



CK Infrastructure Holdings Limited

長江基建集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1038)

**GLOBAL
INFRASTRUCTURE
PLAYER**

Interim Report 2021



A Leading Player in the Global Infrastructure Arena

CKI is a global infrastructure company that aims to make the world a better place through a variety of infrastructure investments and developments in different parts of the world. The Group has diversified investments in Energy Infrastructure, Transportation Infrastructure, Water Infrastructure, Waste Management, Waste-to-energy, Household Infrastructure and Infrastructure Related Businesses. Its investments and operations span Hong Kong, Mainland China, the United Kingdom, Continental Europe, Australia, New Zealand, Canada and the United States.

THE HALF YEAR AT A GLANCE

3,011

Profit attributable
to shareholders
(HK\$ million)

1.20

Earnings
per share
(HK\$)

0.69

Interim dividend
per share
(HK\$)

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CORPORATE INFORMATION AND KEY DATES

BOARD OF DIRECTORS

Executive Directors

LI Tzar Kuoi, Victor (Chairman)
FOK Kin Ning, Canning (Deputy Chairman)
Frank John SIXT
KAM Hing Lam (Group Managing Director)
IP Tak Chuen, Edmond (Deputy Chairman)
Andrew John HUNTER (Deputy Managing Director)
CHAN Loi Shun (Chief Financial Officer)
CHEN Tsien Hua

Independent Non-executive Directors

CHEONG Ying Chew, Henry
KWOK Eva Lee
SNG Sow-mei alias POON Sow Mei
Colin Stevens RUSSEL
LAN Hong Tsung, David
Barrie COOK
Paul Joseph TIGHE

Non-executive Directors

LEE Pui Ling, Angelina
George Colin MAGNUS

AUDIT COMMITTEE

SNG Sow-mei alias POON Sow Mei (Chairperson)
CHEONG Ying Chew, Henry
LAN Hong Tsung, David
Paul Joseph TIGHE

REMUNERATION COMMITTEE

CHEONG Ying Chew, Henry (Chairman)
LI Tzar Kuoi, Victor
Colin Stevens RUSSEL

NOMINATION COMMITTEE

KWOK Eva Lee (Chairperson)
LI Tzar Kuoi, Victor
Barrie COOK

SUSTAINABILITY COMMITTEE

IP Tak Chuen, Edmond (Chairman)
Paul Joseph TIGHE
Eirene YEUNG

EXECUTIVE COMMITTEE

LI Tzar Kuoi, Victor (Chairman)
KAM Hing Lam
IP Tak Chuen, Edmond
Andrew John HUNTER
CHAN Loi Shun
CHEN Tsien Hua
CHAN Kee Ham, Ivan
LUN Pak Lam
LUK Sai Hong, Victor
TONG BARNES Wai Che, Wendy
Duncan Nicholas MACRAE

Alternate Directors

WOO Mo Fong, Susan
(alias CHOW WOO Mo Fong, Susan)
(alternate to FOK Kin Ning, Canning)
MAN Ka Keung, Simon
(alternate to IP Tak Chuen, Edmond)
Eirene YEUNG
(alternate to KAM Hing Lam)

COMPANY SECRETARY

Eirene YEUNG

AUTHORISED REPRESENTATIVES

IP Tak Chuen, Edmond
Eirene YEUNG

PRINCIPAL BANKERS

Australia and New Zealand Banking
Group Limited
Bank of China (Hong Kong) Limited
Barclays Bank PLC
BNP Paribas
Canadian Imperial Bank of Commerce
Mizuho Bank, Ltd.
MUFG Bank, Ltd.
National Australia Bank Limited
The Bank of Nova Scotia
The Hongkong and Shanghai Banking
Corporation Limited

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

LEGAL ADVISERS

Woo, Kwan, Lee & Lo

CORPORATE INFORMATION AND KEY DATES

REGISTERED OFFICE

Clarendon House, Church Street,
Hamilton HM11, Bermuda

PRINCIPAL PLACE OF BUSINESS

12th Floor, Cheung Kong Center,
2 Queen's Road Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th Floor North Cedar House,
41 Cedar Avenue,
Hamilton HM 12, Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Rooms 1712-1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Hong Kong

STOCK CODES

Stock Exchange of Hong Kong: 1038
Bloomberg: 1038 HK
Reuters: 1038.HK

WEBSITE

www.cki.com.hk

INVESTOR RELATIONS

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KEY DATES

Interim Results Announcement
Record Date for Interim Dividend
Payment of Interim Dividend

4th August, 2021
6th September, 2021
15th September, 2021

CHAIRMAN'S LETTER

STRONG GROWTH OF FUNDS FROM OPERATIONS

During the first six months of 2021, the impact of COVID-19 continued to reverberate around the world. Amidst the disruption to business and everyday life caused by the pandemic, CK Infrastructure Holdings Limited (“CKI”, the “Company” or the “Group”) continued to demonstrate resilience, generating stable recurring cashflow.

For the six months ended 30th June, 2021, funds from operations of the Group were a record high¹ of HK\$4,360 million, representing a 29% growth as compared to the corresponding period last year.

During the period under review, the Group recorded profit attributable to shareholders of HK\$3,011 million, a year-on-year increase of 5%. Of note is that this increase does not fully reflect the performance of CKI. The proposed increase of corporate tax from 19% to 25% in the United Kingdom starting April 2023 was granted Royal Assent in June 2021, and consequently higher non-cash deferred tax related charges have been booked for the United Kingdom operations. Excluding the non-cash deferred tax related charges in both periods, the adjusted profit attributable to shareholders would have increased by 13%.

STABLE DIVIDEND GROWTH

The Board of Directors of CKI (the “Board”) has recommended an interim dividend of HK\$0.69 per share (2020: HK\$0.68 per share). The proposed dividend will be paid on Wednesday, 15th September, 2021 to those shareholders whose names appear on the Register of Members of the Company at the close of business on Monday, 6th September, 2021.

¹ When comparing historic funds from operations, the special dividend payouts from Power Assets in 2017 and 2018 which arose due to the IPO of HK Electric were excluded.

CHAIRMAN'S LETTER

BUSINESS REVIEW

CKI's global portfolio of businesses have achieved overall good performance. The secure business models of the Group have ensured solid revenue streams and returns.

Power Assets

Profit contribution from Power Assets was HK\$902 million, an increase of 11% compared to the same period last year. Profitability for HK Electric continued to be stable with the Scheme of Control in place. Operational performances of both the Hong Kong and overseas businesses were good.

United Kingdom Infrastructure Portfolio

Profit contribution from the United Kingdom was HK\$526 million, a drop of 44% compared to the same period last year. In the period under review, there were non-cash deferred tax charges as a result of a 6% increment in UK corporate tax rate and tax credit in respect of deferred tax liabilities on intangible assets. Excluding such non-cash deferred tax items in both 2020 and 2021 corresponding periods, profit contribution from the United Kingdom increased 4%.

The effects of COVID-19 continued to ripple through the United Kingdom. Against this challenging backdrop, the Group's businesses have demonstrated strong resilience – not only have they delivered excellent services to consumers, but they continued to deliver steady returns.

UK Power Networks has submitted a draft 2023-2028 business plan to the Office of Gas and Electricity Networks ("Ofgem") in preparation for the next reset which will take place in 2023. During the period under review, UK Power Networks was named the 6th Best Big Company to Work For in the United Kingdom by Best Companies, an organisation that measures workplace engagement.

CHAIRMAN'S LETTER

Northumbrian Water's appeal to the Competition and Markets Authority ("CMA"), yielded improvement for revenue, total expenditure and regulated asset base in the current regulatory period. Its operational performance continued to be steady. During the period under review, Northumbrian Water has been named the most reliable water/sewerage company in England by customers in the 2020 Water Matters Report by the Consumer Council for Water. For the 10th time, Northumbrian Water was named on the World's Most Ethical Company List, the only water and sewerage company in the world to be on the 2021 list.

The respective boards of Northern Gas Networks and Wales & West Gas Networks were of the opinion that the final determinations by Ofgem do not adequately incentivise performance for efficient operators. Both companies therefore requested appeals to the CMA, and decisions are expected in the second half of 2021.

During the period under review, Northern Gas Networks continued to lead a collaborative gas industry programme – H21 – to demonstrate that the existing natural gas network can be converted to safely carry 100% hydrogen, the ultimate aim of which is to reduce carbon emissions; and Wales & West Gas Networks continued their large-scale investment programme to upgrade the gas pipes which supply homes and businesses across Wales and south west England.

Profit contribution from UK Rails was stable. The company's development of a low carbon emission Express Freight train by converting a passenger train has been completed. Further such conversions are in the plans. UK Rails is also collaborating with a train manufacturer to develop an intercity battery hybrid train that aims to save fuel by around 20%.

Australian Infrastructure Portfolio

In Australia, profit contribution was HK\$919 million, approximately the same as the previous period. The result benefited from the strong performances from Australian Gas Infrastructure Group, but was impacted by lower contributions resulting from the regulatory resets for the electricity distribution networks, and a lower contribution from Energy Developments Ltd ("EDL").

CHAIRMAN'S LETTER

The current regulatory reset for SA Power Networks commenced on 1st July, 2020 and the first half of 2021 fully captured the financial impact of the new regime. The final determination was within expectations with revenue in the first year comparably lower as a result of the adjustment to allowable returns. Nonetheless, a predictable and stable income stream is ensured throughout the current regulatory period, i.e. until 30th June, 2025.

Victoria Power Networks and United Energy have received the final determinations for their new regulatory periods. Despite lower allowable returns reflecting the low interest rate environment, the overall packages were viewed as acceptable given that a considerable number of capital and operating expenditure proposals were approved by the Australian Energy Regulator. Profit contributions from these businesses were lower in the first half of 2021 as the companies transitioned to the new rate resets.

Australian Gas Infrastructure Group, which includes all of the Group's gas transmission and distribution businesses in Australia, performed well. All businesses have shown improved profit contribution over the same period last year. Australian Gas Networks has been particularly active in green hydrogen initiatives. In May, its green hydrogen production facility, the largest such plant in the country – Hydrogen Park South Australia ("HyP SA") – commenced operation and is blending green hydrogen into part of the natural gas distribution network in Australia. New five-year tariff arrangements were finalised for Dampier Bunbury Pipeline in Western Australia, and Australian Gas Networks in South Australia and Queensland.

EDL which is in the business of remote energy and clean energy, reported a lower contribution in the first half of 2021 due to lower power generation as well as the termination of a Government green scheme for waste coal mine gas which is a major source of energy for EDL's projects. The financial performance is expected to improve as green prices increase in the United States and production commences from new projects which are under construction in Australia and the United States.

CHAIRMAN'S LETTER

Infrastructure Portfolio in Continental Europe

In Continental Europe, profit contribution declined by 10% to HK\$443 million. Portugal Renewable Energy was divested in October 2020, and hence no contribution was recorded from this business in 2021. Should this factor be taken out, the profit contribution would have a 8% increase.

Overall, the businesses in Continental Europe performed satisfactorily as ista and Dutch Enviro Energy achieved solid operational performances.

ista has completed the acquisition of a regional sub-metering company in South-East France further expanding its market penetration in the country; while the upgrading of Dutch Enviro Energy's transfer station in Utrecht in the Netherlands is underway.

Canadian Infrastructure Portfolio

In Canada, profit contribution was HK\$248 million, a significant increase of 70% from the previous period. The result was buoyed by excellent performances contributed by Reliance Home Comfort and Canadian Power, as well as the appreciation of the Canadian dollar.

In March, Reliance Home Comfort completed the acquisition of a portfolio of assets in Ontario further strengthening its market position in the region. Canadian Power also completed the acquisition of wind farms in the Okanagan region of British Columbia in June.

Business at Park'N Fly continued to be adversely impacted by reduced air travel arising from COVID-19. As the take-up rate of COVID-19 vaccines ramps up and international travel resumes, Park'N Fly's business is expected to improve as travel demand returns.

CHAIRMAN'S LETTER

New Zealand Portfolio

The New Zealand market reported profit contribution of HK\$91 million, an increase of 72%.

EnviroNZ has begun implementation of five council collection contracts which were won last year. In addition to this, landfill volumes recorded an increase, achieving a rebound from the COVID-19 induced lows of 2020.

Profit contribution from Wellington Electricity was stable. The major 3-year earthquake readiness programme was completed earlier this year.

Hong Kong and Mainland China Business

Profit contribution from the Hong Kong and Mainland China portfolio nearly doubled to HK\$221 million. As the impact of COVID-19 eased in Mainland China, there was a strong recovery of business to the benefit of the Group's toll road portfolio. The materials businesses also achieved good growth on the back of rebounds in volumes and prices, with construction activity picking up.

FINANCIAL FOUNDATION REMAINS STRONG

As at 30th June, 2021, the Group's cash on hand was HK\$8.1 billion and net debt to net total capital ratio was 19%. This strong financial foundation provides CKI with the flexibility to withstand volatility in the global markets and to pursue new expansion opportunities as they arise.

Standard & Poor's has reaffirmed the Group's credit rating of "A/Stable" earlier in the year.

In March 2021, CKI redeemed the US\$1.2 billion 5.875% perpetual securities. Subsequently in June and July, CKI issued US\$300 million 4.2% perpetual securities and US\$300 million 4.0% perpetual securities respectively. These financing exercises will generate meaningful interest savings going forward.

CHAIRMAN'S LETTER

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

CKI is proud to be a pioneer in the field of environmental sustainability. We are at the forefront in developing, trialling, producing and promoting the use of green hydrogen as a zero emissions replacement of natural gas for domestic purposes (heating and cooking), and as an alternative fuel for diesel trains.

Our electricity distribution networks are industry leaders in smart grid management, battery storage, solar energy grid export as well as electric vehicle charging.

We have extensive experiences in renewable and clean energy utilising solar, wind, waste coal mine gas, biomethane, municipal waste and sludge. Initiatives in carbon capture are also progressing well.

All our businesses are working towards meeting the carbon emission reduction targets of the respective jurisdictions in which they are operating.

OUTLOOK

While there is an expectation that the worst effects of the COVID-19 pandemic have been weathered, particularly in the countries where we have operations, challenges remain in the global economy. We expect to see continued uncertainty for the foreseeable future.

At the same time, new opportunities may arise as markets emerge from the wake of COVID-19. With CKI's strong balance sheet, we are well-positioned to study new acquisition opportunities. Our alliances with other members of the CK Group, namely CK Asset and Power Assets, further enhance our strategic advantage.

Our longstanding track record positions the Group as one of the key infrastructure players in the world. Our businesses around the world are renowned for delivering excellent services to customers, improving efficiencies and launching growth and expansions.

CHAIRMAN'S LETTER

The Group is optimistic about the outlook for existing businesses and continued organic growth. Many of CKI's regulated businesses have recently completed their regulatory resets, securing stable and predictable income for the coming years.

It is integral to our operating philosophy that we maintain the optimal balance between stability and growth, and that we weigh continued earnings growth against a comfortable gearing position. As the Group pursues new expansion opportunities, we will continue to adhere to our strict investment discipline of not holding a "must-win" attitude when bidding for new projects.

As the macro-economic environment remains volatile and interest rates remain low, CKI continues to present an attractive proposition for investors. The appetite for stable and robust operations that deliver solid recurring income, as offered by the Group, continues to be strong.

I would like to take this opportunity to thank all our staff around the world for their efforts in ensuring that reliable electricity, gas, water, heating, waste management and other services have been provided to customers during this unprecedented pandemic. I also wish to thank the Board for their unwavering commitment, our dedicated staff for their valuable efforts and our stakeholders for their continued support during this challenging period.

VICTOR T K LI

Chairman

4th August, 2021

FINANCIAL REVIEW

FINANCIAL RESOURCES, TREASURY ACTIVITIES AND GEARING RATIO

The Group's capital expenditure and investments were funded from cash on hand, internal cash generation, loans, notes, bonds, share placement and other project loans.

As at 30th June, 2021, cash and bank deposits on hand amounted to HK\$8,131 million and the total borrowings of the Group amounted to HK\$36,177 million, which included Hong Kong dollar borrowings of HK\$4,620 million and foreign currency borrowings of HK\$31,557 million. Of the total borrowings, 10 per cent were repayable in 2021, 85 per cent were repayable between 2022 and 2025 and 5 per cent were repayable beyond 2025. To refinance certain borrowings repayable in 2021 and 2022, the Group is in discussion with certain banks with good progress. The Group's financing activities continue to be well received and fully supported by its bankers.

The Group adopts conservative treasury policies in cash and financial management. To achieve better risk control and minimise the cost of funds, the Group's treasury activities are centralised. Cash is generally placed in short-term deposits mostly denominated in U.S. dollars, Hong Kong dollars, Australian dollars, New Zealand dollars, British pound, Canadian dollars or Euro. The Group's liquidity and financing requirements are reviewed regularly. The Group will continue to maintain a strong capital structure when considering financing for new investments or maturity of bank loans.

As at 30th June, 2021, the Group maintained a net debt position with a net debt to net total capital ratio of 19 per cent. This was based on HK\$28,046 million of net debt and HK\$150,709 million of net total capital, which represents the total borrowings plus total equity net of cash and bank deposits. This ratio was higher than that of 13 per cent at the year end of 2020. This change was mainly due to the redemption of perpetual capital securities during the period.

To minimise currency risk exposure in respect of its investments in other countries, the Group generally hedges those investments with (i) currency swaps and (ii) the appropriate level of borrowings denominated in the local currencies. The Group also entered into certain interest rate swaps to mitigate interest rate risks. As at 30th June, 2021, the notional amounts of these derivative instruments amounted to HK\$64,751 million.

FINANCIAL REVIEW

CHARGE ON GROUP ASSETS

As at 30th June, 2021:

- leased assets with carrying value of HK\$4 million were pledged to secure certain lease liabilities; and
- certain assets were pledged to secure bank borrowings totalling HK\$1,491 million granted to the Group.

CONTINGENT LIABILITIES

As at 30th June, 2021, the Group was subject to the following contingent liabilities:

HK\$ million	
Guarantee in respect of bank loan drawn by an affiliated company	1,236
Other guarantees given in respect of an affiliated company	416
Performance bond indemnities	175
Total	1,827

EMPLOYEES

The Group, including its subsidiaries but excluding affiliated companies, employs a total of 2,305 employees. Employees' cost (excluding directors' emoluments) amounted to HK\$448 million. The Group ensures that the pay levels of its employees are competitive and that its employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system.

Preferential subscription of 2,978,000 new shares of the Company was given to those employees who had subscribed for shares of HK\$1.00 each in the Company at HK\$12.65 per share on the flotation of the Company in 1996. The Group does not have any share option scheme for employees.

DIRECTORS' BIOGRAPHICAL INFORMATION

LI Tzar Kuoi, Victor, aged 57, has been the Chairman of the Company since its incorporation in May 1996. He has been a member of the Remuneration Committee of the Company since March 2005 and the Chairman of the Executive Committee of the Company since April 2005. He has been a member of the Nomination Committee of the Company since January 2019, and acted as the Chairman of the Nomination Committee of the Company from January 2019 to November 2020. Mr. Li is the Chairman and Group Co-Managing Director of CK Hutchison Holdings Limited, and the Chairman and Managing Director and the Chairman of the Executive Committee of CK Asset Holdings Limited. He is also the Chairman of CK Life Sciences Int'l., (Holdings) Inc., a Non-executive Director of Power Assets Holdings Limited and HK Electric Investments Manager Limited ("HKEIM") as the trustee-manager of HK Electric Investments, and a Non-executive Director and the Deputy Chairman of HK Electric Investments Limited. Except for HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong. Mr. Li is also the Deputy Chairman of Li Ka Shing Foundation Limited and Li Ka Shing (Global) Foundation, the Member Deputy Chairman of Li Ka Shing (Canada) Foundation, and a Director of The Hongkong and Shanghai Banking Corporation Limited. He serves as a member of the Standing Committee of the 13th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He is also a member of the Chief Executive's Council of Advisers on Innovation and Strategic Development of the Hong Kong Special Administrative Region ("HKSAR") and Vice Chairman of the Hong Kong General Chamber of Commerce. Mr. Li is the Honorary Consul of Barbados in Hong Kong. He is a director of certain substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Bachelor of Science degree in Civil Engineering, a Master of Science degree in Civil Engineering and a degree of Doctor of Laws, honoris causa (LL.D.). Mr. Li is a nephew of Mr. Kam Hing Lam, the Group Managing Director of the Company.

KAM Hing Lam, aged 74, has been the Group Managing Director of the Company since its incorporation in May 1996 and a member of the Executive Committee of the Company since April 2005. He was a member of the Nomination Committee of the Company from January 2019 to November 2020. He is the Deputy Managing Director of CK Hutchison Holdings Limited, the Deputy Managing Director and Executive Committee Member of CK Asset Holdings Limited, and the President of CK Life Sciences Int'l., (Holdings) Inc. He was the Chief Executive Officer of CK Life Sciences Int'l., (Holdings) Inc. from June 2002 to August 2020. All the companies mentioned above are listed companies. Mr. Kam is also the Chairman of Hui Xian Asset Management Limited, which manages Hui Xian Real Estate Investment Trust, a real estate investment trust listed on The Stock Exchange of Hong Kong Limited ("SEHK"). Mr. Kam is a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration. Mr. Kam is an uncle of Mr. Li Tzar Kuoi, Victor, the Chairman of the Company.

DIRECTORS' BIOGRAPHICAL INFORMATION

IP Tak Chuen, Edmond, aged 69, has been an Executive Director of the Company since its incorporation in May 1996, the Deputy Chairman of the Company since February 2003, a member of the Executive Committee of the Company since April 2005 and the Chairman of the Sustainability Committee of the Company since December 2020. He was a member of the Nomination Committee of the Company from January 2019 to November 2020. He is Deputy Managing Director of CK Hutchison Holdings Limited, and Deputy Managing Director and Executive Committee Member of CK Asset Holdings Limited. He is also the Senior Vice President and Chief Investment Officer of CK Life Sciences Int'l., (Holdings) Inc. All the companies mentioned above are listed companies. Mr. Ip is also a Non-executive Director of Hui Xian Asset Management Limited, which manages Hui Xian Real Estate Investment Trust, a real estate investment trust listed on the SEHK. He is a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Bachelor of Arts degree in Economics and a Master of Science degree in Business Administration.

FOK Kin Ning, Canning, aged 69, has been an Executive Director and Deputy Chairman of the Company since March 1997. He was a member of the Nomination Committee of the Company from January 2019 to November 2020. He is currently the Group Co-Managing Director of CK Hutchison Holdings Limited. Mr. Fok is also the Chairman of Hutchison Telecommunications Hong Kong Holdings Limited, Hutchison Telecommunications (Australia) Limited, Hutchison Port Holdings Management Pte. Limited ("HPHM") as the trustee-manager of Hutchison Port Holdings Trust, Power Assets Holdings Limited, TPG Telecom Limited, HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited, and a Director of Cenovus Energy Inc. Except for HPHM and HKEIM, all the companies/business trust/investment trust mentioned above are listed in Hong Kong or overseas. Mr. Fok is a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a fellow of Chartered Accountants Australia and New Zealand.

Frank John SIXT, aged 69, has been an Executive Director of the Company since its incorporation in May 1996. He was a member of the Nomination Committee of the Company from January 2019 to November 2020. Mr. Sixt is the Group Finance Director and Deputy Managing Director of CK Hutchison Holdings Limited. He is also the Non-executive Chairman of TOM Group Limited, a Non-executive Director of TPG Telecom Limited, a Director of Hutchison Telecommunications (Australia) Limited and Cenovus Energy Inc., and an Alternate Director of Hutchison Telecommunications (Australia) Limited, HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited. Except for HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong or overseas. He has almost four decades of legal, global finance and risk management experience, and possesses deep expertise in overseeing financial reporting system, risk management and internal control systems as well as sustainability issues and related risks. Mr. Sixt is a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Quebec and Ontario, Canada.

DIRECTORS' BIOGRAPHICAL INFORMATION

Andrew John HUNTER, aged 62, has been an Executive Director of the Company since December 2006, Deputy Managing Director of the Company since May 2010 and a member of the Executive Committee of the Company since March 2007. He was a member of the Nomination Committee of the Company from January 2019 to November 2020 and acted as the Chief Operating Officer of the Company from December 2006 to May 2010. Mr. Hunter is also an Executive Director of Power Assets Holdings Limited, a listed company. He is a director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. Prior to the appointment to the board of Power Assets Holdings Limited in 1999, Mr. Hunter was the Finance Director of the Hutchison Property Group. He holds a Master of Arts degree and a Master's degree in Business Administration. He is a member of the Institute of Chartered Accountants of Scotland and of the Hong Kong Institute of Certified Public Accountants. He has over 37 years of experience in accounting and financial management.

CHAN Loi Shun, aged 59, has been an Executive Director of the Company since January 2011, Chief Financial Officer of the Company since January 2006 and a member of the Executive Committee of the Company since April 2005. He was a member of the Nomination Committee of the Company from January 2019 to November 2020. He joined the CK Group in January 1992. Mr. Chan is also an Executive Director of Power Assets Holdings Limited, HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited. Except for HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong. Mr. Chan is a director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr. Chan is a fellow of the Hong Kong Institute of Certified Public Accountants, a fellow of the Association of Chartered Certified Accountants and also a member of the Institute of Certified Management Accountants (Australia).

CHEN Tsien Hua, aged 59, has been an Executive Director of the Company since January 2017, a member of the Executive Committee of the Company since March 2007 and the Head of Business Development of the Company since 2005. She was a member of the Nomination Committee of the Company from January 2019 to November 2020. She joined Hutchison Whampoa Limited in August 1992 and has been with the Company since July 1996. Ms. Chen holds a Bachelor's degree in Social Sciences and a Master's degree in Business Administration.

DIRECTORS' BIOGRAPHICAL INFORMATION

CHEONG Ying Chew, Henry, aged 73, has been an Independent Non-executive Director of the Company since its incorporation in May 1996. He has been a member of the Audit Committee of the Company since December 1998 and acted as the Chairman of the Audit Committee of the Company from December 1998 to December 2006. Mr. Cheong has been a member of the Remuneration Committee of the Company since January 2005 and the Chairman of the Remuneration Committee of the Company since January 2012. He was a member of the Nomination Committee of the Company from January 2019 to November 2020. He is also an Independent Non-executive Director of CK Asset Holdings Limited, New World Department Store China Limited and Skyworth Group Limited, and an Independent Director of BTS Group Holdings Public Company Limited. Mr. Cheong is an Executive Director and the Deputy Chairman of Worldsec Limited. All the companies mentioned above are listed companies. He holds a Bachelor of Science degree in Mathematics and a Master of Science degree in Operational Research and Management.

KWOK Eva Lee, aged 79, has been an Independent Non-executive Director of the Company since September 2004. She has been a member of the Nomination Committee of the Company since January 2019 and the Chairperson of the Nomination Committee of the Company since December 2020. She acted as a member of the Audit Committee of the Company from September 2004 to June 2019. She is also an Independent Non-executive Director of CK Life Sciences Int'l., (Holdings) Inc. and a Director of Li Ka Shing (Canada) Foundation ("LKS Canada Foundation"). She currently serves as the Chair and Chief Executive Officer of Amara Holdings Inc. ("Amara"). Mrs. Kwok also acts as a Director of Cenovus Energy Inc. Mrs. Kwok currently acts as the Chairperson of the Remuneration Committee of CK Life Sciences Int'l., (Holdings) Inc. and also sits on the Human Resources and Compensation Committee and the Governance Committee of Cenovus Energy Inc. Except for LKS Canada Foundation and Amara, all the companies mentioned above are listed companies. She is a director of a company controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. In addition, she was an Independent Director of Bank of Montreal, a listed company, and previously sat on the Compensation Committee, Corporate Governance Committee and the Audit Committee of Husky Energy Inc., the Audit Committee of CK Life Sciences Int'l., (Holdings) Inc., the Audit Committee and Pension Fund Society of the Bank of Montreal, the Nominating and Governance Committee of Shoppers Drug Mart Corporation, the Independent Committee of Directors and Human Resources Committee of Telesystems International Wireless (TIW) Inc., the Independent Committee of Directors and the Corporate Governance Committee of Fletcher Challenge Canada Ltd., the Audit and Corporate Governance Committees of Clarica Life Insurance Company, the Corporate Governance Committee of Air Canada, the Innovation Saskatchewan (IS) Board of Directors and the Saskatchewan-Asia Advisory Council of Saskatchewan.

DIRECTORS' BIOGRAPHICAL INFORMATION

SNG Sow-mei alias POON Sow Mei, aged 80, has been an Independent Non-executive Director of the Company since September 2004. She has been a member of the Audit Committee of the Company since September 2004 and the Chairperson of the Audit Committee of the Company since July 2020. She was a member of the Nomination Committee of the Company from January 2019 to November 2020. She is an Independent Non-executive Director and the Lead Independent Director of Hutchison Port Holdings Management Pte. Limited as the trustee-manager of Hutchison Port Holdings Trust, a business trust listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"), and an Independent Non-executive Director of ARA Asset Management (Prosperity) Limited, which manages Prosperity Real Estate Investment Trust, a real estate investment trust listed on the SEHK. Mrs. Sng is also a member of the Audit Committee of HPHM and ARA Asset Management (Prosperity) Limited. Mrs. Sng is a director of a company controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. Mrs. Sng was previously an Independent Director and a member of the Audit Committee of ARA Trust Management (Suntec) Limited, which manages Suntec Real Estate Investment Trust, a real estate investment trust listed on SGX-ST, and an Independent Non-executive Director and a member of the Audit Committee of ARA Asset Management (Fortune) Limited, which manages Fortune Real Estate Investment Trust, a real estate investment trust listed on the SEHK. Mrs. Sng was also previously a Director of INFA Systems Ltd. and the Senior Consultant (International Business) of Singapore Technologies Electronics Ltd. Prior to her appointment with Singapore Technologies Pte Ltd. where Mrs. Sng was the Director, Special Projects (North East Asia) in 2000 and a Consultant in 2001, Mrs. Sng was the Managing Director of CapitaLand Hong Kong Ltd. for investments in Hong Kong and the region including Japan and Taiwan. In Hong Kong from 1983 to 1997, Mrs. Sng was the Centre Director and then as Regional Director of the Singapore Economic Development Board and Trade Development Board respectively. Mrs. Sng was Singapore's Trade Commissioner in Hong Kong from 1990 to 1997. Mrs. Sng holds a Bachelor of Arts degree from the Nanyang University in Singapore and has wide experience in various fields of industrial investment, business development, strategic and financial management, especially in property investment and management. In 1996, Mrs. Sng was conferred the title of PPA(P) – Pingat Pentadbiran Awam (Perak), the Singapore Public Administration Medal (Silver) by the Republic of Singapore.

Colin Stevens RUSSEL, aged 80, has been an Independent Non-executive Director and a member of the Remuneration Committee of the Company since January 2005. He was a member of the Nomination Committee of the Company from January 2019 to November 2020. He acted as a member and the Chairman of the Audit Committee of the Company from January 2005 to July 2020 and from January 2007 to July 2020 respectively. He is also an Independent Non-executive Director of CK Asset Holdings Limited and CK Life Sciences Int'l., (Holdings) Inc. All the companies mentioned above are listed companies. Mr. Russel is a director of a company controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr. Russel is the founder and Managing Director of Emerging Markets Advisory Services Ltd., a company which provides advisory services to organisations on business strategy and planning, market development, competitive positioning and risk management. He is also Managing Director of EMAS (HK) Limited. He was the Canadian Ambassador to Venezuela, Consul General for Canada in Hong Kong, Director for China of the Department of Foreign Affairs, Ottawa, Director for East Asia Trade in Ottawa, Senior Trade Commissioner for Canada in Hong Kong, Director for Japan Trade in Ottawa, and was in the Trade Commissioner Service for Canada in Spain, Hong Kong, Morocco, the Philippines, London and India. He was Project Manager for RCA Ltd in Liberia, Nigeria, Mexico and India and electronic equipment development engineer in Canada with RCA Ltd and in Britain with Associated Electrical Industries. Mr. Russel received his Bachelor's degree in electronics engineering and Master's degree in Business Administration from McGill University, Canada. He is a Qualified Commercial Mediator.

DIRECTORS' BIOGRAPHICAL INFORMATION

LAN Hong Tsung, David, aged 81, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since February 2005. He was a member of the Nomination Committee of the Company from January 2019 to November 2020. He is an Independent Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited, a listed company, and also an Independent Non-executive Director of Cinda Financial Holdings Co., Limited. Dr. Lan is an Independent Non-executive Director of ARA Asset Management (Prosperity) Limited, which manages Prosperity Real Estate Investment Trust, a real estate investment trust listed on the SEHK. He is a director of a company controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. He was previously an Independent Non-executive Director of SJM Holdings Limited, a listed company, for 11 years. Dr. Lan was also previously an Independent Non-executive Director of ARA Asset Management (Fortune) Limited, which manages Fortune Real Estate Investment Trust, a real estate investment trust listed on the SEHK. He is currently the Chairman of David H T Lan Consultants Ltd. and holds directorship at Nanyang Commercial Bank Ltd. and International Probono Legal Services Association Limited. Dr. Lan acted as Supervisor of Nanyang Commercial Bank (China), Limited for 12 years and 9 months since December 2007 until his reappointment as Senior Consultant from October 2020. Dr. Lan was a Senior Advisor of Mitsui & Company (Hong Kong) Limited for 19 years till his retirement in March 2019. He was also the President of the International Institute of Management for almost 7 years till his retirement in June 2019. He was the Secretary for Home Affairs of the HKSAR Government till his retirement in July 2000. He had served as civil servant in various capacities for 39 years and was awarded the Gold Bauhinia Star Medal on 1st July, 2000. He was appointed as the 10th and 11th National Committee Member of the Chinese People's Political Consultative Conference of the People's Republic of China. Dr. Lan is a Chartered Secretary and a Fellow Member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. He received his Bachelor of Arts degree from the University of London and completed the Advanced Management Program of the Harvard Business School, Boston. He was also a Fellow at Queen Elizabeth House, University of Oxford. Dr. Lan was conferred with Doctor of Business Administration, honoris causa by University of the West of England, Bristol, Doctor of Humanities, honoris causa by Don Honorio Ventura Technological State University, and holder of Visiting Professorship Awards of Bulacan State University and Tarlac State University.

Barrie COOK, aged 79, acted as an Executive Director of the Company from 2000 to September 2003 and a Non-executive Director of the Company from October 2003 to December 2011, and has been an Independent Non-executive Director of the Company since January 2012 and a member of the Nomination Committee of the Company since January 2019. He is the Honorary Chairman of the Hong Kong Construction Materials Association. Mr. Cook is a past Chairman of the East Asian Cement Forum, the Hong Kong Cement Association and the Waste Reduction Committee of the HKSAR Government. He was previously a member of the Advisory Council on the Environment and the Council for Sustainable Development of the HKSAR Government, and was the Convenor of the Hong Kong Business Coalition on the Environment. Mr. Cook was very active in community affairs through his work with the Hong Kong General Chamber of Commerce ("HKGCC") and was a past Chairman of the HKGCC's Environment and Arab/Africa Committees. Mr. Cook holds a Bachelor of Science Degree in Civil Engineering from University of Durham and a Diploma in Traffic Engineering from the Institution of Highway Engineers in the United Kingdom. He is a Chartered Civil Engineer of the United Kingdom. He was previously a Member of the Institution of Highway Engineers of the United Kingdom and the Hong Kong Institution of Engineers.

DIRECTORS' BIOGRAPHICAL INFORMATION

Paul Joseph TIGHE, aged 65, has been an Independent Non-executive Director of the Company since April 2017, a member of the Audit Committee of the Company since March 2019 and a member of the Sustainability Committee of the Company since December 2020. He was a member of the Nomination Committee of the Company from January 2019 to November 2020. He is also an Independent Non-executive Director of CK Hutchison Holdings Limited and CK Life Sciences Int'l., (Holdings) Inc., both listed companies. Mr. Tighe is a director of a substantial shareholder of the Company within the meaning of Part XV of the SFO, and a director of a company controlled by a substantial shareholder of the Company. He is a former career diplomat with Australia's Department of Foreign Affairs and Trade. He has around 37 years of experience in government and public policy, including 28 years as a diplomat. He has served as Australian Consul-General to Hong Kong and Macau (from 2011 to 2016), Australian Ambassador to Greece, Bulgaria and Albania (from 2005 to 2008), Deputy Head of Mission and Permanent Representative to the United Nations' Economic and Social Commission for Asia and the Pacific at the Australian Embassy in Bangkok (from 1998 to 2001) and as Counsellor in the Australian Delegation to the Organisation for Economic Co-operation and Development in Paris (from 1991 to 1995). In between overseas assignments, Mr. Tighe has held several positions at the headquarters of the Department of Foreign Affairs and Trade in Canberra, including as head of the Department's Trade and Economic Policy Division, head of the Diplomatic Security, Information Management and Services Division, head of the Agriculture and Resources Branch and Director of the International Economic Analysis Section. Before joining the Department of Foreign Affairs and Trade, Mr. Tighe worked in the Overseas Economic Relations Division of the Australian Treasury (from 1986 to 1988), in the Secretariat of the Organisation for Economic Co-operation and Development in Paris (from 1984 to 1986) and in the Australian Industries Assistance Commission (from 1980 to 1984). He holds a Bachelor of Science degree from the University of New South Wales.

LEE Pui Ling, Angelina, aged 72, has been a Non-executive Director of the Company since September 2004 and prior to that an Independent Non-executive Director of the Company from May 1996. Mrs. Lee is a solicitor and a Fellow of the Institute of Chartered Accountants in England and Wales. She holds a Bachelor of Laws degree from and was awarded an Honorary Fellowship by University College London, University of London. Amongst her public appointments, Mrs. Lee was a Member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority and a Non-executive Director of the Securities and Futures Commission. Mrs. Lee is a Non-executive Director of Henderson Land Development Company Limited and TOM Group Limited and an Independent Non-executive Director of Great Eagle Holdings Limited, all of which are listed companies. Mrs. Lee is also a director of a company controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO.

DIRECTORS' BIOGRAPHICAL INFORMATION

George Colin MAGNUS, aged 85, acted as an Executive Director and Deputy Chairman of the Company from May 1996 to October 2005, has been a Non-executive Director of the Company since November 2005. He was a member of the Nomination Committee of the Company from January 2019 to November 2020. He is also a Non-executive Director of CK Hutchison Holdings Limited and an Independent Non-executive Director of HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited. He acted as an Executive Director of Cheung Kong (Holdings) Limited (“CKH”) since 1980 and Deputy Chairman since 1985 until he retired from these offices in October 2005. He has been a Non-executive Director of CKH since November 2005 until his resignation in June 2015. He has been an Executive Director of Hutchison Whampoa Limited (“HWL”) since 1980 and was re-designated as a Non-executive Director since November 2005 until his resignation in June 2015. He served as Deputy Chairman of HWL from 1984 to 1993. Mr. Magnus was previously the Chairman of Power Assets Holdings Limited (formerly known as Hongkong Electric Holdings Limited) from 1993 to 2005, a Non-executive Director from 2005 to 2012 and an Independent Non-executive Director until January 2014. He was a Director of Husky Energy Inc. (“Husky Energy”). Except for HKEIM, CKH, HWL and Husky Energy, all the companies/investment trust mentioned above are listed in Hong Kong. He is a director of a substantial shareholder of the Company within the meaning of Part XV of the SFO. He holds a Master’s degree in Economics.

WOO Mo Fong, Susan (alias CHOW WOO Mo Fong, Susan), aged 67, acted as an Executive Director of the Company from March 1997 to July 2016 and an Alternate Director to Mr. Frank John Sixt, an Executive Director of the Company, from May 2006 to July 2016, and has been an Alternate Director to Mr. Fok Kin Ning, Canning, Deputy Chairman of the Company, since May 2006. Mrs. Chow is a Non-executive Director of CK Hutchison Holdings Limited, a Director of Hutchison Telecommunications (Australia) Limited and an Alternate Director of HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited. Mrs. Chow is also an Independent Non-executive Director of Hong Kong Exchanges and Clearing Limited. Except for HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong or overseas. She is a director of a substantial shareholder of the Company within the meaning of Part XV of the SFO, and a director of a company controlled by a substantial shareholder of the Company. She is a qualified solicitor and holds a Bachelor’s degree in Business Administration.

DIRECTORS' BIOGRAPHICAL INFORMATION

MAN Ka Keung, Simon, aged 64, has been an Alternate Director to Mr. Ip Tak Chuen, Edmond, Deputy Chairman of the Company, since February 2008. He joined the CK Group in December 1987. He is Executive Committee Member and General Manager of Accounts Department of CK Asset Holdings Limited, a listed company. He is a director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. He has over 40 years of experience in accounting, auditing, tax and finance. He holds a Bachelor's degree in Economics and is a member of Chartered Accountants Australia and New Zealand.

Eirene YEUNG, aged 60, Alternate Director to Mr. Kam Hing Lam, the Group Managing Director of the Company, and the Company Secretary and a member of the Sustainability Committee of the Company. She is also Executive Committee Member and Company Secretary, and General Manager of Company Secretarial Department of CK Asset Holdings Limited. She is also the Company Secretary of CK Life Sciences Int'l., (Holdings) Inc. Ms. Yeung is a Non-executive Director of ARA Asset Management (Fortune) Limited, the manager of Fortune Real Estate Investment Trust. All the companies/investment trust mentioned above are listed in Hong Kong. She is a director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. Ms. Yeung joined the CK Group in August 1994. She is a solicitor of the High Court of the HKSAR and a non-practising solicitor of the Senior Courts of England and Wales. She is also a fellow member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute.

CONSOLIDATED INCOME STATEMENT

for the six months ended 30th June

HK\$ million	Notes	Unaudited	
		2021	2020
Turnover	3	20,266	18,241
Sales and interest income from infrastructure investments	3	3,588	3,158
Other income	4	62	176
Operating costs	5	(1,962)	(1,719)
Finance costs		(186)	(144)
Exchange gain/(loss)		161	(51)
Share of results of associates		1,102	1,052
Share of results of joint ventures		563	858
Profit before taxation		3,328	3,330
Taxation	6	(82)	(57)
Profit for the period	7	3,246	3,273
Attributable to:			
Shareholders of the Company		3,011	2,860
Owners of perpetual capital securities		223	398
Non-controlling interests		12	15
		3,246	3,273
Earnings per share	8	HK\$1.20	HK\$1.14

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30th June

HK\$ million	Unaudited	
	2021	2020
Profit for the period	3,246	3,273
Other comprehensive income/(expense)		
Items that may be reclassified subsequently to profit or loss:		
Gain/(Loss) from fair value changes of derivatives designated as effective cash flow hedges	100	(107)
Gain from fair value changes of derivatives designated as effective net investment hedges	67	3,081
Exchange differences on translation of financial statements of foreign operations	1,786	(2,736)
Share of other comprehensive income/(expense) of associates	1,307	(554)
Share of other comprehensive income/(expense) of joint ventures	633	(1,199)
Income tax relating to components of other comprehensive income/(expense)	(178)	503
	3,715	(1,012)
Items that will not be reclassified to profit or loss:		
Share of other comprehensive income of associates	606	14
Share of other comprehensive income of joint ventures	1,103	51
Income tax relating to components of other comprehensive income	(330)	27
	1,379	92
Other comprehensive income/(expense) for the period	5,094	(920)
Total comprehensive income for the period	8,340	2,353
Attributable to:		
Shareholders of the Company	8,103	1,940
Owners of perpetual capital securities	223	398
Non-controlling interests	14	15
	8,340	2,353

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

HK\$ million	Notes	Unaudited 30/6/2021	Audited 31/12/2020
Property, plant and equipment		3,038	2,965
Investment properties		396	396
Interests in associates		38,121	37,133
Interests in joint ventures		109,550	106,803
Other financial assets		1,914	1,892
Derivative financial instruments		195	126
Goodwill and intangible assets		2,554	2,602
Deferred tax assets		6	6
Total non-current assets		155,774	151,923
Inventories		184	146
Derivative financial instruments		573	347
Debtors and prepayments	10	1,438	1,518
Bank balances and deposits		8,131	13,477
Total current assets		10,326	15,488
Bank and other loans		14,342	4,655
Derivative financial instruments		80	1,030
Creditors, accruals and others	11	5,168	5,152
Taxation		135	187
Total current liabilities		19,725	11,024
Net current (liabilities)/assets		(9,399)	4,464
Total assets less current liabilities		146,375	156,387
Bank and other loans		21,835	27,933
Derivative financial instruments		993	1,378
Deferred tax liabilities		488	476
Other non-current liabilities		396	338
Total non-current liabilities		23,712	30,125
Net assets		122,663	126,262
Representing:			
Share capital	12	2,651	2,651
Reserves		112,373	108,791
Equity attributable to shareholders of the Company		115,024	111,442
Perpetual capital securities	13	7,506	14,701
Non-controlling interests		133	119
Total equity		122,663	126,262

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30th June, 2021

HK\$ million	Attributable to shareholders of the Company												Total
	Share capital	Share premium	Treasury shares	Contributed surplus	Property revaluation reserve	Hedging reserve	Exchange translation reserve	Retained profits	Sub-total	Perpetual capital securities	Non-controlling interests		
At 1st January, 2021 (audited)	2,651	25,299	(9,245)	6,062	68	(5,551)	(5,532)	97,690	111,442	14,701	119	126,262	
Profit for the period	-	-	-	-	-	-	-	3,011	3,011	223	12	3,246	
Gain from fair value changes of derivatives designated as effective cash flow hedges	-	-	-	-	-	100	-	-	100	-	-	100	
Gain from fair value changes of derivatives designated as effective net investment hedges	-	-	-	-	-	-	67	-	67	-	-	67	
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	1,784	-	1,784	-	2	1,786	
Share of other comprehensive income of associates	-	-	-	-	-	712	595	606	1,913	-	-	1,913	
Share of other comprehensive income of joint ventures	-	-	-	-	-	633	-	1,103	1,736	-	-	1,736	
Income tax relating to components of other comprehensive income	-	-	-	-	-	(178)	-	(330)	(508)	-	-	(508)	
Total comprehensive income for the period	-	-	-	-	-	1,267	2,446	4,390	8,103	223	14	8,340	
Dividend paid	-	-	-	-	-	-	-	(4,510)	(4,510)	-	-	(4,510)	
Distribution paid on perpetual capital securities	-	-	-	-	-	-	-	-	-	(398)	-	(398)	
Issue of perpetual capital securities (note 13)	-	-	-	-	-	-	-	-	-	2,340	-	2,340	
Direct costs for issue of perpetual capital securities	-	-	-	-	-	-	-	(11)	(11)	-	-	(11)	
Redemption of perpetual capital securities (note 13)	-	-	-	-	-	-	-	-	-	(9,360)	-	(9,360)	
At 30th June, 2021 (unaudited)	2,651	25,299	(9,245)	6,062	68	(4,284)	(3,086)	97,559	115,024	7,506	133	122,663	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

for the six months ended 30th June, 2020

HK\$ million	Attributable to shareholders of the Company											Total
	Share capital	Share premium	Treasury shares	Contributed surplus	Property revaluation reserve	Hedging reserve	Exchange translation reserve	Retained profits	Sub-total	Perpetual capital securities	Non-controlling interests	
At 1st January, 2020 (audited)	2,651	25,299	(9,245)	6,062	68	(3,625)	(8,496)	98,890	111,604	14,701	69	126,374
Profit for the period	-	-	-	-	-	-	-	2,860	2,860	398	15	3,273
Loss from fair value changes of derivatives designated as effective cash flow hedges	-	-	-	-	-	(107)	-	-	(107)	-	-	(107)
Gain from fair value changes of derivatives designated as effective net investment hedges	-	-	-	-	-	-	3,081	-	3,081	-	-	3,081
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	(2,736)	-	(2,736)	-	-	(2,736)
Share of other comprehensive (expense)/income of associates	-	-	-	-	-	(598)	44	14	(540)	-	-	(540)
Share of other comprehensive (expense)/income of joint ventures	-	-	-	-	-	(1,199)	-	51	(1,148)	-	-	(1,148)
Income tax relating to components of other comprehensive income	-	-	-	-	-	503	-	27	530	-	-	530
Total comprehensive (expense)/income for the period	-	-	-	-	-	(1,401)	389	2,952	1,940	398	15	2,353
Dividend paid	-	-	-	-	-	-	-	(4,485)	(4,485)	-	(1)	(4,486)
Distribution paid on perpetual capital securities	-	-	-	-	-	-	-	-	-	(398)	-	(398)
At 30th June, 2020 (unaudited)	2,651	25,299	(9,245)	6,062	68	(5,026)	(8,107)	97,357	109,059	14,701	83	123,843

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30th June

HK\$ million	Note	Unaudited	
		2021	2020
Net cash from operating activities	14	1,464	695
Net cash from investing activities		1,255	3,845
Net cash utilised in financing activities		(8,065)	(882)
Net (decrease)/increase in cash and cash equivalents		(5,346)	3,658
Cash and cash equivalents at 1st January		13,477	12,077
Cash and cash equivalents at 30th June		8,131	15,735

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”).

The accounting policies adopted for the preparation of the consolidated interim financial statements are consistent with those set out in the Group’s consolidated annual financial statements for the year ended 31st December, 2020, except for adoption of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA which are effective to the Group for accounting periods beginning on or after 1st January, 2021. Apart from the changes in accounting policies as set out in note 2 below, the adoption of those amendments to HKFRSs has no material impact on the Group’s results and financial position for the current or prior periods and does not result in any significant change in accounting policies of the Group.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. CHANGES IN ACCOUNTING POLICIES

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 “Interest Rate Benchmark Reform – Phase 2”

In the current period, the Group has applied Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 “Interest Rate Benchmark Reform – Phase 2” (the “Amendments”) issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1st January, 2021.

The Amendments provide practical expedients to address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes in the basis for determining the contractual cash flows and hedge accounting as a result of interest rate benchmark reform. The Amendments also set out the disclosure requirements.

The Group has certain bank borrowings carrying interest at floating rate which were determined with reference to London Interbank Offered Rate (“LIBOR”). Interest rate swaps were utilised and designated as cash flow hedges to manage certain exposure to interest rate movements.

The Group intends to apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank borrowings measured at amortised cost. The Amendments have had no impact on the consolidated interim financial statements as none of the above contracts has been transitioned to the relevant replacement rates during the period.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. TURNOVER

Turnover represents net sales of infrastructure materials, interest income from loans granted to associates and joint ventures, sales of waste management services and share of turnover of joint ventures. Sales of infrastructure materials and waste management services were substantially recognised at a point in time.

Turnover comprises both sales and interest income from infrastructure investments and share of turnover of joint ventures as follows:

HK\$ million	Six months ended 30th June	
	2021	2020
Sales of infrastructure materials	1,177	1,055
Interest income from loans granted to associates	158	134
Interest income from loans granted to joint ventures	1,371	1,344
Sales of waste management services	882	625
Sales and interest income from infrastructure investments	3,588	3,158
Share of turnover of joint ventures	16,678	15,083
Turnover	20,266	18,241

4. OTHER INCOME

Other income includes the following:

HK\$ million	Six months ended 30th June	
	2021	2020
Bank interest income	23	123

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. OPERATING COSTS

Operating costs include the following:

HK\$ million	Six months ended 30th June	
	2021	2020
Cost of inventories sold	943	870
Cost of services provided	511	392
Depreciation of property, plant and equipment	142	115
Amortisation of intangible assets	24	20

6. TAXATION

Taxation is provided for at the applicable tax rates on the estimated assessable profits less available tax losses. Deferred taxation is provided on temporary differences under the liability method using tax rates applicable to the Group's operations in different countries.

HK\$ million	Six months ended 30th June	
	2021	2020
Current taxation – Hong Kong	1	1
Current taxation – outside Hong Kong	68	59
Deferred taxation	13	(3)
Total	82	57

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. PROFIT FOR THE PERIOD AND SEGMENT INFORMATION

for the six months ended 30th June

	Infrastructure Investments																				
	Investment in Power Assets Holdings Limited		United Kingdom		Australia		Continental Europe		Hong Kong and Mainland China		Canada		New Zealand		Total before unallocated items		Unallocated items		Consolidated		
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	
HK\$ million	-	-	10,308	9,268	3,194	2,968	2,599	2,658	1,779	1,499	1,230	980	1,156	868	20,266	18,241	-	-	20,266	18,241	
Turnover	-	-	777	743	303	284	322	337	1,177	1,055	127	114	882	625	3,588	3,158	-	-	3,588	3,158	
Sales and interest income from infrastructure investments	-	-	-	-	-	-	-	-	15	29	-	-	1	-	16	29	7	94	23	123	
Bank interest income	-	-	-	-	-	-	-	-	35	17	-	-	4	34	39	51	2	2	39	53	
Other income	-	-	-	-	-	-	-	-	(54)	(47)	-	-	(112)	(88)	(166)	(135)	-	-	(166)	(135)	
Depreciation and amortisation	-	-	-	-	-	-	-	-	(694)	(918)	-	-	(681)	(525)	(1,675)	(1,443)	(121)	(141)	(1,796)	(1,584)	
Other operating expenses	-	-	-	-	-	-	-	-	-	-	-	-	(23)	(21)	(23)	(21)	(163)	(123)	(186)	(144)	
Finance costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	161	(51)	161	(51)	
Exchange gain/(loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share of results of associates and joint ventures*	902	813	(251)	200	616	634	121	156	102	32	140	47	35	28	1,665	1,910	-	-	1,665	1,910	
Profit/(Loss) before taxation	902	813	526	943	919	918	443	493	281	168	267	161	106	53	3,444	3,549	(116)	(219)	3,328	3,330	
Taxation	-	-	-	-	-	-	-	-	(48)	(42)	(19)	(15)	(15)	-	(82)	(57)	-	-	(82)	(57)	
Profit/(Loss) for the period	902	813	526	943	919	918	443	493	233	126	248	146	91	53	3,362	3,492	(116)	(219)	3,246	3,273	
Attributable to:																					
Shareholders of the Company	902	813	526	943	919	918	443	493	221	111	248	146	91	53	3,350	3,477	(339)	(617)	3,011	2,860	
Owners of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	223	398	223	398	
Non-controlling interests	-	-	-	-	-	-	-	-	12	15	-	-	-	-	12	15	-	-	12	15	
	902	813	526	943	919	918	443	493	233	126	248	146	91	53	3,362	3,492	(116)	(219)	3,246	3,273	

* Included net amount of share of deferred tax charges on change in corporate tax rate of the United Kingdom and share of tax credit in respect of deferred tax liabilities on intangible assets amounting to HK\$1,813 million (2020: HK\$1,394 million).

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. PROFIT FOR THE PERIOD AND SEGMENT INFORMATION (CONT'D)

Segment profit attributable to shareholders of the Company represents the profit earned by each segment after the profit attributable to owners of perpetual capital securities and non-controlling interests without allocation of gains or losses from treasury activities, corporate overheads and other expenses of the Group's head office.

8. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to shareholders of the Company of HK\$3,011 million (2020: HK\$2,860 million) and on 2,519,610,945 shares (2020: 2,519,610,945 shares) in issue during the interim period.

The 131,065,097 shares issued in connection with the issue of perpetual capital securities in March 2016 were excluded from the calculation of earnings per share since these shares are disregarded for the purpose of determining the number of shares held by the public.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

9. INTERIM DIVIDEND

The interim dividend declared by the Board of Directors is as follows:

HK\$ million	Six months ended 30th June	
	2021	2020
Interim dividend of HK\$0.69 per share (2020: HK\$0.68 per share)	1,739	1,713

During the six months ended 30th June, 2021, interim dividend declared by the Board of Directors amounted to HK\$1,739 million (2020: HK\$1,713 million) are stated after elimination of HK\$90 million (2020: HK\$89 million) for the shares issued in connection with the issue of perpetual capital securities in March 2016.

10. DEBTORS AND PREPAYMENTS

Included in debtors and prepayments are trade debtors of HK\$264 million (HK\$257 million at 31st December, 2020) and their aging analysis is as follows:

HK\$ million	30/6/2021	31/12/2020
Less than 1 month	183	189
1 to 3 months	80	65
More than 3 months but less than 12 months	8	17
More than 12 months	4	–
Gross total	275	271
Loss allowance	(11)	(14)
Total after allowance	264	257

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. DEBTORS AND PREPAYMENTS (CONT'D)

Trade with customers is carried out largely on credit, except for new customers, residential customers of waste management services and customers with unsatisfactory payment records, where payment in advance is normally required. Invoices are normally due within 1 month of issuance, except for certain well-established customers, where the terms are extended to 2 months, and certain customers with disputed items, where the terms are negotiated individually. Each customer has a maximum credit limit, which was granted and approved by senior management in accordance with the laid-down credit review policy and procedures.

11. CREDITORS, ACCRUALS AND OTHERS

Included in creditors, accruals and others are trade creditors of HK\$267 million (HK\$262 million at 31st December, 2020) and their aging analysis is as follows:

HK\$ million	30/6/2021	31/12/2020
Current	122	188
1 month	60	37
2 to 3 months	46	9
Over 3 months	39	28
Total	267	262

12. SHARE CAPITAL

There were no movements in the share capital of the Company in the six months ended 30th June, 2021.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

13. PERPETUAL CAPITAL SECURITIES

On 1st March, 2016, OVPH Limited (the “Issuer”) issued US\$1,200 million perpetual capital securities (“Securities”) which are guaranteed by the Company and listed on Hong Kong Stock Exchange at an issue price of 100 per cent. Distribution is payable semi-annually in arrear based on a fixed rate, which is 5.875 per cent per annum. Distribution by the Issuer may be deferred at its sole discretion. These Securities have no fixed maturity and are redeemable in whole, but not in part, at the Issuer’s option on 1st March, 2021, or any distribution payment date falling thereafter at their principal amounts together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company will not declare, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank.

On 1st March, 2021, all outstanding Securities were redeemed in full at a redemption price equal to 100 per cent of the principal amount, plus accrued and unpaid distribution up to such date. After redemption of the outstanding Securities, all Securities have been withdrawn from listing on Hong Kong Stock Exchange.

On 2nd June, 2021, the Group issued US\$300 million 4.20 per cent guaranteed perpetual capital securities at an issue price of 100 per cent. Distribution is payable semi-annually in arrear from 2nd December, 2021 and may be deferred at the sole discretion of the Group. These perpetual capital securities have no fixed maturity and are redeemable at the Group’s option on 2nd June, 2026, or any day thereafter at their principal amounts together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company will not declare, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

14. NOTE TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

HK\$ million	Six months ended 30th June	
	2021	2020
Net cash from operating activities	1,464	695
Dividends received from associates	1,658	1,635
Dividends received from joint ventures	1,238	1,058
Funds from operations*	4,360	3,388

* Funds from operations represent net cash from operating activities and dividends received from associates and joint ventures.

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Except for certain investments in securities which are stated at cost, the carrying values of all financial assets and financial liabilities approximate to their fair values.

The fair value of the Group's financial instruments and non-financial instruments are grouped into Level 1 to 3 with reference to the observability and significance of the inputs used in the valuation technique 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 asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONT'D)

At 30th June, 2021, investment properties amounting to HK\$396 million (HK\$396 million at 31st December, 2020) and unlisted investment in securities amounting to HK\$540 million (HK\$524 million at 31st December, 2020) were measured at fair value based on value inputs, other than quoted prices, that are observable either directly or indirectly. Other investments amounting to HK\$1,189 million (HK\$1,189 million at 31st December, 2020) were measured at fair value based on value inputs that are not observable market data but change of these value inputs to reasonable possible alternatives would not have material effect on the Group's results and financial position.

Derivative financial instruments were measured at fair value based on value inputs, other than quoted prices, that are observable either directly or indirectly.

16. COMMITMENTS

The Group's capital commitments outstanding at 30th June, 2021 and not provided for in the consolidated interim financial statements are as follows:

HK\$ million	Contracted but not provided for	
	30/6/2021	31/12/2020
Investment in a joint venture	–	13
Plant and machinery	163	287
Total	163	300

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

17. CONTINGENT LIABILITIES

The contingent liabilities of the Group are as follows:

HK\$ million	30/6/2021	31/12/2020
Guarantee in respect of bank loan drawn by a joint venture	1,236	1,191
Other guarantees given in respect of a joint venture	416	438
Performance bond indemnities	175	173
Total	1,827	1,802

18. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation.

19. REVIEW OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The consolidated interim financial statements are unaudited, but have been reviewed by the Audit Committee.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th June, 2021, the interests or short positions of the Directors and chief executives 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 (“SFO”)) which were notified to the Company and The Stock Exchange of Hong Kong Limited (“Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (“Model Code”), to be notified to the Company and the Stock Exchange, were as follows:

(1) LONG POSITIONS IN SHARES

Name of Company	Name of Director	Capacity	Number of Ordinary Shares / Share Stapled Units				Total	Approximate % of Shareholding
			Personal Interests	Family Interests	Corporate Interests	Other Interests		
Company	Li Tzar Kuoi, Victor	Interest of child or spouse & beneficiary of trusts	–	227,000	–	5,428,000 (Note 1)	5,655,000	0.21%
	Kam Hing Lam	Beneficial owner	100,000	–	–	–	100,000	0.003%
CK Hutchison Holdings Limited	Li Tzar Kuoi, Victor	Beneficial owner, interest of child or spouse, interest of controlled corporations & beneficiary of trusts	220,000	405,200	4,600,850 (Note 3)	1,160,195,710 (Note 2)	1,165,421,760	30.28%
	Kam Hing Lam	Beneficial owner & interest of child or spouse	51,040	57,360	–	–	108,400	0.002%
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	6,011,438 (Note 8)	–	6,011,438	0.15%
	Frank John Sixt	Beneficial owner	166,800	–	–	–	166,800	0.004%
	Lan Hong Tsung, David	Beneficial owner	13,680	–	–	–	13,680	0.0003%
	Lee Pui Ling, Angelina	Beneficial owner	111,334	–	–	–	111,334	0.002%

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

(1) LONG POSITIONS IN SHARES (CONT'D)

Name of Company	Name of Director	Capacity	Number of Ordinary Shares / Share Stapled Units				Total	Approximate % of Shareholding
			Personal Interests	Family Interests	Corporate Interests	Other Interests		
CK Hutchison Holdings Limited (Cont'd)	George Colin Magnus	Beneficial owner, interest of child or spouse & founder & beneficiary of a discretionary trust	85,361	16,771	–	833,868 (Note 9)	936,000	0.02%
	Chow Woo Mo Fong, Susan	Beneficial owner	129,960	–	–	–	129,960	0.003%
	Man Ka Keung, Simon	Beneficial owner & interest of child or spouse	9,895 (Note 10)	11,895 (Note 10)	–	–	11,895	0.0003%
Power Assets Holdings Limited	Kam Hing Lam	Interest of child or spouse	–	100,000	–	–	100,000	0.004%
	Lee Pui Ling, Angelina	Beneficial owner	8,800	–	–	–	8,800	0.0004%
HK Electric Investments and HK Electric Investments Limited	Li Tzar Kuoi, Victor	Interest of controlled corporations	–	–	7,870,000 (Note 5)	–	7,870,000	0.08%
	Kam Hing Lam	Interest of child or spouse	–	1,025,000	–	–	1,025,000	0.01%
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	2,000,000 (Note 8)	–	2,000,000	0.02%
	Lee Pui Ling, Angelina	Beneficial owner	2,000	–	–	–	2,000	0.00002%
Hutchison Telecommunications (Australia) Limited	Fok Kin Ning, Canning	Beneficial owner & interest of controlled corporation	4,100,000	–	1,000,000 (Note 8)	–	5,100,000	0.037%
	Frank John Sixt	Beneficial owner	1,000,000	–	–	–	1,000,000	0.007%
Hutchison Telecommunications Hong Kong Holdings Limited	Li Tzar Kuoi, Victor	Interest of child or spouse, interest of controlled corporations & beneficiary of trusts	–	192,000	353,292,749 (Note 7)	153,280 (Note 6)	353,638,029	7.33%
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	1,202,380 (Note 8)	–	1,202,380	0.024%
	Frank John Sixt	Beneficial owner	255,000	–	–	–	255,000	0.005%
	George Colin Magnus	Beneficial owner & interest of child or spouse	13,201	132	–	–	13,333	0.0002%
	Chow Woo Mo Fong, Susan	Beneficial owner	250,000	–	–	–	250,000	0.005%

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

(2) LONG POSITIONS IN DEBENTURES

Name of Company	Name of Director	Capacity	Amount of Debentures				Total
			Personal Interests	Family Interests	Corporate Interests	Other Interests	
CK Hutchison Capital Securities (17) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	-	-	US\$38,000,000 Subordinated Guaranteed Perpetual Capital Securities (Note 4)	-	US\$38,000,000 Subordinated Guaranteed Perpetual Capital Securities

Notes:

- The discretionary beneficiaries of each of The Li Ka-Shing Unity Discretionary Trust ("DT1") and another discretionary trust ("DT2") are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard. Each of the trustees of DT1 and DT2 holds units in The Li Ka-Shing Unity Trust ("UT1") but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of UT1 holds a total of 5,428,000 shares of the Company.

The entire issued share capital of TUT1 and of the trustees of DT1 and DT2 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 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.

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

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Notes (Cont'd):

2. The 1,160,195,710 shares in CK Hutchison Holdings Limited ("CK Hutchison") comprise:

- (a) 1,003,380,744 shares held by TUT1 as trustee of UT1 together with certain companies 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"). By virtue of being a director of the Company and a discretionary beneficiary of each of DT1 and DT2 as described in Note 1 above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares of CK Hutchison held by TUT1 as trustee of UT1 and TUT1 related companies under the SFO.
- (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") together with certain companies 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"). The discretionary beneficiaries of each of the two discretionary trusts ("DT3" and "DT4") are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard. Each of the trustees of DT3 and 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 entire issued share capital of TUT3 and of the trustees of DT3 and DT4 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 CK Hutchison 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 CK Hutchison 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.

By virtue of the above and as a director of the Company and a discretionary beneficiary of each of DT3 and DT4, Mr. Li Tzar Kuoi, Victor is also taken to have a duty of disclosure in relation to the said 72,387,720 shares of CK Hutchison held by TUT3 as trustee of UT3 and TUT3 related companies under the SFO.

- (c) 84,427,246 shares held by a company controlled by Li Ka-Shing Castle Trustee Corporation Limited as trustee of DT3.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Notes (Cont'd):

3. The 4,600,850 shares in CK Hutchison comprise:
 - (a) 3,223,850 shares held by certain companies in 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.
 - (b) 300,000 shares 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.
 - (c) 1,077,000 shares held by a wholly-owned subsidiary of Li Ka Shing (Global) Foundation ("LKSGF"). By virtue of the terms of the constituent documents of LKSGF, 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 LKSGF.
4. Such interests are held by a company 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 its general meetings.
5. The 7,870,000 share stapled units in HK Electric Investments and HK Electric Investments Limited comprise:
 - (a) 2,700,000 share stapled units held by a wholly-owned subsidiary of LKSGF. By virtue of the terms of the constituent documents of LKSGF, 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 LKSGF.
 - (b) 5,170,000 share stapled units held by 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.
6. 153,280 shares in Hutchison Telecommunications Hong Kong Holdings Limited ("HTHK") are held by TUT3 as trustee of UT3. By virtue of being a director of the Company and discretionary beneficiary of each of DT3 and DT4 as described in Note 2(b) above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said 153,280 shares of HTHK held by TUT3 as trustee of UT3 under the SFO.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Notes (Cont'd):

7. The 353,292,749 shares in HTHK comprise:
 - (a) 2,519,250 shares held by certain companies in 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.
 - (b) 245,546 shares held by LKSGF. By virtue of the terms of the constituent documents of LKSGF, 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 LKSGF.
 - (c) 350,527,953 shares held by 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.
8. Such interests are held by a company which is equally owned by Mr. Fok Kin Ning, Canning and his wife.
9. Such interests comprise 184,000 shares held by a company controlled by a trust under which Mr. George Colin Magnus is a discretionary beneficiary and 649,868 shares indirectly held by a trust of which Mr. George Colin Magnus is the settlor and a discretionary beneficiary.
10. Such 9,895 shares are jointly held by Mr. Man Ka Keung, Simon and his wife, the remaining 2,000 shares are held by his wife.

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 30th June, 2021, any interests or short positions 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) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at 30th June, 2021, shareholders (other than Directors or chief executives of the Company) who 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 were as follows:

LONG POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES OF THE COMPANY

Name	Capacity	Number of Ordinary Shares	Total	Approximate % of Shareholding
Hutchison Infrastructure Holdings Limited	(1) Beneficial owner	1,906,681,945) (Note i))	2,037,747,042	76.87%
	(2) Interest of controlled corporation	131,065,097) (Note iv))		
CK Hutchison Global Investments Limited	(1) Interest of controlled corporations	1,906,681,945) (Note ii))	2,037,747,042	76.87%
	(2) Interest of controlled corporation	131,065,097) (Note iv))		
CK Hutchison Holdings Limited	(1) Interest of controlled corporations	1,906,681,945) (Note iii))	2,037,747,042	76.87%
	(2) Interest of controlled corporation	131,065,097) (Note iv))		

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

Notes:

- i. 1,906,681,945 shares of the Company are held by Hutchison Infrastructure Holdings Limited (“HIHL”), an indirect subsidiary of CK Hutchison Global Investments Limited (“CK Global”). Its interests are duplicated in the interests of CK Global in the Company described in Note ii below.
- ii. CK Global is deemed to be interested in the 1,906,681,945 shares of the Company referred to in Note i above as certain subsidiaries of CK Global are entitled to exercise or control the exercise of more than one-third of the voting power at general meetings of HIHL.
- iii. CK Hutchison Holdings Limited (“CK Hutchison”) is deemed to be interested in the 1,906,681,945 shares of the Company referred to in Note ii above as CK Hutchison is entitled to exercise or control the exercise of more than one-third of the voting power at general meetings of CK Global.
- iv. The 131,065,097 shares (“Reference Shares”) are held by OVPH Limited (“OVPH”) by virtue of the US\$1,200,000,000 5.875% Guaranteed Perpetual Capital Securities (“Perpetual Securities”) issued on 2nd March, 2016. The Perpetual Securities were issued by OVPH and guaranteed by the Company. A swap agreement (“Swap Agreement”) was entered into between the Company and OVPH under which OVPH is obliged to act in accordance with directions from the Company on certain matters. As a result, the Company is deemed by virtue of section 316(2) of the SFO to be interested in such voting shares as OVPH is interested. HIHL, CK Global and CK Hutchison are in turn deemed to be interested in the same 131,065,097 shares of the Company held by OVPH for the reasons set out in Notes ii and iii above. On 1st March, 2021, OVPH has redeemed all of the Perpetual Securities. The Swap Agreement and the Reference Shares are still subsisting and their terms remain unchanged.

Save as disclosed above, as at 30th June, 2021, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who 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.

CORPORATE GOVERNANCE

The Board of Directors (“Board”) and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders.

The Company had applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Corporate Governance Code (“CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) throughout the six months ended 30th June, 2021.

The Group is committed to achieving and maintaining standards of openness, probity and accountability. In line with this commitment and in compliance with the CG Code, the Company has established the Whistleblowing Policy – Procedures for Reporting Possible Improprieties, which has been revised from time to time. In addition, the Company has also established the Policy on Handling of Confidential Information, Information Disclosure, and Securities Dealing for compliance by the Company’s employees.

(1) BOARD COMPOSITION AND BOARD PRACTICES

The Board is collectively responsible for the oversight of the management of the business and affairs of the Group with the objective of enhancing shareholders’ value. The Board consists of a total of seventeen Directors, comprising eight Executive Directors, two Non-executive Directors and seven Independent Non-executive Directors. Three Alternate Directors were appointed. More than one-third of the Board are Independent Non-executive Directors and more than one of them have appropriate professional qualifications, or accounting or related financial management expertise as required by the Listing Rules. All Directors (including Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company’s Bye-laws and the CG Code.

The positions of the Chairman and the Group Managing Director are currently held by separate individuals with a view to maintaining an effective segregation of duties respecting management of the Board and the day-to-day management of the Group’s business.

CORPORATE GOVERNANCE

(1) BOARD COMPOSITION AND BOARD PRACTICES (CONT'D)

All Directors have made active contribution to the affairs of the Board and the Board has always acted in the best interests of the Group. In addition to regular Board meetings, the Chairman meets with the Independent Non-executive Directors without the presence of other Directors at least once every year.

The Company Secretary is responsible to the Board for ensuring that Board procedures are followed and for ensuring that the Board is briefed on all legislative, regulatory and corporate governance developments and that the Board has regard to them when making decisions. The Company Secretary is also directly responsible for the Group's compliance with the continuing obligations of the Listing Rules, Codes on Takeovers and Mergers and Share Buy-backs, Companies Ordinance, the Securities and Futures Ordinance and other applicable laws, rules and regulations.

(2) MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions effective from 31st March, 2004, which has been revised and adopted from time to time. Confirmation has been received from all Directors that they have complied with the required standards set out in the Model Code during the six months ended 30th June, 2021.

Written guidelines on no less exacting terms than the Model Code relating to securities transactions for employees are set out in the Employee Handbook of the Company.

CORPORATE GOVERNANCE

(3) RISK MANAGEMENT AND INTERNAL CONTROLS

The Company has an internal audit function in place to provide an independent assessment of the Group's risk management and internal control systems and review of their effectiveness in accordance with the CG Code. The Group Internal Audit prepares its audit plan using a risk based methodology in consultation with, but independent of, the management for review by the audit committee of the Company ("Audit Committee"). The audit work focuses on financial, operational and compliance controls review and those areas of the Group's activities with significant perceived risks. An integral part of the internal audit function is to monitor and ensure effective implementation of the risk management and internal control systems.

The Board, through the Audit Committee, has conducted a review of the effectiveness of the risk management and internal control systems of the Group for the six months ended 30th June, 2021.

(4) AUDIT COMMITTEE

The Company established the Audit Committee on 11th December, 1998 and has formulated its written terms of reference, which have from time to time been modified, in accordance with the prevailing provisions of the CG Code. The Audit Committee comprises four Independent Non-executive Directors, namely, Mrs. Sng Sow-mei alias Poon Sow Mei (Chairperson of the Audit Committee), Mr. Cheong Ying Chew, Henry, Mr. Lan Hong Tsung, David and Mr. Paul Joseph Tighe. The principal duties of the Audit Committee include: the review and supervision of the Group's financial reporting system, risk management and internal control systems; review of the Group's financial information; review of the relationship with the external auditor of the Company; and performance of the corporate governance functions delegated by the Board.

The Group's interim report for the six months ended 30th June, 2021 has been reviewed by the Audit Committee.

CORPORATE GOVERNANCE

(5) REMUNERATION COMMITTEE

In compliance with the CG Code, the Company established its remuneration committee (“Remuneration Committee”) on 1st January, 2005 with a majority of the members thereof being Independent Non-executive Directors. The Remuneration Committee comprises an Independent Non-executive Director, Mr. Cheong Ying Chew, Henry (Chairman of the Remuneration Committee), the Chairman of the Board, Mr. Victor T K Li, and an Independent Non-executive Director, Mr. Colin Stevens Russel.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company’s policy and structure for the remuneration of Directors and the management, and reviewing the remuneration packages of all Executive Directors and the management with reference to the corporate goals and objectives of the Board resolved from time to time.

(6) NOMINATION COMMITTEE

The Company established its nomination committee (“Nomination Committee”) on 1st January, 2019 which currently comprises a majority of Independent Non-executive Directors and is chaired by an Independent Non-executive Director. The Nomination Committee comprises an Independent Non-executive Director, Mrs. Kwok Eva Lee (Chairperson of the Nomination Committee), the Chairman of the Board, Mr. Victor T K Li, and an Independent Non-executive Director, Mr. Barrie Cook.

The principal responsibilities of the Nomination Committee include reviewing the structure, size, diversity profile and skills matrix of the Board and the independence of the Independent Non-executive Directors and making recommendation on the re-election of Directors for the Board’s consideration.

CORPORATE GOVERNANCE

(7) SUSTAINABILITY COMMITTEE

The Company established its sustainability committee (“Sustainability Committee”) on 1st December, 2020 with members comprised of an Executive Director, an Independent Non-executive Director and the Company Secretary to oversee management and advise the Board on the development and implementation of the sustainability initiatives of the Group, including reviewing the related environment, social and governance (“ESG”) policies and practices, and assessing and making recommendations on matters concerning the Group’s sustainability development and ESG risks. The Sustainability Committee comprises an Executive Director, Mr. Ip Tak Chuen, Edmond (Chairman of the Sustainability Committee), an Independent Non-executive Director, Mr. Paul Joseph Tighe, and the Company Secretary, Ms. Eirene Yeung.

(8) INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company establishes different communication channels with shareholders and investors, including (i) printed copies of corporate communications (including but not limited to annual reports, interim reports, notices of meetings, circulars and proxy forms) required under the Listing Rules, and shareholders can choose to receive such documents using electronic means through the Company’s website; (ii) the annual general meeting provides a forum for shareholders to raise comments and exchange views with the Board; (iii) updated and key information on the Group is available on the website of the Company; (iv) the Company’s website offers a communication channel between the Company and its shareholders and stakeholders; (v) press conferences and briefing meetings with analysts are arranged from time to time, where applicable, to update on the performance of the Group; (vi) the Company’s Branch Share Registrar deals with shareholders for share registration and related matters; and (vii) the Corporate Affairs Department of the Company handles enquiries from shareholders and investors generally.

In compliance with the CG Code, the Company has established a shareholders communication policy in March 2012 which is subject to review on a regular basis to ensure its effectiveness.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30th June, 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

DISCLOSURE UNDER CHAPTER 13 OF THE LISTING RULES

The following information is disclosed in accordance with Rule 13.22 of Chapter 13 of the Listing Rules:

As at 30th June, 2021, the Group's financial assistance to certain affiliated companies exceeded the assets ratio of 8 per cent. A combined statement of financial position of the affiliated companies as at 30th June, 2021 is set out below:

HK\$ million	
Non-current assets	593,982
Current assets	33,721
Current liabilities	(68,633)
Non-current liabilities	(419,978)
Net assets	139,092
Share capital	47,625
Reserves	91,798
Non-controlling interests	(331)
Total equity	139,092

As at 30th June, 2021, the consolidated attributable interest of the Group in these affiliated companies amounted to HK\$95,569 million.

RISK FACTORS

The Group's businesses, financial conditions, results of operations or growth prospects may be affected by risks and uncertainties directly or indirectly pertaining to the Group's businesses. The risk factors set out below are those that could result in the Group's businesses, financial conditions, results of operations or growth prospects differing materially from expected or historical results. Such factors are by no means exhaustive or comprehensive, and there may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future. In addition, this Interim Report does not constitute a recommendation or advice to invest in the shares or other securities of the Company and investors are advised to make their own judgement or consult their own investment advisors before making any investment in the shares or other securities of the Company.

GLOBAL ECONOMY

The ongoing COVID-19 pandemic and associated community shutdowns have a widespread and severe impact on worldwide economic activity. Despite gradual relaxation or lifting of most lockdown measures in certain nations, the pace of recovery is constrained by the spread of new coronavirus variants and uneven vaccination across countries. The global economic outlook still depends on the development of the health crisis, including the duration, spread, severity and any recurrence of the pandemic, the efficacy and availability of vaccines, and the nature and severity of measures adopted by governments. International trade relations, uncertainties following Brexit, the fluctuation of major currencies, the increasing geopolitical tensions, as well as the development of global inflation, interest rate and oil prices, all have created uncertainties in the world economy and global financial market. A severe slowdown in global economic growth could lead to economic contractions in certain markets, commercial and consumer delinquencies, weakened consumer confidence and increased market volatility. The Group is a diversified infrastructure investment company with businesses in Hong Kong, Mainland China, the United Kingdom ("UK"), Continental Europe, Australia, New Zealand, Canada and the United States. Any adverse economic conditions in those countries and places in which the Group operates may potentially impact on the Group's businesses, financial conditions or results of operations, asset values and liabilities.

RISK FACTORS

OUTBREAK OF HIGHLY CONTAGIOUS DISEASE

The continuing COVID-19 pandemic in different parts of the world, including the places of businesses at which the Group operates, has a significant adverse impact on most economies due to the community standstill, disruption of business activities, behavioral change, weakened sentiment in consumption, restricted labour supply and production and confidence effects, in addition to travel restrictions. The situation of COVID-19 outbreak has stabilised following the rollout of vaccines, but the development of the pandemic remains highly volatile and unpredictable. The rapid spread of new COVID-19 variants and any resurgence of the pandemic may cause disruption of operational activities and loss of life, and may pose a negative impact on the Group's businesses, financial conditions, results of operations or growth prospects. In particular, the Group's investment in Park'N Fly can be substantially affected should travel restrictions in Canada remain in place. There can be no assurance that there will not be another significant global outbreak of a severe communicable disease, and if such an outbreak were to occur, it may have an adverse impact on the operations of the Group and its results of operations may suffer.

ECONOMIC CONDITIONS AND INTEREST RATES

The industries in which the Group operates are affected by the economic conditions of the various places where the Group's investments or operations are located, the population growth of these places, mark to market value of securities investments, the currency environment and interest rates cycles. There can be no assurance that the combination of the above factors the Group experiences in the future will not adversely affect its financial conditions or results of operations.

In particular, income from finance and treasury operations is dependent upon the capital markets, interest rate and currency environment, and the worldwide economic and market conditions, and therefore there can be no assurance that changes in these conditions will not adversely affect the Group's financial conditions or results of operations. The volatility in the financial markets may also adversely affect the income to be derived by the Group from its finance and treasury activities.

RISK FACTORS

CONCENTRATION IN GEOGRAPHICAL MARKETS AND BUSINESS TYPES

The business operation of the Group may be viewed as substantially concentrated in one or more geographical markets or in one particular or more types of business. If and when the Group's operations are exposed to any deterioration in the economic, social and/or political conditions as well as any incidence of social unrest, strike, riot, civil disturbance or disobedience or terrorism, or even outbreaks of epidemics in such geographical markets and/or business segments, the adverse circumstances may materially disrupt the Group's operations and, in turn, impact the revenue, profitability and financial conditions of the Group.

HIGHLY COMPETITIVE MARKETS

The Group's waste management, off-airport car parking, rolling stock leasing, cement and household infrastructure businesses face significant competition across the markets in which they operate. New market entrants and intensified price competition among existing market players could adversely affect the Group's businesses, financial conditions, results of operations or growth prospects. Competition risks faced by the Group include (a) possible restrictions on the access by the shuttle buses operated by the Group's off-airport car parking businesses as imposed by the airport authorities who operates the on-airport car parking businesses; (b) the availability of rail link services from city centre to airport which may reduce the usage of the off-airport car park; and (c) significant competition and pricing pressure from other competitors attempting to capture a higher level of market share. Such risks may adversely affect the financial performance of the Group's operation.

RISK FACTORS

INFRASTRUCTURE MARKET

Some of the investments owned by the Group (for example, water, gas and electricity) are subject to regulatory pricing and strict adherence must be made to the licence requirements, codes and guidelines established by the relevant regulatory authorities from time to time. Failure to comply with these licence requirements, codes or guidelines may lead to penalties, or, in extreme circumstances, amendment, suspension or cancellation of the relevant licences by the authorities. Many of the Group's regulated businesses have recently been or will soon be undergoing challenging regulatory resets. Against an environment of ultra-low interest and inflation rates as well as tougher stances adopted by regulators, the outcome is expected to be lower revenues arising from lower allowed returns. Any operational practices that are significantly out of step with community expectations can lead to concerns being raised with regulators or even the local Government directly, and may ultimately lead to more stringent regulatory resets as well as bad publicity that could also have a reputational impact.

The distribution and transmission networks of the Group's utilities investments are also exposed to supply interruptions. If a severe earthquake, storm, flood, fire, sabotage, terrorist attack, outbreaks of epidemics or other unplanned event interrupts service, the loss of cash flow resulting from the interruption and the cost of recovery from network damage could be considerable and potentially cause poor customer perception and may also lead to claims and litigations. Moreover, some losses from events such as terrorist attacks may not be recoverable. Increases in the number or duration of supply interruptions could result in material increases in the costs associated with the operation of the distribution and transmission networks. The capacity factor (load factor) of the wind farms acquired by the Group could also be affected by the wind conditions, which could result in the fluctuation of revenues. All of these uncertain factors could have a material adverse effect on the businesses, financial conditions, results of operations or growth prospects of the Group.

RISK FACTORS

CRUDE OIL MARKETS

The Group's investment in Husky Midstream Limited Partnership ("HMLP") comprises oil pipelines, storage facilities and ancillary assets in Canada. Its results of operation and financial conditions may be dependent on the prices received for refined products and crude oil of Cenovus Energy Inc. ("Cenovus"). Lower prices over a prolonged period of time for crude oil could adversely affect the value and quantity of Cenovus's oil production. HMLP also has other customers apart from Cenovus and their demand for HMLP's services may depend on prices received for their refined products and crude oil. Prices for refined products and crude oil are based on local and global supply and demand as well as availability and costs of transportation. Supply and demand may be affected by a number of factors including, but not limited to, actions taken by the Organisation of the Petroleum Exporting Countries (OPEC), non-OPEC crude oil supply, social and political conditions in oil producing countries, the occurrence of natural disasters, general and specific economic conditions, technological developments, prevailing weather patterns and the availability of alternate sources of energy. Furthermore, HMLP is also susceptible to unforeseen pipeline releases at rivers or nature reserves. If the above events occurred or further occurred, it may adversely affect the Group's financial conditions and results of operations.

CAPITAL EXPENDITURE

A significant amount of capital expenditure is required for the Group to acquire new investments and to maintain the assets of its existing businesses. While the relevant asset companies have their own asset management plans, there is a risk that due to unforeseen events, capital expenditure required for the replacement of assets could exceed budgeted amounts and hence affect the businesses, financial conditions, results of operations or growth prospects of the Group.

RISK FACTORS

CURRENCY FLUCTUATIONS

The Group is a diversified infrastructure investment company with businesses in Hong Kong, Mainland China, the UK, Continental Europe, Australia, New Zealand, Canada and the United States, and is exposed to potential currency fluctuations in these countries and places in which the Group operates. The results of the Group are recorded in Hong Kong dollars but its various subsidiaries, associates and joint ventures may receive revenue and incur expenses in other currencies. Any currency fluctuations on translation of the accounts of these subsidiaries, associates and joint ventures and also on the repatriation of earnings, equity investments and loans may therefore impact on the Group's financial conditions or results of operations, asset values and liabilities. The fluctuations in currencies and in particular, the devaluation of the pound sterling arising from Brexit, impact on all businesses in the market that have exposure in the UK and/or to pound sterling. While the Company is not immune from such impact, there is no material change beyond market expectation.

To minimise currency risk exposure in respect of its investments in other countries, the Group generally hedges those investments with (i) currency swaps and (ii) appropriate level of borrowings denominated in the local currencies. The Group has not entered into any speculative derivative transaction.

Although currency exposures have been managed by the Group, a depreciation or fluctuation of the currencies in which the Group conducts operations relative to the Hong Kong dollar could adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

CYBERSECURITY

With the fast expanding adoption of internet and networking operational technology, cyberattacks around the world are occurring at a higher frequency and intensity. The Group's critical utility and information assets are exposed to attack, damage or unauthorised access in the cyberworld. Cybersecurity risks could have material adverse effect on the operational and business performance, as well as the business reputation of the Group.

RISK FACTORS

CYBERSECURITY (CONT'D)

Although the Group has not experienced any major damage to its infrastructure projects, assets or activities from cyberattacks to date, there can be no assurance that future cyberattacks or breaches of the Group's cybersecurity will not occur and result in significant impact on the Group's reputation, businesses, financial conditions, results of operations or growth prospects.

POTENTIAL RISKS IN RELATION TO WITHDRAWAL OF THE UK FROM EUROPEAN UNION'S MEMBERSHIP ("BREXIT")

The UK voted in 2016 to leave the European Union ("EU"), resulting in financial market volatility and a fall in the value of the British pound. The UK ceased to be a member state of the EU on 31st January, 2020 and the transition period ended on 31st December, 2020, symbolizing that the UK has completely separated from the EU and opened a new page in the relationship with the EU. Although the Trade and Cooperation Agreement made between the UK and the EU in December 2020 sets out preferential arrangements in various areas, further negotiations are expected to continue to fill the gaps and the arrangements remain uncertain. In any event, Brexit has created significant uncertainty about the future relationship between the UK and the EU.

While the Group's businesses in the UK are either protected by the respective regulated regimes or under long term payment contracts, and are essential services including electricity, water & sewage, gas and transportation, the continuing uncertainties following Brexit could adversely affect the economy of the UK and the strength of the British pound, although the long term implication of Brexit remains to be seen.

A significant and prolonged depreciation of the British pound may affect the Group's reported profit, and its ability to maintain future growth of dividends for shareholders.

RISK FACTORS

STRATEGIC PARTNERS

Some of the businesses of the Group are conducted through non wholly-owned subsidiaries, associates and joint ventures in which the Group shares control (in whole or in part) and strategic alliances had been formed by the Group with other strategic or business partners. There can be no assurance that any of these strategic or business partners will continue their relationships with the Group in the future or that the Group will be able to pursue its stated strategies with respect to its non wholly-owned subsidiaries, associates and joint ventures and the markets in which they operate. Furthermore, the joint venture partners may (a) have economic or business interests or goals that are inconsistent with those of the Group; (b) take actions contrary to the Group's policies or objectives; (c) undergo a change of control; (d) experience financial and other difficulties; or (e) be unable or unwilling to fulfill their obligations under the joint ventures, which may affect the Group's businesses, financial conditions, results of operations or growth prospects.

MERGERS AND ACQUISITIONS

The Group has undertaken merger and acquisition activities in the past and may continue to do so if there are appropriate acquisition opportunities in the market. In pursuit of new business opportunities, the Group is experiencing more intense competition where competing bidders are more aggressive in the valuation of the assets on the back of abundant market liquidity and lower return requirements. The pressure to deploy capital has been significant. Although due diligence and detailed analysis are conducted before merger and acquisition activities are undertaken, there can be no assurance that these can fully expose all hidden problems, potential liabilities and unresolved disputes that the target company may have. In addition, valuations and analyses on the target company conducted by the Group and by professionals alike are based on numerous assumptions, and there can be no assurance that those assumptions are correct or appropriate or that they will receive universal recognition. Relevant facts and circumstances used in the analyses could have changed over time, and new facts and circumstances may come to light as to render the previous assumptions and the valuations and analyses based thereon obsolete. COVID-19 has introduced more market uncertainty and has also imposed logistical restrictions on the ability to conduct due diligence according to the Group's usual procedures.

RISK FACTORS

MERGERS AND ACQUISITIONS (CONT'D)

Some of these merger and acquisition activities are subject to regulatory approvals in overseas countries and there can be no assurance that such approvals will be obtained, and even if granted, that there will be no burdensome conditions attached to such approvals. The Group may not necessarily be able to successfully integrate the target business into the Group and may not be able to derive any synergy from the acquisition, leading to an increase in costs, time and resources. For merger and acquisition activities undertaken overseas, the Group may also be exposed to different and changing political, social, legal and regulatory requirements at the local, national and international level. The Group may also need to face different cultural issues when dealing with local employees, customers, governmental authorities and pressure groups.

IMPACT OF LOCAL, NATIONAL AND INTERNATIONAL REGULATIONS

The local business risks in different countries and cities in which the Group operates could have a material impact on the businesses, financial conditions, results of operations or growth prospects. The Group has investments in different countries and cities around the world and the Group is, and may increasingly become, exposed to different and changing political, social, legal, tax, regulatory and environmental requirements at the local, national or international level. Also, new guidelines, directives, policies or measures by governments, whether fiscal, tax, regulatory, environmental or other competitive changes, may lead to an increase in additional or unplanned operating expenses and capital expenditures, increase in market capacity, reduction in government subsidies, pose a risk to the overall investment return of the Group's businesses and may delay or prevent the commercial operation of a business with resulting loss of revenue and profit, which may adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

RISK FACTORS

IMPACT OF LOCAL, NATIONAL AND INTERNATIONAL REGULATIONS (CONT'D)

Political, regulatory and media attention has increased significantly towards privatised companies in countries in which the Group operates. Regulators in some of these countries have warned of increasingly onerous regulatory resets, and some major political parties are promoting policies to bring energy, water and railways back into public ownership, which could potentially have serious and material consequences for the Group if such regulations and policies are enacted. Group companies are responding to these risks by focusing on their core strategies of delivering and outperforming regulatory outputs such as safety, reliability and customer service, at the lowest cost possible; by conveying the positive benefits to customers of the services they provide; and by engaging collaboratively with regulators and politicians to demonstrate the advantages of private ownership.

COMPLIANCE WITH PERSONAL DATA PROTECTION LEGISLATION

In the ordinary course of its operations, various businesses of the Group collect, store and use data that is protected by personal data protection laws in the different countries in which they operate. As regulatory focus on privacy issue continues to increase and worldwide laws and regulations concerning the handling of personal information expand and become more complex, potential risks related to personal data collection and use within the Group's businesses are expected to intensify.

In the event that any relevant business of the Group is unable to meet its obligations under applicable data protection laws, it may be subject to regulatory action or civil claims. The cost of regulatory or legal action, and any monetary and/or reputational damage suffered as a result of such action, could have a material adverse effect on the Group's financial conditions and results of operations.

RISK FACTORS

IMPACT OF NEW ACCOUNTING STANDARDS

The International Accounting Standards Board has from time to time issued a number of new and revised International Financial Reporting Standards (“IFRS”). The International Accounting Standards Board may in the future issue new and revised standards and interpretations. In addition, interpretations on the application of the IFRS will continue to develop. These factors may require the Group to adopt new accounting policies. The adoption of new accounting policies or new IFRS might or could have a significant impact on the Group’s financial position or results of operations.

CONNECTED TRANSACTIONS

CK Hutchison Holdings Limited (“CK Hutchison”) is also listed on The Stock Exchange of Hong Kong Limited. Although the Group believes that its relationship with CK Hutchison provides it with significant business advantages, the relationship results in various connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and accordingly any transactions entered into between the Group and CK Hutchison, its subsidiaries or associates are connected transactions, which, unless one of the exemptions is available, will be subject to compliance with the applicable requirements of the Listing Rules, including the issuance of announcements, the obtaining of independent shareholders’ approval at general meetings and disclosure in annual reports and financial statements. Independent shareholders’ approval requirements may also lead to unpredictable outcomes causing disruptions to as well as an increase in the risks of the Group’s business activities. Independent shareholders may also take actions that are in conflict with the interests of the Group.

RISK FACTORS

CLIMATE CHANGE

Some of the Group's assets and businesses, and many of the Group's customers and suppliers are located in areas that would be affected in the medium to long term by climate change. Climate change may increase the frequency and intensity of extreme weather events, and some of which can result in natural disasters. It could disrupt supply chains, interrupt business operations and cause financial and physical damages. Alternation in weather patterns, such as typhoons, droughts, or rain amount may cause shortage of crops for food and other natural resources. The harsher temperatures in some locations may also pose increased risk for colleagues working in those locations. Changes in microclimates for certain locations may render certain businesses obsolete. Some governments are also beginning to introduce legislations or requirements to restrict emissions and other environmental protective measures. Regulations, disruption and damage arising from climate change could have a material impact on the Group's businesses and adversely affect the Group's financial conditions and results of operations.

Although the Group has not experienced any significant disruption or damage from climate change thus far, there can be no assurance that climate change and its impact including rising sea levels, prolonged droughts or heat waves and other extreme weather patterns will not occur and result in major disruption or damage to the Group's assets and businesses, which could materially and adversely affect the Group's financial conditions and results of operations.

NATURAL DISASTERS

Some of the Group's assets and projects, and many of the Group's customers and suppliers are located in areas at risk of damage from earthquakes, floods, drought, fire, frost and similar disasters and the occurrence of any of these disasters could disrupt the Group's business and materially and adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

RISK FACTORS

NATURAL DISASTERS (CONT'D)

There can be no assurance that earthquakes, floods, drought or other natural disasters will not occur and result in major damage to the Group's infrastructure projects, or assets or facilities or on the general supporting infrastructure facilities in the vicinity, which could adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

SOCIAL INCIDENTS AND TERRORIST THREAT

The Group is a diversified infrastructure investment company with businesses in Hong Kong, Mainland China, the UK, Continental Europe, Australia, New Zealand, Canada and the United States. In recent years, a series of social incidents and terrorist activities occurred across the globe that resulted in economic losses, multiple deaths and casualties. There can be no assurance that countries in which the Group operates will not have any social incidents or they will be immune from terrorist threat, and if these events occur, it may have an adverse impact on the Group's businesses, financial conditions, results of operations or growth prospects.

PAST PERFORMANCE AND FORWARD LOOKING STATEMENTS

The past performance and the results of operations of the Group as contained in this Interim Report are historical in nature and past performance can be no guarantee of future results of the Group. This Interim Report may contain forward-looking statements and opinions that involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. Neither the Group nor the directors, employees or agents of the Group assume (a) any obligation to correct or update the forward-looking statements or opinions contained in this Interim Report; and (b) any liability in the event that any of the forward-looking statements or opinions does not materialise or turns out to be incorrect.

This interim report 2021 (both English and Chinese versions) (“Interim Report”) has been posted on the Company’s website at www.cki.com.hk. Shareholders who have chosen (or are deemed to have consented) to read the Company’s corporate communications (including but not limited to the Interim Report) published on the Company’s website in place of receiving printed copies thereof may request the printed copy of the Interim Report in writing to the Company c/o the Company’s Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong or by email to cki.ecom@computershare.com.hk.

Shareholders who have chosen (or are deemed to have consented) to receive the corporate communications using electronic means through the Company’s website and who for any reason have difficulty in receiving or gaining access to the Interim Report posted on the Company’s website will upon request in writing to the Company c/o the Company’s Branch Share Registrar or by email to cki.ecom@computershare.com.hk promptly be sent the Interim Report in printed form free of charge.

Shareholders may at any time choose to change their choice as to the means of receipt (i.e. in printed form or by electronic means through the Company’s website) and/or the language of the Company’s corporate communications by reasonable prior notice in writing to the Company c/o the Company’s Branch Share Registrar or sending a notice to cki.ecom@computershare.com.hk.

Shareholders who have chosen to receive printed copy of the corporate communications in either English or Chinese version will receive both English and Chinese versions of the Interim Report since both language versions are bound together into one booklet.

