



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



25TH ANNIVERSARY

Interim Report 2022

CKI

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

4,409

Profit attributable
to shareholders
(HK\$ million)

1.75

Earnings
per share
(HK\$)

0.70

Interim dividend
per share
(HK\$)

CONTENTS

2	Corporate Information and Key Dates
4	Chairman's Letter
11	Financial Review
13	Directors' Biographical Information
26	Consolidated Income Statement
27	Consolidated Statement of Comprehensive Income
28	Consolidated Statement of Financial Position
29	Consolidated Statement of Changes in Equity
31	Condensed Consolidated Statement of Cash Flows
32	Notes to the Consolidated Interim Financial Statements
43	Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures
49	Interests and Short Positions of Shareholders
51	Corporate Governance
56	Other Information
57	Risk Factors

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

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

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

3rd August, 2022
5th September, 2022
15th September, 2022

CHAIRMAN'S LETTER

SOUND FUNDAMENTALS UNDERPIN GROWTH TRAJECTORY

During the first half of 2022, despite the COVID-19 pandemic showing signs of abatement, a number of new challenges emerged in the form of rising interest rates, high-inflation, recession fears and heightened geopolitical tensions. Against this backdrop, CK Infrastructure Holdings Limited (“CKI”, the “Company” or the “Group”), with its strong track record and solid business foundation, remains resilient.

For the six months ended 30th June, 2022, the Group recorded profit attributable to shareholders of HK\$4,409 million, representing a year-on-year increase of 46%. This increase is largely due to the corresponding period last year being adversely impacted by the non-cash deferred tax related charges for the United Kingdom (“UK”) businesses.

For the first half of 2022, the operational profit of the Group’s businesses across different markets and sectors reported an increase of 6% in local currencies. Funds from operations amounted to HK\$4.2 billion, similar to the record high level reported for the same period last year.

DIVIDEND GROWTH

The Board of Directors of CKI (the “Board”) has declared an interim dividend for 2022 of HK\$0.70 per share (2021: HK\$0.69 per share). The interim dividend will be paid on Thursday, 15th September, 2022 to shareholders whose names appear on the Register of Members of the Company at the close of business on Monday, 5th September, 2022.

CHAIRMAN'S LETTER

BUSINESS REVIEW

Power Assets

Profit contribution from Power Assets was HK\$1,032 million, an increase of 14% as compared to the same period last year. The operational performance of the overseas businesses continued to be good. Profit contribution from HK Electric was stable during the period under review, as prescribed by the Scheme of Control.

United Kingdom Infrastructure Portfolio

Profit contribution from the UK was HK\$1,679 million, an increase of 219% as compared to the same period last year. This increase was mainly due to non-cash deferred tax related charges having been booked in the previous corresponding period.

The Group's operations performed well, largely underpinned by secure regulatory regimes. Regulated asset bases benefitted from inflation-linked adjustments.

In recognition of its exceptional customer service, the latest UK Customer Satisfaction Index ranked UK Power Networks ("UKPN") the best in the country. In June, draft determinations were published by the Office of Gas and Electricity Markets (Ofgem) in relation to the 2023-2028 regulatory period for electricity distribution networks, including UKPN. Work will continue to be carried out by UKPN to optimise the outcome. The final determination will be released in December, after which UKPN's regulated revenue will be predictable for another five-year period.

In the first half of 2022, both Northern Gas Networks and Wales & West Gas Networks continued their work in trialling renewable hydrogen for the gas networks in support of the UK's emission reduction target.

CHAIRMAN'S LETTER

Northumbrian Water also implemented green initiatives as part of its Net Zero plans. This includes the installation of an array of 3,600 solar panels at one of its water treatment sites. Plans are underway to increase the number of water treatment plants powered by solar panels in the future.

UK Rails signed several leases during the period under review, including a six-year lease with Great Western Railway for the C802 fleet.

Australian Infrastructure Portfolio

In Australia, profit contribution increased 9% over the previous period to HK\$1,004 million. The electricity distribution networks – namely SA Power Networks, Victoria Power Networks and United Energy – delivered satisfactory performance. Programmes to strengthen the poles and networks as well as wildfire prevention continued to be carried out.

Operations of Australian Gas Infrastructure Group, the gas distribution and transmission networks of the Group, was steady. Its Hydrogen Park South Australia (HypSA) production facility won the accolade of “Hydrogen Project of the Year” at the “Connecting Green Hydrogen APAC 2022 Hydrogen Future Awards”. The company also launched a revolutionary 100% hydrogen domestic hot water service in Victoria recently.

The results of Energy Developments (“EDL”) were buoyed by high power prices. The company’s Jabiru Hybrid Renewable Power station in Northern Territory was commissioned during the period under review. This innovative project draws on solar during the day, battery in the evening, and uses diesel as a back up.

CHAIRMAN'S LETTER

Infrastructure Portfolio in Continental Europe

In Continental Europe, profit contribution was HK\$429 million, a decline of 3% as a result of weaker foreign exchange. In local currency, profit contribution was an increase of 5%.

ista made good progress in expanding its digital service infrastructure, enhancing data security and customer interfaces. A bolt-on acquisition was signed during the period under review strengthening its Austrian portfolio.

Performance from Dutch Enviro Energy was steady. Subsidy from the Dutch government was granted for the building of a second CCU (Carbon Capture and Usage) plant.

Canadian Infrastructure Portfolio

Profit contribution from the Group's Canadian portfolio was HK\$306 million, an increase of 23% from the previous corresponding period. Strong performance were recorded by Reliance Home Comfort, Park'N Fly and Canadian Midstream Assets.

Reliance Home Comfort acquired a business in Florida, USA, as well as added EV (electric vehicle) chargers to its rental service, while Park'N Fly's revenue rebounded strongly off the back of a surge in post-Covid tourism.

New Zealand Portfolio

The New Zealand portfolio reported profit contribution of HK\$76 million, marking a 16% decrease as compared to the same period last year. This is attributable to weaker foreign exchange and a lower contribution from EnviroNZ which was impacted by inflation and higher operating costs.

CHAIRMAN'S LETTER

Hong Kong and Mainland China Business

In Hong Kong and Mainland China, CKI's portfolio recorded profit contribution of HK\$117 million, down by 47%. This resulted from low traffic volume for the toll road operations and weak performance of the cement businesses.

SOLID FINANCIAL FOUNDATION PLATFORM

The Group's financial position continues to be strong, with cash on hand of HK\$9.6 billion and net debt to net total capital ratio of 12.9% as at 30th June, 2022.

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

COMMITMENT TO ENVIRONMENTAL SUSTAINABILITY

CKI's businesses around the globe continue to take the lead in environmental sustainability. A number of our key operations have set their own emission reduction targets and net zero commitments.

Renewable hydrogen projects launched by the Group's gas companies – Northern Gas Networks, Wales & West Gas Networks, and Australian Gas Infrastructure Group – have all been successful and have won the support of the relevant governments. UK Rails is also working on using hydrogen to power trains, participating in the achievement of zero-emission for such transport mode. The Group's power distribution companies in UK and Australia – UKPN, SA Power Networks, Victoria Power Networks and United Energy – are all carrying out work in smart grid management and implementing measures to support EV charging facilities. Green power solutions are also being developed such as those carried out by EDL. In Hong Kong, HK Electric announced its plan in May to develop a 400-GWh wind farm southwest of Lamma Island.

CHAIRMAN'S LETTER

Besides establishing innovative milestones in the renewable energy front, good inroads in Carbon Capture and Usage have also been made, as in the case of Dutch Enviro Energy.

In addition to launching environmentally sustainable initiatives across different business units, the Group is also studying new investment opportunities in this sphere.

SUBSEQUENT EVENT

On 14th July, 2022, the Group together with CK Asset and CK Hutchison jointly announced that an agreement was entered with Kohlberg Kravis Roberts & Co. L.P. ("KKR") in regards to KKR's investment in 25% shareholding of Northumbrian Water. The consideration for the transaction is approximately GBP867 million (approximately HK\$8 billion). Upon completion, CKI will continue to be the largest economic benefit owner of Northumbrian Water with 39% interests.

OUTLOOK

The global economy faces continued volatility and uncertainty with inflationary pressures and geopolitical tensions being the major challenges. CKI remains resilient amidst these stress factors.

The revenues and asset bases of our regulated businesses are inflation protected. In a high inflation environment, appropriate adjustments are made to protect the regulated real rate of return.

CHAIRMAN'S LETTER

With our strong balance sheet, we are well-positioned to capitalise on new acquisition opportunities that align with our portfolio. Partnerships can also be formed with other members of the CK Group, including CK Asset and Power Assets, to further strengthen our edge.

By looking to grow our businesses with new investments and bolt-on acquisitions, CKI aims to create more synergies within our portfolio as we diversify our reach in terms of industry and geographical markets.

Underlying our growth strategy is our commitment to financial prudence. As evidenced by our track record of continued earnings growth and our comfortable gearing position, we always operate our businesses in a strategic manner that carefully balances stability and growth.

I would like to take this opportunity to thank the Board for their enduring support, our loyal staff for their tireless efforts and our stakeholders for their continued commitment.

VICTOR T K LI

Chairman

3rd August, 2022

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, 2022, cash and bank deposits on hand amounted to HK\$9,591 million and the total borrowings of the Group amounted to HK\$28,621 million, which included Hong Kong dollar borrowings of HK\$2,673 million and foreign currency borrowings of HK\$25,948 million. Of the total borrowings, 74 per cent were repayable between 2023 and 2026 and 26 per cent were repayable beyond 2026. 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 or Renminbi. 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, 2022, the Group maintained a net debt position with a net debt to net total capital ratio of 12.9 per cent. This was based on HK\$19,030 million of net debt and HK\$147,350 million of net total capital, which represents the total borrowings plus total equity net of cash and bank deposits. This ratio was lower than that of 14.7 per cent at the year end of 2021, mainly attributable to the cash inflows from the investment portfolios.

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, 2022, the notional amounts of these derivative instruments amounted to HK\$58,707 million.

FINANCIAL REVIEW

CHARGE ON GROUP ASSETS

As at 30th June, 2022, certain assets were pledged to secure bank borrowings totalling HK\$1,360 million granted to the Group.

CONTINGENT LIABILITIES

As at 30th June, 2022, the Group was subject to the following contingent liabilities:

HK\$ million	
Guarantee in respect of bank loan drawn by an affiliated company	581
Other guarantees given in respect of an affiliated company	315
Performance bond indemnities	165
Sub-contractor warranties	14
Total	1,075

EMPLOYEES

The Group, including its subsidiaries but excluding affiliated companies, employs a total of 2,352 employees. Employees' cost (excluding directors' emoluments) amounted to HK\$490 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 58, 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, the Chairman of the Executive Committee of the Company since April 2005 and a member of the Nomination Committee of the Company since January 2019. 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 Vice Chairman of the Hong Kong General Chamber of Commerce. Mr. Li is the Honorary Consul of Barbados in Hong Kong and is awarded the Grand Officer of the Order of the Star of Italy. He was previously a member of the Chief Executive's Council of Advisers on Innovation and Strategic Development of the Hong Kong Special Administrative Region ("HKSAR"). 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.

DIRECTORS' BIOGRAPHICAL INFORMATION

KAM Hing Lam, aged 75, 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 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. 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.

IP Tak Chuen, Edmond, aged 70, 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 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.

DIRECTORS' BIOGRAPHICAL INFORMATION

FOK Kin Ning, Canning, aged 70, has been an Executive Director and Deputy Chairman of the Company since March 1997. 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. Mr. Fok is also the Deputy President of the Board of Commissioners of PT Indosat Tbk and a Director of Genovus 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 70, has been an Executive Director of the Company since its incorporation in May 1996. 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 Genovus Energy Inc., a member of the Board of Commissioners of PT Indosat Tbk, 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 63, 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 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. 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 38 years of experience in accounting and financial management.

CHAN Loi Shun, aged 60, 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 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).

DIRECTORS' BIOGRAPHICAL INFORMATION

CHEN Tsien Hua, aged 60, 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 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.

CHEONG Ying Chew, Henry, aged 74, 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 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.

DIRECTORS' BIOGRAPHICAL INFORMATION

KWOK Eva Lee, aged 80, 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 Asset Holdings Limited and 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 81, 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 acted as the Chairperson of the Audit Committee of the Company from July 2020 to May 2022. She is an Independent Non-executive Director of CK Asset Holdings Limited, a listed company. She is also 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.

DIRECTORS' BIOGRAPHICAL INFORMATION

Colin Stevens RUSSEL, aged 81, has been an Independent Non-executive Director and a member of the Remuneration Committee of the Company since January 2005. 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 Limited, a company which provides advisory services to organisations on business strategy and planning, market development, competitive positioning and risk management. He was previously 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 also 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 82, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since February 2005. 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 Limited and holds directorship at Nanyang Commercial Bank, Limited 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.

DIRECTORS' BIOGRAPHICAL INFORMATION

Barrie COOK, aged 80, 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 66, has been an Independent Non-executive Director of the Company since April 2017. He has been a member of the Audit Committee of the Company since March 2019 and the Chairman of the Audit Committee of the Company since May 2022. He has been a member of the Sustainability Committee of the Company since December 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.

DIRECTORS' BIOGRAPHICAL INFORMATION

LEE Pui Ling, Angelina, aged 73, 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.

George Colin MAGNUS, aged 86, 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 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. Except for HKEIM, CKH and HWL, 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 from King’s College, Cambridge.

DIRECTORS' BIOGRAPHICAL INFORMATION

WOO Mo Fong, Susan (alias CHOW WOO Mo Fong, Susan), aged 68, 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.

MAN Ka Keung, Simon, aged 65, 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 41 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 61, 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	
		2022	2021
Turnover	2	20,079	20,266
Sales and interest income from infrastructure investments	2	3,381	3,588
Other income	3	73	62
Operating costs	4	(2,116)	(1,962)
Finance costs		(237)	(186)
Exchange gain		281	161
Share of results of associates		1,234	1,102
Share of results of joint ventures		2,069	563
Profit before taxation		4,685	3,328
Taxation	5	(53)	(82)
Profit for the period	6	4,632	3,246
Attributable to:			
Shareholders of the Company		4,409	3,011
Owners of perpetual capital securities		219	223
Non-controlling interests		4	12
		4,632	3,246
Earnings per share	7	HK\$1.75	HK\$1.20

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30th June

HK\$ million	Unaudited	
	2022	2021
Profit for the period	4,632	3,246
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Gain from fair value changes of derivatives designated as effective cash flow hedges	196	100
Gain from fair value changes of derivatives designated as effective net investment hedges	3,967	67
Exchange differences on translation of financial statements of foreign operations	(5,066)	1,786
Share of other comprehensive income of associates	1,463	1,307
Share of other comprehensive income of joint ventures	2,880	633
Income tax relating to components of other comprehensive income	(1,276)	(178)
	2,164	3,715
Items that will not be reclassified to profit or loss:		
Share of other comprehensive income of associates	266	606
Share of other comprehensive income of joint ventures	351	1,103
Income tax relating to components of other comprehensive income	(161)	(330)
	456	1,379
Other comprehensive income for the period	2,620	5,094
Total comprehensive income for the period	7,252	8,340
Attributable to:		
Shareholders of the Company	7,035	8,103
Owners of perpetual capital securities	219	223
Non-controlling interests	(2)	14
	7,252	8,340

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

HK\$ million	Notes	Unaudited 30/6/2022	Audited 31/12/2021
Property, plant and equipment		2,849	3,029
Investment properties		408	408
Interests in associates		38,483	37,998
Interests in joint ventures		104,308	106,802
Other financial assets		1,592	1,613
Derivative financial instruments		1,328	441
Goodwill and intangible assets		2,291	2,447
Deferred tax assets		7	6
Total non-current assets		151,266	152,744
Inventories		246	171
Derivative financial instruments		2,205	768
Debtors and prepayments	9	1,216	1,231
Bank balances and deposits		9,591	8,085
Total current assets		13,258	10,255
Bank and other loans		3,009	10,389
Derivative financial instruments		72	177
Creditors, accruals and others	10	6,559	5,963
Taxation		73	134
Total current liabilities		9,713	16,663
Net current assets/(liabilities)		3,545	(6,408)
Total assets less current liabilities		154,811	146,336
Bank and other loans		25,612	19,458
Derivative financial instruments		24	164
Deferred tax liabilities		481	476
Other non-current liabilities		374	391
Total non-current liabilities		26,491	20,489
Net assets		128,320	125,847
Representing:			
Share capital	11	2,520	2,520
Reserves		115,789	113,314
Equity attributable to shareholders of the Company		118,309	115,834
Perpetual capital securities		9,885	9,885
Non-controlling interests		126	128
Total equity		128,320	125,847

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30th June, 2022

HK\$ million	Attributable to shareholders of the Company										Total
	Share capital	Share premium	Contributed surplus	Property revaluation reserve	Hedging reserve	Exchange translation reserve	Retained profits	Sub-total	Perpetual capital securities	Non-controlling interests	
At 1st January, 2022 (audited)	2,520	16,185	6,062	68	(4,286)	(5,826)	101,111	115,834	9,885	128	125,847
Profit for the period	-	-	-	-	-	-	4,409	4,409	219	4	4,632
Gain from fair value changes of derivatives designated as effective cash flow hedges	-	-	-	-	196	-	-	196	-	-	196
Gain from fair value changes of derivatives designated as effective net investment hedges	-	-	-	-	-	3,967	-	3,967	-	-	3,967
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	(5,060)	-	(5,060)	-	(6)	(5,066)
Share of other comprehensive income/(expense) of associates	-	-	-	-	2,041	(578)	266	1,729	-	-	1,729
Share of other comprehensive income of joint ventures	-	-	-	-	2,880	-	351	3,231	-	-	3,231
Income tax relating to components of other comprehensive income	-	-	-	-	(1,276)	-	(161)	(1,437)	-	-	(1,437)
Total comprehensive income/(expense) for the period	-	-	-	-	3,841	(1,671)	4,865	7,035	219	(2)	7,252
Dividend paid	-	-	-	-	-	-	(4,560)	(4,560)	-	-	(4,560)
Distribution paid on perpetual capital securities	-	-	-	-	-	-	-	-	(219)	-	(219)
At 30th June, 2022 (unaudited)	2,520	16,185	6,062	68	(445)	(7,497)	101,416	118,309	9,885	126	128,320

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

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	-	-	-	-	-	-	-	-	-	2,340	-	2,340
Direct costs for issue of perpetual capital securities	-	-	-	-	-	-	-	(11)	(11)	-	-	(11)
Redemption of perpetual capital securities	-	-	-	-	-	-	-	-	-	(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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30th June

HK\$ million	Note	Unaudited	
		2022	2021
Net cash from operating activities	12	569	1,464
Net cash from investing activities		5,739	1,255
Net cash utilised in financing activities		(4,802)	(8,065)
Net increase/(decrease) in cash and cash equivalents		1,506	(5,346)
Cash and cash equivalents at 1st January		8,085	13,477
Cash and cash equivalents at 30th June		9,591	8,131

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, 2021, 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, 2022. 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. 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	
	2022	2021
Sales of infrastructure materials	1,118	1,177
Interest income from loans granted to associates	149	158
Interest income from loans granted to joint ventures	1,177	1,371
Sales of waste management services	937	882
Sales and interest income from infrastructure investments	3,381	3,588
Share of turnover of joint ventures	16,698	16,678
Turnover	20,079	20,266

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. OTHER INCOME

Other income includes the following:

HK\$ million	Six months ended 30th June	
	2022	2021
Bank interest income	39	23

4. OPERATING COSTS

Operating costs include the following:

HK\$ million	Six months ended 30th June	
	2022	2021
Cost of inventories sold	1,005	943
Cost of services provided	558	511
Depreciation of property, plant and equipment	160	142
Amortisation of intangible assets	21	24

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. 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	
	2022	2021
Current taxation – Hong Kong	1	1
Current taxation – outside Hong Kong	22	68
Deferred taxation	30	13
Total	53	82

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. PROFIT FOR THE PERIOD AND SEGMENT INFORMATION

for the six months ended 30th June

Investment in Power Assets Holdings Limited	Infrastructure Investments																			
	United Kingdom				Australia		Continental Europe		Hong Kong and Mainland China		Canada		New Zealand		Total before unallocated items		Unallocated items		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
HK\$ million	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Turnover	-	-	9,835	10,308	3,258	3,194	2,565	2,599	1,779	1,779	1,423	1,230	1,219	1,156	20,079	20,266	-	-	20,079	20,266
Sales and interest income from infrastructure investments	-	-	604	777	299	303	296	322	1,118	1,177	127	127	937	882	3,381	3,568	-	-	3,381	3,568
Bank interest income	-	-	-	-	-	-	-	-	20	15	-	-	1	1	21	16	18	7	39	23
Other income	-	-	-	-	-	-	-	-	30	35	-	-	3	4	33	39	1	-	34	39
Depreciation and amortisation	-	-	-	-	-	-	-	-	(56)	(54)	-	-	(125)	(112)	(181)	(166)	-	-	(181)	(166)
Other operating expenses	-	-	-	-	-	-	-	-	(1,075)	(994)	-	-	(744)	(681)	(1,819)	(1,675)	(116)	(121)	(1,935)	(1,796)
Finance costs	-	-	-	-	-	-	-	-	-	-	-	-	(28)	(23)	(28)	(23)	(209)	(163)	(237)	(186)
Exchange (loss)/gain	-	-	-	-	-	-	-	-	(10)	-	-	-	-	-	(10)	-	291	161	281	161
Share of results of associates and joint ventures	1,032	902	1,075	(251)	705	616	133	121	105	102	211	140	42	35	3,303	1,665	-	-	3,303	1,665
Profit/(Loss) before taxation	1,032	902	1,679	526	1,004	919	429	443	132	281	338	267	86	106	4,700	3,444	(15)	(116)	4,685	3,328
Taxation	-	-	-	-	-	-	-	-	(11)	(48)	(32)	(19)	(10)	(15)	(53)	(82)	-	-	(53)	(82)
Profit/(Loss) for the period	1,032	902	1,679	526	1,004	919	429	443	121	233	306	248	76	91	4,647	3,362	(15)	(116)	4,632	3,246
Attributable to:																				
Shareholders of the Company	1,032	902	1,679	526	1,004	919	429	443	117	221	306	248	76	91	4,643	3,350	(234)	(339)	4,409	3,011
Owners of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	223	219
Non-controlling interests	-	-	-	-	-	-	-	-	4	12	-	-	-	-	4	12	-	-	4	12
	1,032	902	1,679	526	1,004	919	429	443	121	233	306	248	76	91	4,647	3,362	(15)	(116)	4,632	3,246

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. 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.

7. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to shareholders of the Company of HK\$4,409 million (2021: HK\$3,011 million) and on 2,519,610,945 shares (2021: 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, which were cancelled in December 2021, were excluded from the calculation of earnings per share for the six months ended 30th June, 2021 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

8. INTERIM DIVIDEND

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

HK\$ million	Six months ended 30th June	
	2022	2021
Interim dividend of HK\$0.70 per share (2021: HK\$0.69 per share)	1,764	1,739

During the six months ended 30th June, 2021, interim dividend declared by the Board of Directors amounted to HK\$1,739 million were stated after elimination of HK\$90 million for the shares issued in connection with the issue of perpetual capital securities in March 2016. There is no such elimination for the interim dividend in 2022 after the cancellation of such shares in December 2021.

9. DEBTORS AND PREPAYMENTS

Included in debtors and prepayments are trade debtors of HK\$254 million (HK\$311 million at 31st December, 2021) and their aging analysis is as follows:

HK\$ million	30/6/2022	31/12/2021
Less than 1 month	163	214
1 to 3 months	78	87
More than 3 months but less than 12 months	20	19
More than 12 months	4	3
Gross total	265	323
Loss allowance	(11)	(12)
Total after allowance	254	311

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

9. 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.

10. CREDITORS, ACCRUALS AND OTHERS

Included in creditors, accruals and others are trade creditors of HK\$261 million (HK\$243 million at 31st December, 2021) and their aging analysis is as follows:

HK\$ million	30/6/2022	31/12/2021
Current	140	164
1 month	42	27
2 to 3 months	24	12
Over 3 months	55	40
Total	261	243

11. SHARE CAPITAL

There were no movements in the share capital of the Company in the six months ended 30th June, 2022.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. NOTE TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

HK\$ million	Six months ended 30th June	
	2022	2021
Net cash from operating activities	569	1,464
Dividends received from associates	1,696	1,658
Dividends received from joint ventures	1,953	1,238
Funds from operations*	4,218	4,360

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

13. 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

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

At 30th June, 2022, investment properties amounting to HK\$408 million (HK\$408 million at 31st December, 2021) and unlisted investment in securities amounting to HK\$344 million (HK\$367 million at 31st December, 2021) 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\$1,248 million (HK\$1,246 million at 31st December, 2021) 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.

14. COMMITMENTS

The Group's capital commitments outstanding at 30th June, 2022 and not provided for in the consolidated interim financial statements are as follows:

HK\$ million	Contracted but not provided for	
	30/6/2022	31/12/2021
Investments in joint ventures	9	11
Plant and machinery	271	310
Other financial assets	180	201
Total	460	522

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

15. CONTINGENT LIABILITIES

The contingent liabilities of the Group are as follows:

HK\$ million	30/6/2022	31/12/2021
Guarantee in respect of bank loan drawn by a joint venture	581	583
Other guarantees given in respect of a joint venture	315	363
Performance bond indemnities	165	175
Sub-contractor warranties	14	15
Total	1,075	1,136

16. EVENT AFTER THE REPORTING PERIOD

On 14th July, 2022, Nimbus UK Bidco Limited (an indirectly owned subsidiary of Kohlberg Kravis Roberts & Co. L.P.) entered into a share purchase agreement with the existing shareholders of Northumbrian Water Group Limited (“NWGL”) and Northumbrian Services Limited (“NSL”), including a wholly-owned subsidiary of the Company, to acquire 25 per cent of the entire issued share capital of each of NWGL and NSL on a pro-rata basis. The consideration for the transaction is approximately GBP867 million (equivalent to approximately HK\$8 billion). Completion of the transaction is subject to the fulfilment of certain terms and conditions under the share purchase agreement. Further details are set out in the Company’s announcement dated 14th July, 2022.

17. 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, 2022, 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	0.22%
	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	30.39%
	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	
Cheung Kong Infrastructure Finance (BV) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	-	-	US\$10,000,000 4.20% Guaranteed Perpetual Capital Securities (Note 4)	-	US\$10,000,000 4.20% 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, 2022, 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, 2022, 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	Beneficial owner	1,906,681,945	1,906,681,945	75.67%
Aspire Rich Limited	Interest of controlled corporation	1,906,681,945 (Note i)	1,906,681,945	75.67%
Robust Faith Limited	Interest of controlled corporation	1,906,681,945 (Note i)	1,906,681,945	75.67%
CK Hutchison Capital Securities (2) Limited	Interest of controlled corporations	1,906,681,945 (Note ii)	1,906,681,945	75.67%
CK Hutchison Capital Securities (3) Limited	Interest of controlled corporations	1,906,681,945 (Note iii)	1,906,681,945	75.67%
CK Hutchison Global Investments Limited	Interest of controlled corporations	1,906,681,945 (Note iv)	1,906,681,945	75.67%
CK Hutchison Holdings Limited	Interest of controlled corporations	1,906,681,945 (Note v)	1,906,681,945	75.67%

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

Notes:

- i. This represents the same block of shares in the Company as shown against the name of Hutchison Infrastructure Holdings Limited (“HIHL”) above. Since HIHL is equally controlled by Aspire Rich Limited (“Aspire Rich”) and Robust Faith Limited (“Robust Faith”), each of Aspire Rich and Robust Faith is deemed to be interested in the same number of shares in which HIHL is interested under the SFO.
- ii. As Aspire Rich is wholly-owned by CK Hutchison Capital Securities (2) Limited (“CK 2”), CK 2 is deemed to be interested in the same number of shares in which Aspire Rich is deemed to be interested under the SFO.
- iii. As Robust Faith is wholly-owned by CK Hutchison Capital Securities (3) Limited (“CK 3”), CK 3 is deemed to be interested in the same number of shares in which Robust Faith is deemed to be interested under the SFO.
- iv. As CK 2 and CK 3 are wholly-owned by CK Hutchison Global Investments Limited (“CK Global”), CK Global is deemed to be interested in the same number of shares in which CK 2 and CK 3 are deemed to be interested under the SFO.
- v. As CK Global is wholly-owned by CK Hutchison Holdings Limited (“CK Hutchison”), CK Hutchison is deemed to be interested in the same number of shares in which CK Global is deemed to be interested under the SFO.

Save as disclosed above, as at 30th June, 2022, 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, 2022.

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 Anti-Fraud and Anti-Bribery Policy and 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, 2022.

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 (including material risks relating to Environment, Social and Governance ("ESG")) 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 (including ESG 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, 2022.

(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, Mr. Paul Joseph Tighe (Chairman of the Audit Committee), Mr. Cheong Ying Chew, Henry, Mrs. Sng Sow-mei alias Poon Sow Mei and Mr. Lan Hong Tsung, David. The principal duties of the Audit Committee include: 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, 2022 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 senior management, and reviewing the remuneration packages of all Executive Directors and senior 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 with a majority of the members thereof being Independent Non-executive Directors. 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 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 SHAREHOLDERS ENGAGEMENT

The Company establishes different communication channels with shareholders and investors to communicate their views on various matters affecting the Company, 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 implementation and effectiveness.

OTHER INFORMATION

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

During the six months ended 30th June, 2022, 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, 2022, 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, 2022 is set out below:

HK\$ million	
Non-current assets	553,145
Current assets	29,062
Current liabilities	(56,051)
Non-current liabilities	(384,248)
Net assets	141,908
Share capital	46,169
Reserves	95,657
Non-controlling interests	82
Total equity	141,908

As at 30th June, 2022, the consolidated attributable interest of the Group in these affiliated companies amounted to HK\$91,356 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, international trade relations, supply chain disruptions, fluctuation of major currencies, increasing geopolitical tensions, mounting inflationary pressure, interest rate hikes, as well as rising commodity prices and energy costs have created uncertainties and volatility in the world economy and global financial markets. 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 and decline in the value of the assets. 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, social and/or political 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 and the spread of new coronavirus variants in different parts of the world, including the places of businesses in which the Group operates, has a significant adverse impact on most economies due to the disruption of business and operational activities, behavioral change, weakened sentiment in consumption and tourism related sectors, and restricted labour supply and production. The impact of the pandemic on the Group's businesses, financial conditions, results of operations or growth prospects will depend on a range of factors, including the duration, severity and scope of the pandemic, the impact of the pandemic on economic activity globally, the possibility of resurgence and variants, and the measures adopted by governments. Despite the situation of COVID-19 outbreak has now begun to stabilise following the rollout of vaccines, the pandemic remains highly volatile and unpredictable due to the potential emergence of new coronavirus variants. The Group's investment in Park'N Fly can be affected should certain 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 could 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.

A general interest rate hike cycle may impact on the aggregate demand from all sectors, which may in turn affect the businesses of the Group. While the Group regularly reviews its exposure to interest rate fluctuations and may manage such exposure using hedging instruments, there can be no guarantee that the Group will not be affected by the interest rate exposure.

RISK FACTORS

ECONOMIC CONDITIONS AND INTEREST RATES (CONT'D)

In particular, certain businesses in the Group are subject to regulatory regimes in which local interest rates are taken into account in the calculation of the regulated cost of capital, which flows through to allowed revenue. There can be no assurance that any changes in the regulated cost of capital can be fully mitigated by the businesses. Furthermore, 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.

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 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 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 competition across the diverse 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. Interest and inflation rates as well as tougher stances adopted by regulators may affect the returns of the Group's infrastructure businesses. Any operational practices that are significantly out of step with community expectations can lead to concerns being raised with regulators or the local or national Government directly, and may ultimately lead to more stringent regulatory resets, regulatory oversight as well as negative 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"). Fluctuation of crude oil prices could impact the value and quantity of Cenovus' 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 predominantly 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.

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, cyber attacks and security breaches 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 cyberspace. Cybersecurity risks could have material adverse effect on the operational and business performance, as well as the business reputation of the Group. The Group continuously strives to enhance the cybersecurity protection of its business.

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 cyber attacks or security 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.

LABOUR

The labour markets in which the Group operates are undergoing major short- and long-term structural changes. COVID-19 cases, social distancing, lockdowns and quarantine protocols, and extended periods of border closure have drained the pool of transient labour. Unemployment rates are at historical lows while inflation rates are on the rise. In addition, people are seeking to improve work life balance. There is a high level of uncertainty in labour availability and cost. There is no assurance that the situation will improve anytime soon.

SUPPLY CHAIN DISRUPTIONS

COVID-19 restrictions and conflicts in parts of the world have exerted tremendous stress on the global supply chain. Lockdowns have disrupted supply of raw materials, transportation and port operations. In addition to escalating costs and unpredictable lead time, there are widespread shortages of shipping availability. Increase in energy and oil prices has added complexity to the disruption. Global disruptions have spilled over to domestic supply chains. Specific domestic issues include shortage of labour which is particularly acute in some areas the Group is operating in. There is no assurance that the situation will improve anytime soon.

RISK FACTORS

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

The UK left the European Union ("EU") on 31st January, 2020 and the transition period ended on 31st December, 2020, symbolising that the UK has completely separated from the EU and opened a new page in the relationship with the EU. The Trade and Cooperation Agreement made between the UK and the EU in December 2020 came into force in January 2021. It sets out preferential arrangements in various aspects such as trade, security, areas on ongoing collaboration/cooperation and governance. Brexit has created significant uncertainty about the new economic and social partnership between the UK and the EU, and has impacted labour availability, supply chain and exchange rates.

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.

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.

RISK FACTORS

IMPACT OF POSSIBLE ECONOMIC SANCTIONS ON BUSINESS PARTNERS, SUPPLIERS, CUSTOMERS OR BUSINESSES IN GENERAL

Governments and multinational organisations (including but not limited to the State Department and the Department of the Treasury's Office of Foreign Assets Control of the United States, Her Majesty's Treasury, the Office of Financial Sanctions Implementation or other UK government agency, the EU or any member state thereof and the United Nations), from time to time administer certain laws and regulations that impose restrictions with respect to activities, transmission of funds or transactions with certain countries, governments, entities and individuals that are the subject of economic sanctions. There can be no assurance that such sanctions or other restrictions will not affect the jurisdictions in which the Group conducts its business, any of the Group's business partners, suppliers, customers or otherwise. To the extent that any such sanction or restriction is imposed in any jurisdictions where the Group's business operates, the Group may need to cease operations in those jurisdictions and suffer losses in that regard. If any of the Group's business partners or suppliers are impacted by sanctions or restrictions, provision of goods, services or support by them may be disrupted or discontinued, which may affect the Group's ability to continue to operate related businesses. If any of the Group's business partners are affected by sanctions or restrictions, the continuation or disruption of strategic alliance with such business partners may also affect the Group's ability to continue to operate related businesses and/or may result in suspension of operations. There can be no assurance that the Group will be able to obtain alternative goods, services, support or alliance it needs for the operation of its business, in a timely manner or on competitive terms, and no assurance that any compensation recoverable from business partners or suppliers for the discontinued or disrupted supply, service, support or alliance will be available or adequate. If any of the Group's customers are affected by sanctions or restrictions, the Group may be forced to discontinue the provision of services or goods to such customers and the Group will suffer losses in that regard. If any of the Group's assets are in the possession of such customers, there can be no assurance that such assets can be repossessed by the Group especially if such assets are located in countries or other regions subject to sanctions or restrictions and no assurance that any compensation recoverable from such customers or insurers for the Group's failure to repossess such assets will be available. Any of these factors could have a material adverse effect on the Group's financial condition and results of operations.

RISK FACTORS

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, and a willingness to take market risk. 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 some restrictions on the ability to conduct due diligence according to the Group's usual procedures.

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.

RISK FACTORS

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.

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.

RISK FACTORS

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 expenses on remediation, 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.

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.

RISK FACTORS

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.

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. Some regulators have issued new disclosure requirements in relation to climate-related financial risk disclosures and plan to mandate the disclosures. Regulations, new disclosure requirements, 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.

RISK FACTORS

CLIMATE CHANGE (CONT'D)

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.

TRANSITION RISKS

Pressure on businesses to support the transition to low-carbon economic systems is rising. In a low-carbon economy, emissions are minimised through the use of low-carbon resources, while resource efficiency is maximised by the reduction of wasteful and high-emissions consumption. Infrastructure businesses faced unexpected pressure from regulatory, legal, market, technological, and reputational risks generated by the transition which could have a material impact on the Group's businesses and adversely affect the Group's financial conditions and results of operations. For example, additional legal and/or regulatory measures imposing limitation on GHG emissions or efficiency improvements, may results in potential litigation, operation restriction and significant compliance cost.

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, typhoons, 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, typhoons, 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, TERRORIST THREATS AND GEOPOLITICAL TENSIONS

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, terrorist activities and geopolitical tensions 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 threats or geopolitical tensions, 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 2022 (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.

