid funds and other listed investments						
Cash and cash equivalents (included in Managed funds)	12	Amortised cost	43	43	66	66
Listed equity securities, Hong Kong	12	FVOCI	2,459	2,459	2,909	2,909
Listed equity securities, outside Hong Kong	12	FVOCI	229	229	208	208
Listed equity securities (included in Managed funds)	12	FVOCI	177	177	154	154
Listed debt securities (included in Managed funds)	12	FVOCI	4,889	4,889	4,770	4,770
Listed / traded debt securities, outside Hong Kong	12 & 15	FVOCI	1,121	1,121	1,089	1,089
Financial assets at fair value through profit or loss	12	FVPL	89	89	96	96
Unlisted investments						
Unlisted debt securities	13	Amortised cost	170	170	170	170
Unlisted equity securities	13	FVOCI	1,967	1,967	1,953	1,953
Unlisted equity securities	13	FVPL	636	636	641	641
Unlisted debt securities	13	FVPL	308	308	318	318
Derivative financial instruments						
Fair value hedges - Interest rate swaps	13 & 15	Fair value - hedges	76	76	19	19
Cash flow hedges - Cross currency interest rate swaps	13	Fair value - hedges	718	718	317	317
Net investment hedges						
Forward foreign exchange contracts	13 & 15	Fair value - hedges	2,649	2,649	2,588	2,588
Cross currency swaps	13	Fair value - hedges	444	444	427	427
Other derivative financial instruments	13	FVPL	349	349	167	167
Cash and cash equivalents	14	Amortised cost	122,159	122,159	135,411	135,411
Trade receivables	15	Amortised cost	17,336	17,336	19,255	19,255
Other receivables	15	Amortised cost	18,583	18,583	18,682	18,682
			<b>174,402</b>	<b>174,402</b>	189,240	189,240

### 30 Fair value measurements (continued)

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

	Note	Classification under HKFRS 9	30 June 2019		31 December 2018	
			Carrying amount HK\$ million	Fair values HK\$ million	Carrying amount HK\$ million	Fair values HK\$ million
<b>Financial liabilities</b>						
Bank and other debts <sup>(i)</sup>	17	Amortised cost	342,534	347,619	351,556	343,527
Lease liabilities		Amortised cost	88,885	88,885	—	—
Trade payables	18	Amortised cost	28,275	28,275	29,233	29,233
Derivative financial instruments						
Fair value hedges - Interest rate swaps	19	Fair value - hedges	—	—	116	116
Cash flow hedges						
Interest rate swaps	18 & 19	Fair value - hedges	632	632	381	381
Cross currency interest rate swaps	18 & 19	Fair value - hedges	730	730	928	928
Forward foreign exchange contracts	18	Fair value - hedges	8	8	2	2
Other contracts	18 & 19	Fair value - hedges	16	16	—	—
Net investment hedges						
Forward foreign exchange contracts	18 & 19	Fair value - hedges	55	55	6	6
Cross currency swaps	19	Fair value - hedges	83	83	45	45
Other derivative financial instruments	18 & 19	FVPL	538	538	481	481
Interest free loans from non-controlling shareholders	18	Amortised cost	385	385	385	385
Other payables and accruals	18	Amortised cost	63,771	63,771	76,244	76,244
Interest bearing loans from non-controlling shareholders		Amortised cost	746	746	752	752
Obligations for telecommunications licences and other rights	19	Amortised cost	10,178	10,178	9,613	9,613
Liabilities relating to the economic benefits agreements	19	Amortised cost	14,308	14,308	14,308	14,308
			<b>551,144</b>	<b>556,229</b>	484,050	476,021

- (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.

### 30 Fair value measurements (continued)

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

	30 June 2019		31 December 2018	
	Carrying amount HK\$ million	Fair values HK\$ million	Carrying amount HK\$ million	Fair values HK\$ million
Representing:				
Financial assets measured at				
Amortised cost	158,291	158,291	173,584	173,584
FVOCI	10,842	10,842	11,083	11,083
FVPL	1,382	1,382	1,222	1,222
Fair value - hedges	3,887	3,887	3,351	3,351
	<b>174,402</b>	<b>174,402</b>	189,240	189,240
Financial liabilities measured at				
Amortised cost	549,082	554,167	482,091	474,062
FVPL	538	538	481	481
Fair value - hedges	1,524	1,524	1,478	1,478
	<b>551,144</b>	<b>556,229</b>	484,050	476,021



### 30 Fair value measurements (continued)

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

##### Fair value hierarchy

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;  
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and  
Level 3: Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs).

	Note	30 June 2019				31 December 2018			
		Level 1 HK\$ million	Level 2 HK\$ million	Level 3 HK\$ million	Total HK\$ million	Level 1 HK\$ million	Level 2 HK\$ million	Level 3 HK\$ million	Total HK\$ million
<b>Financial assets</b>									
Liquid funds and other listed investments									
Listed equity securities, Hong Kong	12	2,459	–	–	2,459	2,909	–	–	2,909
Listed equity securities, outside Hong Kong	12	229	–	–	229	208	–	–	208
Listed equity securities (included in Managed funds)	12	177	–	–	177	154	–	–	154
Listed debt securities (included in Managed funds)	12	4,889	–	–	4,889	4,770	–	–	4,770
Listed / traded debt securities, outside Hong Kong	12 & 15	199	922	–	1,121	201	888	–	1,089
Financial assets at fair value through profit or loss	12	89	–	–	89	96	–	–	96
Unlisted investments									
Unlisted equity securities - FVOCI	13	–	–	1,967	1,967	–	–	1,953	1,953
Unlisted equity securities - FVPL	13	–	46	590	636	–	46	595	641
Unlisted debt securities	13	–	140	168	308	–	143	175	318
Derivative financial instruments									
Fair value hedges - Interest rate swaps	13 & 15	–	76	–	76	–	19	–	19
Cash flow hedges - Cross currency interest rate swaps	13	–	718	–	718	–	317	–	317
Net investment hedges									
Forward foreign exchange contracts	13 & 15	–	2,649	–	2,649	–	2,588	–	2,588
Cross currency swaps	13	–	444	–	444	–	427	–	427
Other derivative financial instruments	13	–	349	–	349	–	167	–	167
		<b>8,042</b>	<b>5,344</b>	<b>2,725</b>	<b>16,111</b>	<b>8,338</b>	<b>4,595</b>	<b>2,723</b>	<b>15,656</b>
<b>Financial liabilities</b>									
Derivative financial instruments									
Fair value hedges - Interest rate swaps	19	–	–	–	–	–	116	–	116
Cash flow hedges									
Interest rate swaps	18 & 19	–	632	–	632	–	381	–	381
Cross currency interest rate swaps	18 & 19	–	730	–	730	–	928	–	928
Forward foreign exchange contracts	18	–	8	–	8	–	2	–	2
Other contracts	18 & 19	–	16	–	16	–	–	–	–
Net investment hedges									
Forward foreign exchange contracts	18 & 19	–	55	–	55	–	6	–	6
Cross currency swaps	19	–	83	–	83	–	45	–	45
Other derivative financial instruments	18 & 19	–	538	–	538	–	481	–	481
		<b>–</b>	<b>2,062</b>	<b>–</b>	<b>2,062</b>	<b>–</b>	<b>1,959</b>	<b>–</b>	<b>1,959</b>

### 30 Fair value measurements (continued)

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

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

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

During the six months ended 30 June 2019 and 2018, there were no transfers between the Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 from or to Level 1 or Level 2 fair value measurements.

##### *Level 3 fair values*

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

	Six months ended 30 June	
	2019 HK\$ million	2018 HK\$ million
At 1 January	2,723	2,649
Total gains (losses) recognised in		
Income statement	(6)	(2)
Other comprehensive income	9	(9)
Additions	4	579
Disposals	–	(4)
Exchange translation differences	(5)	(10)
At 30 June	2,725	3,203
Total losses recognised in income statement relating to those financial assets and financial liabilities held at the end of the reporting period	(6)	(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.

## Information for Shareholders

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<b>LISTING</b>	The Company's ordinary shares are listed on The Stock Exchange of Hong Kong Limited
<b>STOCK CODES</b>	The Stock Exchange of Hong Kong Limited: 1 Bloomberg: 1 HK Reuters: 1.HK
<b>PUBLIC FLOAT CAPITALISATION</b>	Approximately HK\$205,697 million (approximately 69% of the issued share capital of the Company) as at 30 June 2019
<b>FINANCIAL CALENDAR</b>	Record Date for 2019 Interim Dividend: 3 September 2019 Payment of 2019 Interim Dividend: 12 September 2019
<b>REGISTERED OFFICE</b>	PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands
<b>PRINCIPAL PLACE OF BUSINESS</b>	48th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong Telephone: +852 2128 1188 Facsimile: +852 2128 1705
<b>PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE</b>	Maples Fund Services (Cayman) Limited PO Box 1093, Boundary Hall Cricket Square Grand Cayman, KY1-1102, Cayman Islands
<b>HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE</b>	Computershare Hong Kong Investor Services Limited Rooms 1712-1716, 17th Floor Hopewell Centre, 183 Queen's Road East Wanchai, Hong Kong Telephone: +852 2862 8628 Facsimile: +852 2865 0990
<b>INVESTOR INFORMATION</b>	Corporate press releases, financial reports and other investor information on the Group are available on the website of the Company
<b>INVESTOR RELATIONS CONTACT</b>	Please direct enquiries to: Group Investor Relations 47th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong Telephone: +852 2128 1188 Facsimile: +852 2128 1705 Email: <a href="mailto:ir@ckh.com.hk">ir@ckh.com.hk</a>
<b>WEBSITE ADDRESS</b>	<a href="http://www.ckh.com.hk">www.ckh.com.hk</a>

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