



CK Infrastructure Holdings Limited

長江基建集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1038)



GLOBAL INFRASTRUCTURE PLAYER

Interim Report 2023





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

4,239

Profit attributable
to shareholders
(HK\$ million)

1.68

Earnings
per share
(HK\$)

0.71

Interim dividend
per share
(HK\$)



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CORPORATE INFORMATION AND KEY DATES

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

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

Alternate Directors

MAN Ka Keung, Simon
(alternate to IP Tak Chuen, Edmond)
Eirene YEUNG
(alternate to KAM Hing Lam)

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

COMPANY SECRETARY

Eirene YEUNG

REMUNERATION COMMITTEE

CHEONG Ying Chew, Henry (Chairman)
LI Tzar Kuoi, Victor
SNG Sow-mei alias POON Sow Mei

AUTHORISED REPRESENTATIVES

IP Tak Chuen, Edmond
Eirene YEUNG

NOMINATION COMMITTEE

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

SUSTAINABILITY COMMITTEE

IP Tak Chuen, Edmond (Chairman)
Barrie COOK
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
CHIU Yue Seng

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

2nd August, 2023
4th September, 2023
13th September, 2023

CHAIRMAN'S LETTER

CK Infrastructure Holdings Limited (“CKI”, the “Company” or the “Group”) has continued to demonstrate the resilience of its businesses during the first six months of 2023 although the global market continued to face the challenges of high interest rates, high inflation, weak economies and geopolitical tensions.

For the six months ended 30th June 2023, the Group recorded profit attributable to shareholders of HK\$4,239 million, a year-on-year decrease of 4%. This decline in profit contribution mainly reflects the weaker performance of foreign currencies against the Hong Kong dollar and higher finance costs. In local currencies, the result would have shown a 4% increase.

DIVIDEND GROWTH

The Board of Directors of CKI (the “Board”) has declared an interim dividend for 2023 of HK\$0.71 per share (2022: HK\$0.70 per share), representing 1.4% growth over the corresponding period last year. The interim dividend will be paid on Wednesday, 13th September, 2023, to shareholders whose names appear on the Register of Members of the Company at the close of business on Monday, 4th September, 2023.

BUSINESS REVIEW

During the period under review, the Group achieved a satisfactory performance across its businesses in different sectors and markets.

Power Assets

Profit contribution from Power Assets was HK\$1,066 million, an increase of 3% as compared to the same period last year. In local currencies, the profit reported by Power Assets was a 7% increase. The operational performances of our Hong Kong and overseas businesses were solid.

CHAIRMAN'S LETTER

United Kingdom Infrastructure Portfolio

Profit contribution from the United Kingdom was HK\$1,592 million, down 5% as compared with the same period last year. This drop was caused by the negative impact of the regulatory reset at UK Power Networks, the weak exchange rate of the pound sterling against the Hong Kong dollar, as well as higher finance charges due to high inflation. In local currency terms, profit contribution was the same as the corresponding period last year.

On 1st April 2023, a new regulatory period commenced for UK Power Networks. The new regime provides revenue predictability for the next five years. During the period under review, UK Power Networks was given Britain's Most Admired Companies 2022 – Energy Distribution and Supply Award.

The two gas distribution networks – Northern Gas Networks and Wales & West Gas Networks – reported good operational performance. The government-funded Hy4Heat programme which Northern Gas Networks has been heavily involved in was declared a success in the final report published by the Department for Energy Security and Net Zero. This hydrogen-for-heat trial showcases UK's first demonstration home with cooking and heating appliances fuelled entirely by hydrogen.

Wales & West Gas Networks received its 10th consecutive Royal Society for the Prevention of Accidents (RoSPA) Gold Award for health and safety performance; this led the company to receive the prestigious President's Award, an industry first for such an accolade.

Northumbrian Water has continued to perform strongly, and was placed first across all water and wastewater companies in the United Kingdom in the 2022/23 Customer Measure of Experience, a highly sought after target in the industry. The water company also gained the highest "Trust" score in the annual customer survey by Consumer Council for Water (CCW).

A solid performance was reported by UK Rails in the first half of 2023. UK Rails continues to develop the Revolution Very Light Rail (RVLR) and are finalising plans for a pre-series build of further vehicles.

CHAIRMAN'S LETTER

Australian Infrastructure Portfolio

In Australia, profit contribution decreased 18% over the previous period to HK\$826 million. This decline is attributed to the impact of regulatory resets for Australian Gas Networks (“AGN”) and Multinet Gas, United Energy’s one-off disposal gain during the same period last year, and the weakness of the Australian dollar versus the Hong Kong dollar. In local currency terms, profit contribution was a drop of 13% over the same period last year.

AGN’s Hydrogen Park South Australia is successfully delivering 5% blended hydrogen to thousands of customers in Adelaide. AGN continues to make inroads in the hydrogen arena and is working on the development of Hydrogen Park Murray Valley, one of the largest renewable hydrogen projects in Australia, as well as, Hydrogen Park Gladstone, which will see the entire gas distribution network of Gladstone supplying customers with a blend of up to 10% renewable gas. Both projects are funded by grants from the respective state governments.

During the period under review, the Premier of South Australia gave recognition to SA Power Networks for the company’s efforts during the River Murray flood event which was declared a State Emergency. SA Power Networks also won the Premier’s Award for Corporate Social Responsibility at the 2023 South Australia Volunteer Awards.

Victoria Power Networks reported good financial growth, while United Energy is working on a number of battery projects with state and federal funding.

Infrastructure Portfolio in Continental Europe

In Continental Europe, profit contribution was HK\$424 million, a decrease of 1% compared to the corresponding period last year. The results were negatively impacted by the weaker Euro and higher finance costs. In local currency terms, profit contribution was the same as the corresponding period last year.

ista reported good operation growth. The company signed a contract with Deutsche Bahn, the German national railway company, to facilitate reducing energy consumption and CO₂ emission in nearly 500 railway stations across the country. Dutch Enviro Energy is working on developing a Carbon Capture Usage and Storage project in Rozenburg to supply CO₂ to nearby greenhouse horticulture entrepreneurs, as well as to store CO₂ in offshore depleted gas fields. After the success of the first plant, a second Carbon Capture Usage project is being planned in Duiven.

CHAIRMAN'S LETTER

Canadian Infrastructure Portfolio

In Canada, profit contribution was HK\$402 million, an increase of 31% from the previous period. This result was affected by the weaker Canadian dollar. In local currency terms, profit contribution was an increase of 40%.

Growth was achieved through strong performances by Canadian Power and Park'N Fly, the former due to favourable power prices and the latter a strong post-Covid 19 recovery in air travel in Canada.

New Zealand Portfolio

In New Zealand, profit contribution of HK\$72 million was recorded, a 5% decrease as compared to the same period last year. This can be attributed to the weakness of the New Zealand dollar against the Hong Kong dollar. In local currency terms, profit contribution was an increase of 2%.

During the period under review, EnviroNZ has commenced work relating to the municipal waste management contracts for Central Otago and Dunedin City.

Wellington Electricity's financial performance was very good. The company responded well when severe flood and cyclone impacted upper North Island.

Hong Kong and Mainland China Business

In Hong Kong and Mainland China, CKI's portfolio recorded profit contribution of HK\$102 million, a decline of 13%. This was due to weak traffic volume for the toll road operations and lower volumes recorded by the cement businesses in Hong Kong.

FINANCIAL PLATFORM FURTHER BOLSTERED

The Group's financial position continued to be strong, with cash on hand of HK\$12 billion and net debt to net total capital ratio of 9% as at 30th June, 2023. This solid foundation provides CKI with ample capacity to explore new growth opportunities and face any upcoming challenges.

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

CHAIRMAN'S LETTER

SUSTAINABILITY AND CLIMATE CHANGE ACTION DRIVE GROWTH

All of CKI's business operations around the world are working towards making substantial contributions to the climate goals of the countries in which they serve.

The electricity distribution networks – UK Power Networks, SA Power Networks, Victoria Power Networks, United Energy and Wellington Electricity – are pioneers in their own countries in either battery development, smart grid management, solar energy export management, or electric vehicle charging initiatives; and the unregulated businesses of some of these companies and Australia's Energy Developments are leaders in renewable energy solutions, such as solar and wind.

The gas distribution networks of Northern Gas Networks, Wales & West Gas Networks and AGN are all strong proponents of hydrogen to help meet Net Zero targets.

Dutch Enviro Energy's energy-from-waste and carbon capture projects, as well as EnviroNZ's resource recycling and landfill gas-to-energy operations are successful environmental sustainable models.

UK Rails continues to explore alternative sources of energy including hydrogen and batteries; and ista's sub-meters facilitate energy saving for residential properties and energy efficiency solutions for corporations.

In Hong Kong, the offshore LNG terminal partly owned and developed by HK Electric has commenced operations. This is a milestone development for the territory's transition from coal to natural gas for power generation.

As part of the decarbonisation journey, CKI will also continue to pursue new investment opportunities in the environmental sustainability sector.

CHAIRMAN'S LETTER

OUTLOOK

Uncertainties persist around the globe, with undiminished inflationary pressure and geopolitical tensions. CKI's businesses continue to be robust and resilient against this background.

As the revenues and the asset bases of CKI's regulated businesses are inflation-linked, these businesses are protected against the adverse effects of the current high inflation environment. In addition, these businesses are also protected against rising interest rates, given, first, that they are appropriately geared, and, second, that the allowed cost of debt is regularly adjusted to reflect actual prevailing interest rates.

Financial prudence underpins CKI's growth strategy. We have a track record of being able to carefully balance continued growth with a comfortable gearing position.

The Group with its strong financials, and together with our strategic partners – CK Asset and Power Assets – pose a formidable alliance which is capable of capitalising promptly on any good investment opportunities around the world. While the Group is looking to expand our business footprint, our no “must win” mantra remains.

I would like to take this opportunity to thank the Board for their continued support, our dedicated staff for their extensive contributions and our stakeholders for their continued commitment.

VICTOR T K LI

Chairman

2nd August, 2023

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, 2023, cash and bank deposits on hand amounted to HK\$12,053 million and the total borrowings of the Group amounted to HK\$25,607 million, which included Hong Kong dollar borrowings of HK\$2,673 million and foreign currency borrowings of HK\$22,934 million. Of the total borrowings, 9 per cent were repayable in 2023 and 91 per cent were repayable between 2024 and 2027. 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, 2023, the Group maintained a net debt position with a net debt to net total capital ratio of 9 per cent. This was based on HK\$13,554 million of net debt and HK\$146,474 million of net total capital, which represents the total borrowings plus total equity net of cash and bank deposits. This ratio was slightly higher than that of 7 per cent at the year end of 2022.

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, 2023, the notional amounts of these derivative instruments amounted to HK\$53,613 million.

FINANCIAL REVIEW

CHARGE ON GROUP ASSETS

As at 30th June, 2023, certain assets were pledged to secure bank borrowings totalling HK\$1,505 million granted to the Group.

CONTINGENT LIABILITIES

As at 30th June, 2023, the Group was subject to the following contingent liabilities:

HK\$ million	
Guarantee in respect of bank loan drawn by an affiliated company	569
Other guarantees given in respect of an affiliated company	203
Performance bond indemnities	168
Sub-contractor warranties	13
Total	953

EMPLOYEES

The Group, including its subsidiaries but excluding affiliated companies, employs a total of 2,418 employees. Employees' cost (excluding directors' emoluments) amounted to HK\$516 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 59, 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, and the Member Deputy Chairman of Li Ka Shing (Canada) Foundation. He serves as a member of the 14th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China and a member of the Chief Executive's Council of Advisers of the Hong Kong Special Administrative Region ("HKSAR"). He is also Vice Chairman of the Hong Kong General Chamber of Commerce ("HKGCC"). 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 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 76, 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 71, 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 71, 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 Commissioner of PT Indosat Tbk. He was previously a Director of Cenovus Energy Inc. Except for HPHM and HKEIM, all the companies/business trust/investment trust mentioned above are listed in Hong Kong or overseas. Mr. Fok is a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a fellow of Chartered Accountants Australia and New Zealand.

Frank John SIXT, aged 71, 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 Cenovus Energy Inc., a Commissioner 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 64, 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 39 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 61, 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 75, 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 81, 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 82, 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 a member of the Remuneration Committee of the Company since September 2022. She 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 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 ARA Asset Management (Prosperity) Limited. Mrs. Sng was previously an Independent Non-executive Director, the Lead Independent Director and a member of the Audit Committee 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"), 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

LAN Hong Tsung, David, aged 83, 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 81, 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. Mr. Cook has been an Independent Non-executive Director of the Company since January 2012, a member of the Nomination Committee of the Company since January 2019 and a member of the Sustainability Committee of the Company since December 2022. 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 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 67, 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 74, 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 87, 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

MAN Ka Keung, Simon, aged 66, 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 42 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 62, 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	
		2023	2022
Turnover	2	19,534	20,079
Sales and interest income from infrastructure investments	2	3,180	3,381
Other income	3	387	73
Operating costs	4	(2,107)	(2,116)
Finance costs		(370)	(237)
Exchange gain		133	281
Share of results of associates		1,239	1,234
Share of results of joint ventures		2,047	2,069
Profit before taxation		4,509	4,685
Taxation	5	(50)	(53)
Profit for the period	6	4,459	4,632
Attributable to:			
Shareholders of the Company		4,239	4,409
Owners of perpetual capital securities		219	219
Non-controlling interests		1	4
		4,459	4,632
Earnings per share	7	HK\$1.68	HK\$1.75

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30th June

HK\$ million	Unaudited	
	2023	2022
Profit for the period	4,459	4,632
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	10	196
(Loss)/gain from fair value changes of derivatives designated as effective net investment hedges	(1,233)	3,967
Exchange differences on translation of financial statements of foreign operations	3,424	(5,066)
Share of other comprehensive income of associates	1,053	1,463
Share of other comprehensive income of joint ventures	796	2,880
Income tax relating to components of other comprehensive income	(256)	(1,276)
	3,794	2,164
Items that will not be reclassified to profit or loss:		
Share of other comprehensive income of associates	22	266
Share of other comprehensive income of joint ventures	134	351
Income tax relating to components of other comprehensive income	(41)	(161)
	115	456
Other comprehensive income for the period	3,909	2,620
Total comprehensive income for the period	8,368	7,252
Attributable to:		
Shareholders of the Company	8,151	7,035
Owners of perpetual capital securities	219	219
Non-controlling interests	(2)	(2)
	8,368	7,252

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

HK\$ million	Notes	Unaudited 30/6/2023	Audited 31/12/2022
Property, plant and equipment		2,995	3,017
Investment properties		408	408
Interests in associates		39,185	38,527
Interests in joint ventures		104,796	99,302
Other financial assets		1,613	1,590
Derivative financial instruments		1,274	1,249
Goodwill and intangible assets		2,271	2,246
Deferred tax assets		1	3
Total non-current assets		152,543	146,342
Inventories		222	309
Derivative financial instruments		101	53
Debtors and prepayments	9	949	1,118
Bank balances and deposits		12,053	18,045
Total current assets		13,325	19,525
Bank and other loans		2,893	5,148
Derivative financial instruments		464	891
Creditors, accruals and others	10	5,585	6,173
Taxation		49	56
Total current liabilities		8,991	12,268
Net current assets		4,334	7,257
Total assets less current liabilities		156,877	153,599
Bank and other loans		22,714	23,063
Derivative financial instruments		395	314
Deferred tax liabilities		515	493
Other non-current liabilities		333	347
Total non-current liabilities		23,957	24,217
Net assets		132,920	129,382
Representing:			
Share capital	11	2,520	2,520
Reserves		120,413	116,873
Equity attributable to shareholders of the Company		122,933	119,393
Perpetual capital securities		9,885	9,885
Non-controlling interests		102	104
Total equity		132,920	129,382

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30th June, 2023

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, 2023 (audited)	2,520	16,185	6,062	68	1,552	(8,936)	101,942	119,393	9,885	104	129,382
Profit for the period	-	-	-	-	-	-	4,239	4,239	219	1	4,459
Gain from fair value changes of derivatives designated as effective cash flow hedges	-	-	-	-	10	-	-	10	-	-	10
Loss from fair value changes of derivatives designated as effective net investment hedges	-	-	-	-	-	(1,233)	-	(1,233)	-	-	(1,233)
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	3,427	-	3,427	-	(3)	3,424
Share of other comprehensive income of associates	-	-	-	-	236	817	22	1,075	-	-	1,075
Share of other comprehensive income of joint ventures	-	-	-	-	796	-	134	930	-	-	930
Income tax relating to components of other comprehensive income	-	-	-	-	(256)	-	(41)	(297)	-	-	(297)
Total comprehensive income/(expense) for the period	-	-	-	-	786	3,011	4,354	8,151	219	(2)	8,368
Dividend paid	-	-	-	-	-	-	(4,611)	(4,611)	-	-	(4,611)
Distribution paid on perpetual capital securities	-	-	-	-	-	-	-	-	(219)	-	(219)
At 30th June, 2023 (unaudited)	2,520	16,185	6,062	68	2,338	(5,925)	101,685	122,933	9,885	102	132,920

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30th June

HK\$ million	Note	Unaudited	
		2023	2022
Net cash from operating activities	12	1,686	569
Net cash from investing activities		38	5,739
Net cash utilised in financing activities		(7,716)	(4,802)
Net (decrease)/increase in cash and cash equivalents		(5,992)	1,506
Cash and cash equivalents at 1st January		18,045	8,085
Cash and cash equivalents at 30th June		12,053	9,591

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, 2022, except for adoption of the new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA which are effective to the Group for accounting periods beginning on 1st January, 2023. The adoption of those new and 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	
	2023	2022
Sales of infrastructure materials	981	1,118
Interest income from loans granted to associates	136	149
Interest income from loans granted to joint ventures	1,076	1,177
Sales of waste management services	987	937
Sales and interest income from infrastructure investments	3,180	3,381
Share of turnover of joint ventures	16,354	16,698
Turnover	19,534	20,079

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. OTHER INCOME

Other income includes the following:

HK\$ million	Six months ended 30th June	
	2023	2022
Bank interest income	350	39

4. OPERATING COSTS

Operating costs include the following:

HK\$ million	Six months ended 30th June	
	2023	2022
Cost of inventories sold	907	1,005
Cost of services provided	599	558
Depreciation of property, plant and equipment	149	160
Amortisation of intangible assets	16	21

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	
	2023	2022
Current taxation – Hong Kong	1	1
Current taxation – outside Hong Kong	25	22
Deferred taxation	24	30
Total	50	53

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. PROFIT FOR THE PERIOD AND SEGMENT INFORMATION

for the six months ended 30th June

	Infrastructure Investments																				
	Investment in Power Assets Holdings Limited		United Kingdom		Australia		Continental Europe		Hong Kong and Mainland China		Canada		New Zealand		Total before unallocated items		Unallocated items		Consolidated		
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	
HK\$ million	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	
Turnover	-	-	9,185	9,835	3,308	3,258	2,514	2,565	1,696	1,779	1,580	1,423	1,251	1,219	19,534	20,079	-	-	19,534	20,079	
Sales and interest income from infrastructure investments	-	-	579	604	410	299	107	296	981	1,118	116	127	987	937	3,180	3,381	-	-	3,180	3,381	
Bank interest income	-	-	-	-	-	-	-	-	27	20	-	-	1	1	28	21	322	18	350	39	
Other income	-	-	-	-	-	-	-	-	35	30	-	-	2	3	37	33	-	1	37	34	
Change in fair value of other financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5)	-	(5)	-	
Depreciation and amortisation	-	-	-	-	-	-	-	-	(53)	(66)	-	-	(112)	(125)	(165)	(181)	-	-	(165)	(181)	
Other operating expenses	-	-	-	-	-	-	-	-	(880)	(1,075)	-	-	(796)	(744)	(1,776)	(1,819)	(161)	(116)	(1,937)	(1,935)	
Finance costs	-	-	-	-	-	-	-	-	-	-	-	-	(50)	(28)	(60)	(28)	(320)	(209)	(370)	(237)	
Exchange (loss)/gain	-	-	-	-	-	-	-	-	(9)	(10)	-	-	-	-	(9)	(10)	142	291	133	281	
Share of results of associates and joint ventures	1,066	1,032	1,013	1,075	416	705	317	133	105	105	322	211	47	42	3,286	3,303	-	-	3,286	3,303	
Profit/(Loss) before taxation	1,066	1,032	1,592	1,679	826	1,004	424	429	106	132	438	338	79	86	4,531	4,700	(22)	(15)	4,509	4,685	
Taxation	-	-	-	-	-	-	-	-	(9)	(11)	(36)	(82)	(7)	(10)	(46)	(53)	(4)	-	(50)	(53)	
Profit/(Loss) for the period	1,066	1,032	1,592	1,679	826	1,004	424	429	103	121	402	306	72	76	4,485	4,647	(26)	(15)	4,459	4,632	
Attributable to:																					
Shareholders of the Company	1,066	1,032	1,592	1,679	826	1,004	424	429	102	117	402	306	72	76	4,484	4,643	(245)	(234)	4,239	4,409	
Owners of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	219	219	219	219	
Non-controlling interests	-	-	-	-	-	-	-	-	1	4	-	-	-	-	1	4	-	-	1	4	
	1,066	1,032	1,592	1,679	826	1,004	424	429	103	121	402	306	72	76	4,485	4,647	(26)	(15)	4,459	4,632	

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\$4,239 million (2022: HK\$4,409 million) and on 2,519,610,945 shares (2022: 2,519,610,945 shares) in issue during the interim period.

8. INTERIM DIVIDEND

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

HK\$ million	Six months ended 30th June	
	2023	2022
Interim dividend of HK\$0.71 per share (2022: HK\$0.70 per share)	1,789	1,764

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

9. DEBTORS AND PREPAYMENTS

Included in debtors and prepayments are trade debtors of HK\$316 million (HK\$349 million at 31st December, 2022) and their aging analysis is as follows:

HK\$ million	30/6/2023	31/12/2022
Less than 1 month	174	215
1 to 3 months	84	112
More than 3 months but less than 12 months	63	27
More than 12 months	5	4
Gross total	326	358
Loss allowance	(10)	(9)
Total after allowance	316	349

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.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. CREDITORS, ACCRUALS AND OTHERS

Included in creditors, accruals and others are trade creditors of HK\$267 million (HK\$313 million at 31st December, 2022) and their aging analysis is as follows:

HK\$ million	30/6/2023	31/12/2022
Current	176	241
1 month	36	30
2 to 3 months	29	11
Over 3 months	26	31
Total	267	313

11. SHARE CAPITAL

There were no movements in the share capital of the Company in the six months ended 30th June, 2023.

12. NOTE TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

HK\$ million	Six months ended 30th June	
	2023	2022
Net cash from operating activities	1,686	569
Dividends received from associates	1,660	1,696
Dividends received from joint ventures	691	1,953
Funds from operations*	4,037	4,218

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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).

At 30th June, 2023, investment properties amounting to HK\$408 million (HK\$408 million at 31st December, 2022) and unlisted investment in securities amounting to HK\$355 million (HK\$338 million at 31st December, 2022) 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\$1,258 million (HK\$1,252 million at 31st December, 2022) 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.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

14.COMMITMENTS

The Group's capital commitments outstanding at 30th June, 2023 and not provided for in the consolidated interim financial statements are as follows:

HK\$ million	Contracted but not provided for	
	30/6/2023	31/12/2022
Investments in joint ventures	5	5
Plant and machinery	184	253
Other financial assets	170	168
Total	359	426

15.CONTINGENT LIABILITIES

The contingent liabilities of the Group are as follows:

HK\$ million	30/6/2023	31/12/2022
Guarantee in respect of bank loan drawn by a joint venture	569	548
Other guarantee given in respect of a joint venture	203	253
Performance bond indemnities	168	168
Sub-contractor warranties	13	14
Total	953	983

16.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, 2023, 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	2,572,350 (Note 3)	1,162,632,010 (Note 2)	1,165,829,560	30.43%
	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 9)	-	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 10)	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 11)	11,895 (Note 11)	-	-	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 & beneficiary of trust	-	-	5,170,000 (Note 5)	2,700,000 (Note 6)	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 9)	-	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 9)	-	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	353,047,203 (Note 7)	53,604,826 (Note 8)	406,844,029	8.44%
	Fok Kin Ning, Canning	Interest of controlled corporation	-	-	1,202,380 (Note 9)	-	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%

* Ceased as an Alternate Director with effect from 1st July, 2023.

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 (BVI) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	-	-	US\$10,000,000 4.2% Guaranteed Perpetual Capital Securities (Note 4)	-	US\$10,000,000 4.2% 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 1,162,632,010 shares in CK Hutchison Holdings Limited ("CK Hutchison") comprise:

- (a) 1,005,817,044 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 2,572,350 shares in CK Hutchison comprise:
 - (a) 2,272,350 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.
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 5,170,000 share stapled units in HK Electric Investments and HK Electric Investments Limited ("HKEI") are 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. The 2,700,000 share stapled units in HKEI are held by TUT1 as trustee of UT1. 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 2,700,000 shares stapled units of HKEI held by TUT1 as trustee of UT1 under the SFO.
7. The 353,047,203 shares in Hutchison Telecommunications Hong Kong Holdings Limited ("HCHK") 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) 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.

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

Notes (Cont'd):

8. The 53,604,826 shares in HTHK comprise:
 - (a) 153,280 shares held by TUT3 as trustee of UT3. By virtue of being a director of the Company and a 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.
 - (b) 53,451,546 shares held by TUT1 as trustee of UT1 together with a company which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at its general meetings ("TUT1 related company"). 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 53,451,546 shares of HTHK held by TUT1 as trustee of UT1 and TUT1 related company under the SFO.
9. Such interests are held by a company which is equally owned by Mr. Fok Kin Ning, Canning and his wife.
10. 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.
11. 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, 2023, 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, 2023, 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, 2023, 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 of the Company and its subsidiaries (“Group”). The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholder value. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders.

The Company has 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, 2023.

The Group is committed to maintaining high corporate governance standards and conducting its businesses with ethics and integrity. In compliance with the CG Code, the Company has adopted, and regularly reviews its comprehensive set of Corporate Governance Policies such as Anti-Fraud and Anti-Bribery Policy, Anti-Money Laundering Policy, Employee Code of Conduct, Policy on Handling of Confidential Information, Information Disclosure, and Securities Dealing, and Whistleblowing Policy – Procedures for Reporting Possible Improprieties. The Group maintains a robust corporate governance framework and internal control systems to uphold its accountability with support from internal and external auditors and other professional advisors.

(1) BOARD COMPOSITION AND BOARD PRACTICES

Accountable to the shareholders under the leadership of the Chairman of the Board (“Chairman”), the Board leads, directs and supervises the Company’s affairs to enable the long-term success of the Company. The Board is responsible for shaping and monitoring the corporate culture, setting long-term strategic objectives, policies and directions of the Company with appropriate focus on values creation and risk management. The Board evaluates the Group’s operating, financial and sustainability performance and oversees the executive management of the Company.

CORPORATE GOVERNANCE

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

The Board consists of sixteen Directors, comprising eight Executive Directors (including the Chairman, Group Managing Director, two Deputy Chairmen, Deputy Managing Director, Chief Financial Officer and two Executive Directors), two Non-executive Directors and six Independent Non-executive Directors. Three Alternate Directors* have been 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. All Directors (including Non-executive Directors) are subject to retirement by rotation at least once every three years. Retiring Directors are eligible for re-election by shareholders at general meetings in accordance with the Company's Bye-laws and the CG Code.

The positions of Chairman and 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.

All Directors make active contribution to the affairs of the Board and the Board acts 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 twice every year, which provides an exclusive platform for Independent Non-executive Directors to raise concerns, exchange views and discuss issues about the Company or its business, and any other matters.

The Company Secretary advises the Board on corporate governance and other regulatory compliance matters and is responsible for keeping the Board abreast of developments in the law, rules and regulations that may affect the Company's business and operations. The Company Secretary also assists the Board in monitoring the Company's compliance with Board procedures and the requirements under the Listing Rules, Codes on Takeovers and Mergers and Share Buy-backs, the Securities and Futures Ordinance ("SFO"), Companies Ordinance, the Bermuda Companies Act and other applicable laws, rules and regulations.

* One of the Alternate Directors ceased as Alternate Director with effect from 1st July, 2023.

CORPORATE GOVERNANCE

(2) MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors’ dealings in securities of the Company (“Model Code”). The Model Code is reviewed and revised by the Company to reflect any amendments to Appendix 10 to the Listing Rules from time to time. All Directors have confirmed that they have complied with the required standards set out in the Model Code regarding their dealings in securities of the Company during the six months ended 30th June, 2023.

The Board has established written guidelines no less exacting than the Model Code for relevant employees in respect of their dealings in the Company’s securities. The Company has adopted a policy on handling of confidential information, information disclosure, and securities dealing, applicable to the Group’s employees when they are in possession of confidential or inside information in relation to the Group. The policy satisfies the requirements under Part XIVA of the SFO. The policy is available on the Company’s intranet and disseminated to the employees.

(3) RISK MANAGEMENT AND INTERNAL CONTROL

The Company has an internal audit function in place to provide ongoing 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, 2023.

CORPORATE GOVERNANCE

(4) AUDIT COMMITTEE

The Audit Committee, headed by an Independent Non-executive Director, comprises four Independent Non-executive Directors. The Audit Committee is chaired by Mr. Paul Joseph Tighe with Mr. Cheong Ying Chew, Henry, Mrs. Sng Sow-mei alias Poon Sow Mei and Mr. Lan Hong Tsung, David as members. The Audit Committee is responsible for overseeing the Group's financial reporting system, risk management and internal control systems, monitoring the integrity of the Group's financial information, overseeing the relationship with the external auditor of the Company, reviewing the arrangements that the Company's employees may use, in confidence and anonymity, to raise concerns about possible improprieties and ensuring proper arrangements are in place for fair and independent investigations and follow-up actions, and performing corporate governance functions delegated by the Board.

The Group's interim report for the six months ended 30th June, 2023 has been reviewed by the Audit Committee.

(5) REMUNERATION COMMITTEE

A majority of the members of the Company's Remuneration Committee are Independent Non-executive Directors. The Remuneration Committee is chaired by Mr. Cheong Ying Chew, Henry, an Independent Non-executive Director, with Mrs. Sng Sow-mei alias Poon Sow Mei, also an Independent Non-executive Directors, and the Chairman, Mr. Victor T K Li, as members. The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for the remuneration of Directors and the senior management, making recommendations on the remuneration packages of Independent Non-executive Directors and, with delegated responsibility, determining the remuneration packages of individual Executive Directors and senior management with reference to the corporate goals and objectives of the Board resolved from time to time.

CORPORATE GOVERNANCE

(6) NOMINATION COMMITTEE

The Nomination Committee comprises a majority of Independent Non-executive Directors and is chaired by an Independent Non-executive Director. The Nomination Committee is chaired by Mrs. Kwok Eva Lee, an Independent Non-executive Director with another Independent Non-executive Director, Mr. Barrie Cook and the Chairman, Mr. Victor T K Li, as members. 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 recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

(7) SUSTAINABILITY COMMITTEE

The Sustainability Committee comprises three Directors, a majority of whom are Independent Non-executive Directors, and the Company Secretary. The Sustainability Committee is chaired by Mr. Ip Tak Chuen, Edmond, Deputy Chairman. Other members include two Independent Non-executive Directors, Mr. Barrie Cook and Mr. Paul Joseph Tighe, and the Company Secretary, Ms. Eirene Yeung. The principal responsibilities of the Sustainability Committee include overseeing management and advising 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.

CORPORATE GOVERNANCE

(8) INVESTOR RELATIONS AND SHAREHOLDERS ENGAGEMENT

The Company's Shareholders Communication Policy is available on the Company's website. The policy is subject to review on a regular basis to ensure its implementation and effectiveness.

The Company commits to engaging stakeholders in ongoing dialogues to understand their evolving needs, concerns and expectations. The Company establishes different forms of engagement for different groups of stakeholders to keep consistent interactions and maintains different communication channels for shareholders and investors to communicate their views on matters regarding the Company's businesses and affairs. These channels include (i) printed copies of corporate communications (including but not limited to annual, interim and other reports, notices, announcements, circulars and other regulatory disclosures) required under the Listing Rules, which shareholders can choose to receive through the Company's website instead; (ii) general meetings which provide a forum for shareholders to raise comments and exchange views with the Board; (iii) updated and key information regarding the Group available on the website of the Company; (iv) the Company's website which offers a communication platform between the Company and its shareholders and stakeholders; (v) press conferences and briefing meetings with analysts held from time to time, where applicable, to provide updates on the performance of the Group; (vi) the Company's Branch Share Registrar who deals with shareholders for share registration and related matters; (vii) the Corporate Affairs Department of the Company handling enquiries from shareholders and investors generally; and (viii) other dedicated communication channels, activities and events operated or organised by designated business units and departments at various levels engaging different groups of stakeholders.

OTHER INFORMATION

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

During the six months ended 30th June, 2023, 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, 2023, 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, 2023 is set out below:

HK\$ million	
Non-current assets	572,322
Current assets	30,772
Current liabilities	(63,700)
Non-current liabilities	(367,083)
Net assets	172,311
Share capital	45,454
Reserves	126,748
Non-controlling interests	109
Total equity	172,311

As at 30th June, 2023, the consolidated attributable interest of the Group in these affiliated companies amounted to HK\$95,207 million.

RISK FACTORS

The Group's businesses, financial conditions, results of operations and 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

Continued trade protectionism, supply chain disruptions, fluctuation of major currencies, increasing geopolitical tensions, high and persistent inflation, tightening fiscal policy and monetary policy, interest rate hikes, rising commodity prices and energy costs, cost of living crisis and industrial actions 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 a decline in the value of the assets.

The Group is a diversified infrastructure investment company with businesses presently 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

CONTINUATION OF HIGHLY CONTAGIOUS DISEASE

The impact of the COVID-19 pandemic has moderated in many countries and governments have removed entry restrictions and lifted social distancing measures. However, the repercussions of the pandemic continue to affect the economy of different parts of the world, including the places of businesses in which the Group operates. Despite the situation of the COVID-19 outbreak has stabilised and COVID-19 no longer constitutes a public health emergency of international concern, the disease remains not fully predictable due to the potential emergence of new coronavirus variants. 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. The potential impact 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.

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.

Inflation has soared to multidecade highs, prompting central banks across the world to simultaneously hike interest rates. The interest rate hike cycle has an 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 that 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 undergoing challenging regulatory resets with lower permitted return and restrictions on shareholders' distribution under certain circumstances. Interest and inflation rates, high energy cost, energy windfall tax, cap on the energy retail price in certain markets 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 perceptions and may also lead to claims and litigations. Moreover, some losses from events such as terrorist attacks may not be recoverable. The risk that the Ukraine-Russia conflict develops into a broader conflict and energy crisis with energy supply at risk and substantial price volatility. 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 presently 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 regions 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 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) an 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 cyber attacks 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 business 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. Unemployment rates are at 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

Geopolitical tensions 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 trade intensity, labour availability, supply chain and exchange rates.

The weakened 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, His 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 is impacted by sanctions or restrictions, the 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 is affected by sanctions or restrictions, the continuation or disruption of strategic alliances 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 at 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 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 conditions 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.

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. There might be longer and more complicated foreign investment approval processes in particular for “sensitive” infrastructure assets such as electricity and gas networks. The advent of COVID-19 has accelerated these trends as governments have responded with additional foreign investment regulations to protect local firms from foreign acquisitions at “bargain” prices and also to protect strategic assets from foreign control. 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, may 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 issues 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 actions or civil claims. The expenses on remediation, costs of regulatory or legal actions, and monetary damages 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 rainfall amount may cause shortage of crops for food and other natural resources. The harsher temperatures in some locations may also pose an increased risk for staff working in those locations. Changes in microclimates for certain locations may render certain businesses obsolete. Some governments are also beginning to introduce legislation 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, storms, drought, bushfires, 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.

There can be no assurance that earthquakes, floods, storms, drought, bushfires, extreme weather 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.

RISK FACTORS

SOCIAL INCIDENTS, TERRORIST THREATS AND GEOPOLITICAL TENSIONS

The Group is a diversified infrastructure investment company with businesses presently 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, casualties, persistent supply chain disruptions and volatility in commodity markets. 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 2023 (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.

