



2022 Interim Report

Corporate Information

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

LI Tzar Kuoi, Victor, BSc, MSc, LLd (Hon)
Grande Ufficiale dell'Ordine della Stella d'Italia
Chairman and Group Co-Managing Director

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

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

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

KAM Hing Lam, BSc, MBA
Deputy Managing Director

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

Edith SHIH, BSE, MA, MA, EdM, Solicitor,
FCG(CS, CGP), HKFCG(CS, CGP)(PE)

NON-EXECUTIVE DIRECTORS

CHOW Kun Chee, Roland, LLm

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

George Colin MAGNUS, OBE, BBS, MA

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

CHENG Hoi Chuen, Vincent, GBS, OBE, JP

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

LAU Yau Fun, Sophie, GBS, SBS, OBE, JP
(alias LEUNG LAU Yau Fun, Sophie)

LEE Wai Mun, Rose, JP, DSSc (Hon)

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

Paul Joseph TIGHE, BSc

WONG Kwai Lam, BA, PhD

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

SENIOR ADVISOR

LI Ka-shing, GBM, KBE, LLd (Hon), DSSc (Hon)
Grande Ufficiale Ordine al Merito della Repubblica Italiana
Commandeur de la Légion d'Honneur
Commandeur de l'Ordre de Léopold
Grand Officer of the Order Vasco Nunez de Balboa

AUDIT COMMITTEE

CHENG Hoi Chuen, Vincent (*Chairman*)
Paul Joseph TIGHE
WONG Kwai Lam

NOMINATION COMMITTEE

WONG Yick-ming, Rosanna (*Chairman*)
LI Tzar Kuoi, Victor
CHENG Hoi Chuen, Vincent

REMUNERATION COMMITTEE

WONG Yick-ming, Rosanna (*Chairman*)
LI Tzar Kuoi, Victor
CHENG Hoi Chuen, Vincent
WONG Kwai Lam

SUSTAINABILITY COMMITTEE

Frank John SIXT (*Chairman*)
Edith SHIH
WONG Yick-ming, Rosanna

COMPANY SECRETARY

Edith SHIH

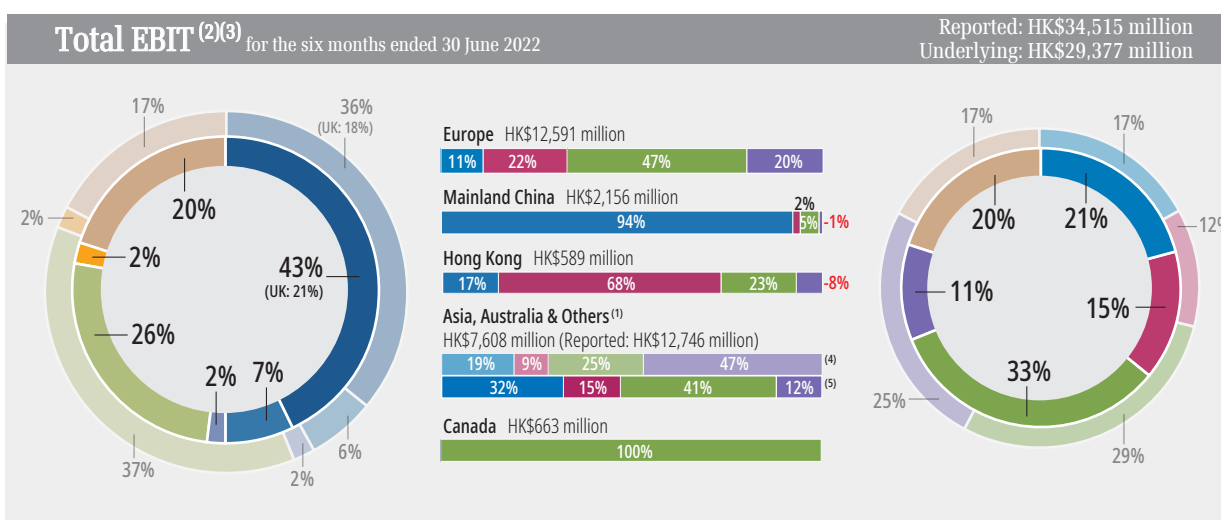
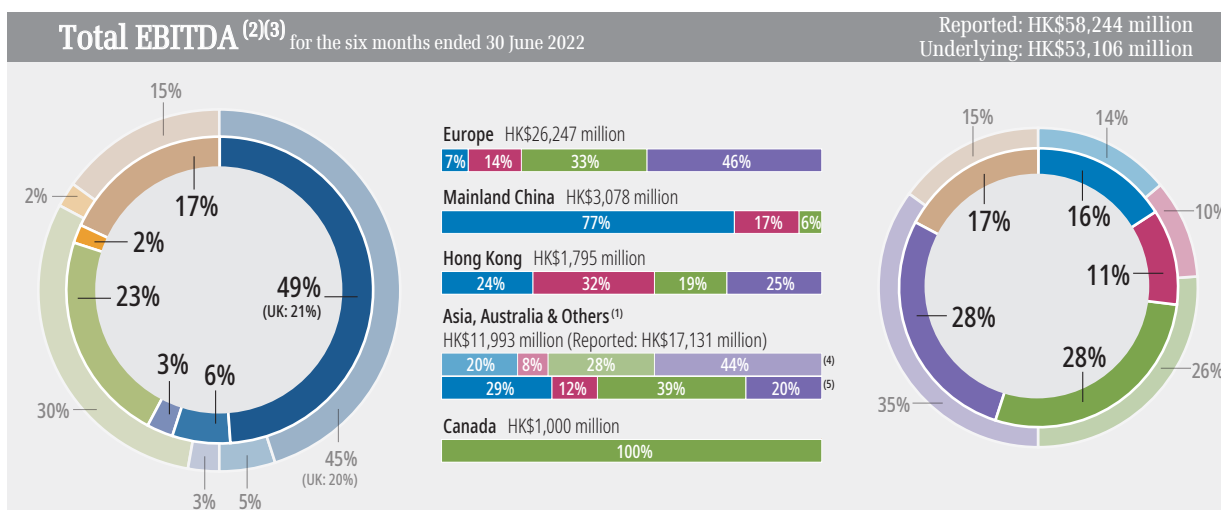
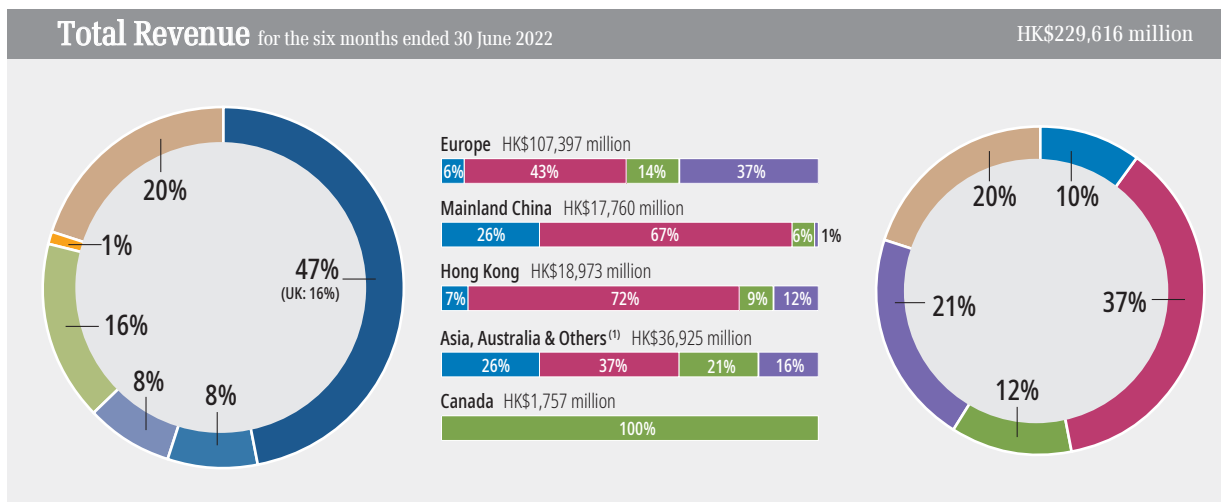
AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

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Analyses of Core Business Segments by Geographical Location



Note 1: Includes Panama, Mexico and the Middle East
 Note 2: Prepared under Pre-IFRS 16 basis which is set out in note 1 on page 4
 Note 3: The outer pie chart represents EBITDA and EBIT %-mix on a reported basis. The inner pie chart represents underlying EBITDA and EBIT %-mix, which excludes the one-time disposal gain from the Group's Indonesia telecommunication business merger of HK\$6.1 billion, partly offset by non-cash impairment of the Group's Sri Lankan telecommunication business of HK\$1.0 billion
 Note 4: Represents EBITDA and EBIT %-mix for Asia, Australia & Others on a reported basis
 Note 5: Represents EBITDA and EBIT %-mix for Asia, Australia & Others on an underlying basis



Financial Performance Summary

	Post-IFRS 16 ⁽¹⁾ Unaudited Results for the six months ended 30 June 2022		Post-IFRS 16 ⁽¹⁾ Unaudited Results for the six months ended 30 June 2021		Change %
	HK\$ million	%	HK\$ million	%	
Revenue⁽²⁾					
Ports and Related Services ⁽²⁾	22,651	10%	19,933	9%	14%
Retail	84,905	37%	82,621	39%	3%
Infrastructure	27,600	12%	27,798	13%	-1%
CK Hutchison Group Telecom	41,817	18%	45,826	22%	-9%
Hutchison Asia Telecommunications	5,839	3%	4,350	2%	34%
Finance & Investments and Others	46,804	20%	31,858	15%	47%
Total Revenue	229,616	100%	212,386	100%	8%
EBITDA⁽²⁾					
Ports and Related Services ⁽²⁾	9,622	14%	8,406	12%	14%
Retail	10,763	15%	11,869	17%	-9%
Infrastructure	15,014	21%	14,954	22%	-
CK Hutchison Group Telecom	15,947	23%	29,830	44%	-47%
Hutchison Asia Telecommunications	9,619	14%	1,869	3%	415%
Finance & Investments and Others	9,560	13%	1,239	2%	672%
Total EBITDA	70,525	100%	68,167	100%	3%
EBIT⁽²⁾					
Ports and Related Services ⁽²⁾	6,583	17%	5,372	15%	23%
Retail	4,779	13%	5,489	16%	-13%
Infrastructure	9,870	26%	9,709	28%	2%
CK Hutchison Group Telecom	3,067	8%	16,485	47%	-81%
Hutchison Asia Telecommunications	7,512	20%	272	1%	2662%
Finance & Investments and Others	5,837	16%	(2,518)	-7%	332%
Total EBIT	37,648	100%	34,809	100%	8%
Interest Expenses and other finance Costs ⁽²⁾	(9,684)		(9,390)		-3%
Profit Before Tax	27,964		25,419		10%
Tax ⁽²⁾					
Current tax	(3,484)		(3,646)		4%
Deferred tax	(1,898)		(440)		-331%
	(5,382)		(4,086)		-32%
Profit after tax	22,582		21,333		6%
Non-controlling interests and perpetual capital securities holders' interests	(3,494)		(3,033)		-15%
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS ("NPAT")	19,088		18,300		4%

Note 1: As Hong Kong Financial Reporting Standards are fully converged with International Financial Reporting Standards in the accounting for leases, for ease of reference, International Financial Reporting Standard 16 "Leases" ("IFRS 16") and the precedent lease accounting standard International Accounting Standard 17 "Leases" ("IAS 17") are referred to in this Interim Report interchangeably with Hong Kong Financial Reporting Standard 16 "Leases" ("HKFRS 16") and Hong Kong Accounting Standard 17 "Leases" ("HKAS 17"), respectively.

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

Financial Performance Summary

	Pre-IFRS 16 ⁽¹⁾ Unaudited Results for the six months ended 30 June 2022 HK\$ million		Pre-IFRS 16 ⁽¹⁾ Unaudited Results for the six months ended 30 June 2021 HK\$ million		Change %	Local currencies change %
Revenue⁽²⁾						
Ports and Related Services ⁽²⁾	22,651	10%	19,933	9%	14%	18%
Retail	84,905	37%	82,621	39%	3%	9%
Infrastructure	27,600	12%	27,798	13%	-1%	4%
CK Hutchison Group Telecom	41,817	18%	45,826	22%	-9%	-2%
Hutchison Asia Telecommunications	5,839	3%	4,350	2%	34%	36%
Finance & Investments and Others	46,804	20%	31,858	15%	47%	49%
Total Revenue	229,616	100%	212,386	100%	8%	13%
EBITDA⁽²⁾						
Ports and Related Services ⁽²⁾	8,273	14%	6,983	13%	18%	21%
Retail	6,030	10%	6,725	12%	-10%	-3%
Infrastructure	14,864	26%	14,803	27%	-	6%
CK Hutchison Group Telecom	12,512	22%	25,623	46%	-51%	-47%
Hutchison Asia Telecommunications	7,572	13%	803	1%	843%	846%
Finance & Investments and Others	8,993	15%	653	1%	1277%	1290%
Total EBITDA	58,244	100%	55,590	100%	5%	9%
EBIT⁽²⁾						
Ports and Related Services ⁽²⁾	6,042	17%	4,769	14%	27%	30%
Retail	4,331	12%	4,939	15%	-12%	-4%
Infrastructure	9,851	29%	9,686	30%	2%	7%
CK Hutchison Group Telecom	2,474	7%	15,996	49%	-85%	-83%
Hutchison Asia Telecommunications	6,047	18%	(76)	-	8057%	8066%
Finance & Investments and Others	5,770	17%	(2,541)	-8%	327%	328%
Total EBIT	34,515	100%	32,773	100%	5%	9%
Interest Expenses and other finance Costs ⁽²⁾	(7,872)		(7,197)		-9%	
Profit Before Tax	26,643		25,576		4%	
Tax ⁽²⁾						
Current tax	(3,482)		(3,637)		4%	
Deferred tax	(1,899)		(450)		-322%	
	(5,381)		(4,087)		-32%	
Profit after tax	21,262		21,489		-1%	
Non-controlling interests and perpetual capital securities holders' interests	(3,522)		(3,046)		-16%	
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS ("NPAT")	17,740		18,443		-4%	-

Note 1: As Hong Kong Financial Reporting Standards are fully converged with International Financial Reporting Standards in the accounting for leases, for ease of reference, International Financial Reporting Standard 16 "Leases" ("IFRS 16") and the precedent lease accounting standard International Accounting Standard 17 "Leases" ("IAS 17") are referred to in this Interim Report interchangeably with Hong Kong Financial Reporting Standard 16 "Leases" ("HKFRS 16") and Hong Kong Accounting Standard 17 "Leases" ("HKAS 17"), respectively. The Group believes that the IAS 17 basis ("Pre-IFRS 16 basis") metrics, which are not intended to be a substitute for, or superior to, the reported metrics on a IFRS 16 basis ("Post-IFRS 16 basis"), better reflect management's view of the Group's underlying operational performance. IAS 17 basis metrics financial information is regularly reviewed by management and used for resource allocation, performance assessment and internal decision-making. As a result, the Group has provided an alternative presentation of the Group's EBITDA, EBIT, interest expenses and other finance costs, tax, non-controlling interests and perpetual capital securities holders' interests and profit attributable to ordinary shareholders prepared under the Pre-IFRS 16 basis relating to the accounting for leases for the six months ended 30 June 2021 and 2022. Unless otherwise specified, the discussion of the Group's operating results in this Interim Report is on a Pre-IFRS 16 basis as mentioned above.

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

Consolidated Operating Results

Unaudited Results for the six months ended 30 June 2022

Highlights

Six months ended 30 June	Post-IFRS 16 ⁽¹⁾ Basis				
	2022 HK\$ million	2021 HK\$ million	2022 HK\$ per share	2021 HK\$ per share	Change
Total Revenue ⁽²⁾	229,616	212,386			
Total EBITDA ⁽²⁾	70,525	68,167			
Total EBIT ⁽²⁾	37,648	34,809			
Reported earnings ⁽³⁾	19,088	18,300	4.98	4.75	+5%
Interim dividend per share			0.84	0.80	+5%

Six months ended 30 June	Pre-IFRS 16 ⁽¹⁾ Basis	
	2022 HK\$ million	2021 HK\$ million
Total Revenue ⁽²⁾	229,616	212,386
Total EBITDA ⁽²⁾	58,244	55,590
Total EBIT ⁽²⁾	34,515	32,773
Reported earnings ⁽³⁾	17,740	18,443

Note 1: As Hong Kong Financial Reporting Standards are fully converged with International Financial Reporting Standards in the accounting for leases, for ease of reference, International Financial Reporting Standard 16 "Leases" ("IFRS 16") and the precedent lease accounting standard International Accounting Standard 17 "Leases" ("IAS 17") are referred to in this Interim Report interchangeably with Hong Kong Financial Reporting Standard 16 "Leases" ("HKFRS 16") and Hong Kong Accounting Standard 17 "Leases" ("HKAS 17"), respectively. The Group believes that the IAS 17 basis ("Pre-IFRS 16 basis") metrics, which are not intended to be a substitute for, or superior to, the reported metrics on a IFRS 16 basis ("Post-IFRS 16 basis"), better reflect management's view of the Group's underlying operational performance. IAS 17 basis metrics financial information is regularly reviewed by management and used for resource allocation, performance assessment and internal decision-making. As a result, the Group has provided an alternative presentation of the Group's EBITDA, EBIT and profit attributable to ordinary shareholders prepared under the Pre-IFRS 16 basis relating to the accounting for leases for the six months ended 30 June 2021 and 2022. Unless otherwise specified, the discussion of the Group's operating results in this Interim Report is on a Pre-IFRS 16 basis as mentioned above.

Note 2: Total revenue, earnings before interest expenses and other finance costs, tax, depreciation and amortisation ("EBITDA") and earnings before interest expenses and other finance costs and tax ("EBIT") include the Group's proportionate share of associated companies and joint ventures' respective items.

Note 3: Reported earnings represent profit attributable to shareholders. Reported earnings per share for the six months ended 30 June 2022 and 2021 is calculated based on profit attributable to ordinary shareholders and CKHH's weighted average number of shares outstanding during the periods of 3,834,506,599 and 3,855,552,464 respectively.

Chairman's Statement

Economic activity rebounded during the first half in many of the Group's markets as countries eased or removed pandemic restrictions entirely. However, the COVID situation remained worrisome in Hong Kong and the Mainland with lockdown and movement restrictions affecting the Group's businesses there.

More generally, global supply chain disruptions together with energy and food price inflation drove headline inflation rates to multi-year highs, particularly in Europe, where inflationary pressures have been exacerbated by the conflict in the Ukraine. Fiscal and monetary policy responses have been mixed leading to increased currency volatility. Global equity and debt capital markets have seen significant turbulence. Expectations for growth this year and next have been and are being revised substantially downward, with heightened risk of recessions expected in several of the markets in which the Group operates.

During the first half, the Group continued to respond nimbly to changing economic and trading environments in various segments and geographies and has remained highly resilient to the challenging economic conditions. Although the Group's results were adversely affected by serious weakening in GBP and EUR exchange rates, the Group benefitted from the high energy prices, while remaining relatively unaffected by interest rates hike due to our limited exposure to floating rate borrowings. The Group also reported steady operating contributions from the Infrastructure businesses, which are well-insulated from inflationary and business pressures. Together with the geographical diversity of our asset portfolios, the Group was able to deliver an overall steady underlying performance in the period.

On a pre-IFRS 16 basis, EBITDA and EBIT both increased 5% in reported currency compared to the first half of last year. Excluding the adverse translation impact from the depreciation of major foreign currencies, EBITDA and EBIT both increased 9% against the same period last year in local currencies, primarily due to the better performances in the Ports division and Cenovus Energy, as well as higher contribution from the Group's Indonesia telecommunication joint venture following the completion of the merger in January 2022. The favourable variances were partly offset by lower one-off benefits from strategic transactions, lower contributions from the Retail division due to lockdowns in the Mainland and from the Telecommunications division, mainly due to Italy and overall higher depreciation reflecting the capital cost of network enhancements in building 5G infrastructure across all operations.

The Group's results in the first half of 2022 included a net gain attributable to shareholders of HK\$5.1 billion⁽¹⁾ from the completion of the merger of the Indonesian telecommunication business, partly offset by a non-cash impairment in the Group's telecommunication business in Sri Lanka. In the same period last year, the Group recognised a one-off net earnings benefit of HK\$6.3 billion⁽²⁾,

comprising the disposal gains from the tower asset sales in Italy and Sweden, partly offset by a non-cash impairment of goodwill on the Group's Italian telecommunication business, as well as recognition of a non-cash foreign exchange reserve loss arising from the merger with Cenovus Energy.

Subject to the regulatory approval which is at its final stage, the completion of the disposal of the Group's interest in the UK tower assets to Cellnex for a total consideration of approximately €3.7 billion is expected to occur in August 2022. The resulting disposal gain will be recognised in the second half of 2022.

On a Post-IFRS 16 basis, profit attributable to ordinary shareholders for the first half of 2022 was HK\$19,088 million, a 4% increase compared to the same period last year. Profit attributable to ordinary shareholders on a Pre-IFRS 16 basis of HK\$17,740 million was a decrease of 4% in reported currency but remained flat in local currencies when compared to the first half of 2021.

Reported earnings per share were HK\$4.98 for the six months ended 30 June 2022, an increase of 5% from HK\$4.75 for the same period last year.

Dividend

The Board of Directors declares an interim dividend of HK\$0.84 per share (30 June 2021 – HK\$0.80 per share), payable on Friday, 16 September 2022, to shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 6 September 2022, being the record date for determining shareholders' entitlement to the interim dividend.

Ports and Related Services

The Ports and Related Services division handled 42.4 million twenty-foot equivalent units ("TEU") through 293 operating berths in the first half of 2022, a marginal 1% decline compared to the same period last year, mainly resulting from pandemic restrictions in Shanghai and the rest of Asia affecting vessel schedules and trade disruptions arising from the conflict in the Ukraine, largely offset by new volumes from newly acquired Delta II terminal in the Netherlands and better performance in Mexico.

In reported currency, total revenue of HK\$22,651 million, EBITDA⁽³⁾ of HK\$8,273 million and EBIT⁽³⁾ of HK\$6,042 million increased by 14%, 18% and 27% respectively compared to the same period last year. Excluding the adverse currency translation impact, total revenue, EBITDA and EBIT increased 18%, 21% and 30% respectively from better performances in Europe and Mexico, higher storage income, strong performance of an associated company in the container shipping business that benefitted from the elevated shipping rates in the period.

Note 1: Under Post-IFRS 16 basis, the net gain attributable to shareholders in the first half of 2022 was HK\$6.2 billion. For further information, please see Note 5(b)(xvi) to the Financial Statements of this Interim Report.

Note 2: Under Post-IFRS 16 basis, the net gain attributable to shareholders in the first half of 2021 was HK\$6.3 billion. For further information, please see Note 5(b)(xvii) and Note 5(b)(xviii) to the Financial Statements of this Interim Report.

Note 3: Under Post-IFRS 16 basis, EBITDA was HK\$9,622 million (30 June 2021: HK\$8,406 million); EBIT was HK\$6,583 million (30 June 2021: HK\$5,372 million).

Going forward, the division will continue to expand its existing facilities and to build additional berths to cater for growth, will diversify revenues through expanding logistics businesses and maximising landside income, and will continue with exploring strategic partnerships across its portfolio to enhance profitability and returns.

The Ports division continues to roll out a global electrification programme of its vehicles and infrastructure to progressively phase out diesel in favour of zero emissions infrastructure. In June 2022, Port of Felixstowe partnered with UK Power Networks to take this UK's largest container port a step closer to its net-zero ambition. Through this collaboration, the port will embark on a three-year decarbonisation project including upgrading the existing 11,000V electricity network to supply new electrical rubber-tyred gantry cranes and tractors to enable zero emissions movement of containers around the port.

Retail

The Retail division had 16,244 stores across 28 markets at the end of June 2022, flat compared to the same period last year, but 1% lower than at end of 2021, reflecting a cautious store opening strategy amidst the volatile market conditions, particularly in the Mainland where varying scale of community and major city lockdowns significantly impacted footfall and the division's financial performance during the period.

The division's total revenue of HK\$84,905 million increased by 3%, while EBITDA⁽⁴⁾ and EBIT⁽⁴⁾ of HK\$6,030 million and HK\$4,331 million decreased by 10% and 12% respectively in reported currency against the same period last year due to the poor performance in the Mainland from the lockdowns, adverse exchange translation impacts and lower government subsidies in various markets, of which in 2021, majority was received in the first half, largely offset by robust performances across all other regions. Excluding the exchange translation impacts and one-time non-cash write offs, the increase in the European and the Asian operations' underlying performance almost compensated the reduction in profitability of Health and Beauty China in the first half, resulting in only a 1% drop in underlying EBITDA and EBIT compared to the same period last year. Health and Beauty Asia reported 33% and 42% increase in EBITDA and EBIT in local currencies, while the Health and Beauty operation in Europe reported 13% and 17% increase in EBITDA and EBIT in local currencies respectively.

Looking ahead to the second half of the year, the European businesses should continue to deliver robust performances similar to last year, while Asian operations are also expected to recover well. The Mainland market will likely continue to be challenging, but various new initiatives are currently being implemented by the operation to prepare itself for an eventual full re-opening of the economy. The division will continue cultivating its 142 million loyalty customer base which delivered a solid 65% sales participation rate in the first half, as well as strengthening its strategic "Offline + Online" pillars and increasing customer engagement and lifetime value.

In April 2022, the division launched its Greener Stores Global Framework globally to heighten the environmentally sustainable practices in store design, construction and operations. Progressing its climate action strategy, the division is also publicly committed to having its scope 1, 2 and 3 greenhouse gas emissions reduction targets validated by the Science Based Targets initiative.

Infrastructure

The Infrastructure division comprises a 75.67% interest in CK Infrastructure Holdings Limited ("CKI"), a subsidiary listed in Hong Kong as well as 10% of the economic benefits deriving from the Group's direct holdings in six co-owned infrastructure investments with CKI.

CKI

CKI announced a net profit attributable to shareholders under Post-IFRS 16 basis of HK\$4,409 million, 46% higher than the same period last year, primarily due to the inclusion of deferred tax charges arising from the revision of the UK corporate tax rates in the first half of 2021, partly offset by adverse exchange translation impact. Funds from operations amounted to HK\$4.2 billion, similar to the record high level reported for the same period last year.

This division operates in a steady regulatory environment with no regulatory reset in 2022. Higher inflation will benefit the performance of this division, particularly in its regulated businesses.

On 14 July 2022, CKI, CK Asset Holdings Limited and the Group jointly announced that an agreement was entered with Kohlberg Kravis Roberts & Co. L.P. ("KKR") in regards to KKR's investment in 25% shareholding of Northumbrian Water. The consideration for the transaction is approximately £867 million (approximately HK\$8 billion). Upon completion, CKI will continue to be the largest economic benefit owner of Northumbrian Water with 39% interests.

Note 4: Under Post-IFRS 16 basis, EBITDA was HK\$10,763 million (30 June 2021: HK\$11,869 million); EBIT was HK\$4,779 million (30 June 2021: HK\$5,489 million).

CKI's businesses around the globe continue to take the lead in environmental sustainability. A number of the division's key operations have set their own emission reduction targets and net-zero commitments. Renewable hydrogen projects launched by the Group's gas companies have all been successful and have won the support of the relevant governments. UK Rails is also working on using hydrogen to power trains, participating in the movement to develop zero-emission solutions for rail. The Group's power distribution companies in the UK and Australia are all carrying out work in smart grid management, implementing measures to support EV charging facilities as well as developing green power solutions. In Hong Kong, HK Electric announced its plan in May to develop a 400-GWh wind farm southwest of Lamma Island. Besides establishing innovative milestones in the renewable energy space, inroads in Carbon Capture and Usage have also been made, as in the case of Dutch Enviro Energy. In addition to launching environmentally sustainable initiatives across different business units, the Group is also studying new investment opportunities in this sphere.

CK Hutchison Group Telecom

Revenue, EBITDA⁽⁵⁾ and EBIT⁽⁵⁾ of this division of HK\$41,817 million (€4,861 million), HK\$12,512 million (€1,459 million) and HK\$2,474 million (€290 million) were 9%, 51% and 85% lower than the same period last year respectively, primarily due to the recognition of net one-time item of HK\$9,787 million in the first half of 2021, as well as lower performance in Italy.

3 Group Europe

As at 30 June 2022, the active customer base of 3 Group Europe stands at 39.2 million, 3% higher against the same period last year mainly due to the UK, where the customer base increased 5% year-on-year driven by notable contract customer growth through network and customer experience improvements.

Revenue, EBITDA⁽⁶⁾ and EBIT⁽⁶⁾, excluding one-time items, of HK\$39,407 million, HK\$11,689 million and HK\$2,188 million were 1%, 14% and 57% lower against the same period last year respectively in local currencies. Performance was adversely impacted by the incremental tower service fees. On a normalised basis⁽⁷⁾, EBITDA and EBIT were 11% and 53% lower year-on-year respectively in local currencies, primarily due to Italy's lower margin contribution, higher operating costs as well as certain dispute settlement proceeds in 2021 which did not recur this half. All the other 3 Group Europe operations reported better total margin which led to improved EBITDA performances in most countries. However, continued investments in network enhancements and IT and 5G rollouts, particularly in the UK and Italy, resulted in the lower EBIT performance from higher depreciation and amortisation compared to the same period last year.

In Italy, although the lower contribution in wholesale revenue from the remedy taker has hampered total margin performance, the operation is undergoing a transitional phase in order to achieve an increase in contribution from its customer base to cover this decline. There have been noticeable trend improvements in the second quarter this year with higher net customer service margin in the first half of 2022 against the same period last year, as well as narrowing the wholesale revenue gap through extending the scope in its existing wholesale arrangements. Together with the better performances in other operations, the increased travelling of the European customers, as well as enhanced 5G networks across the Group's footprint, 3 Group Europe is expected to show improvements in its underlying operating performance. In addition, 3 Group Europe will continue to monetise its 5G investments through new revenue streams, to explore in-market consolidation opportunities, as well as initiatives to effect an asset-light strategy, including network sharing, in order to enhance profitability.

CK Hutchison Group Telecom is developing its science based targets which it expects to have validated by the Science Based Targets initiative during 2022, including: reducing scope 1 and 2 emissions by 50% by 2030 and reducing scope 3 emissions by 42% by 2030 versus a 2020 baseline.

Hutchison Asia Telecommunications

Hutchison Asia Telecommunications ("HAT") includes the Group's telecommunication businesses in Indonesia, Vietnam and Sri Lanka. In January 2022, the merger transaction between the Group's Indonesia telecommunication business, Hutchison 3 Indonesia ("H3I") and PT Indosat Tbk ("Indosat") was completed. The newly merged company, Indosat Ooredoo Hutchison, remains listed on the Indonesia Stock Exchange and becomes the second largest telecommunication operator in Indonesia. As a result of the merger, HAT's active customer accounts increased by 91% compared to the same period last year to reach approximately 115.1 million as of 30 June 2022.

In reported currency, total revenue, EBITDA⁽⁸⁾ and EBIT⁽⁸⁾ of HK\$5,839 million, HK\$7,572 million and HK\$6,047 million increased by 34%, 843% and 8,057% respectively when compared to the same period last year, mainly due to the net gain attributable to shareholders of HK\$5.1 billion⁽⁹⁾ from the completion of the merger transaction, partly offset by a non-cash impairment in the Group's telecommunication business in Sri Lanka. Excluding these one-off items, underlying EBITDA and EBIT were HK\$2,434 million and HK\$909 million, respectively, which increased by 203% and 1,296%, wholly due to higher contribution from the Indonesian joint venture, as a result of strong growth in data traffic from the enlarged customer base, coupled with earlier and above budget achievement of network integration and cost synergies following the merger.

Note 5: Under Post-IFRS 16 basis, EBITDA was HK\$15,947 million (30 June 2021: HK\$29,830 million); EBIT was HK\$3,067 million (30 June 2021: HK\$16,485 million).

Note 6: Under Post-IFRS 16 basis, EBITDA was HK\$14,910 million (30 June 2021: HK\$18,714 million); EBIT was HK\$2,773 million (30 June 2021: HK\$6,027 million).

Note 7: Comparison against first half of 2021 results which exclude the proforma contribution from the tower assets in Italy.

Note 8: Under Post-IFRS 16 basis, EBITDA was HK\$9,619 million (30 June 2021: HK\$1,869 million); EBIT was HK\$7,512 million (30 June 2021: HK\$272 million).

Note 9: Under Post-IFRS 16 basis, the net gain attributable to shareholders was HK\$6.2 billion. For further information, please see Note 5(b)(xvi) to the Financial Statements of this Interim Report.

Finance & Investments and Others

Following the merger of the Group's energy business with Cenovus Energy in January 2021, the share of Cenovus Energy's results forms part of the Finance & Investments and Others segment. Due to the constructive commodity prices in both Upstream and Downstream, the early and above budget achievement of merger synergies, and a tightly managed cost base, the Group's 16.3% investment has made promising contributions to the Group's profitability. The Group's share of Cenovus Energy's Post-IFRS 16 EBITDA, EBIT and net earnings were HK\$7,735 million, HK\$5,621 million and HK\$3,931 million, an increase of 149%, 431% and 787% compared to the same period last year respectively.

The Group's liquidity and financial profile remain strong. Consolidated cash and liquid investments totalled HK\$119,918 million and consolidated total bank and other debts⁽¹⁰⁾ amounted to HK\$288,308 million, resulting in consolidated net debt⁽¹⁰⁾ of HK\$168,390 million (31 December 2021 – HK\$168,169 million; 30 June 2021 – HK\$164,285 million) and net debt to net total capital ratio⁽¹⁰⁾ of 20.5% (31 December 2021 – 20.3%; 30 June 2021 – 19.9%). Upon completion of the UK Tower transaction, expected in August 2022, net debt to net total capital ratio, on a pro-forma basis, will reduce to 17.5%⁽¹¹⁾.

Sustainability

Accelerating progress of the Group's climate strategy continues to be a significant focus of the Group during 2022. Released in May 2022, the Group's latest Sustainability Report lays out 10 net-zero transition opportunities with respect to which it is taking significant steps to drastically cut its own carbon footprint, enable profound change across the businesses in which it operates and grow value-creating business solutions. Setting targets aligned to the science is fundamental to the Group's plans; in 2022, both the Retail division and CK Hutchison Group Telecom submitted letters of commitment to the Science Based Targets initiative and both have also developed scope 1, 2 and 3 targets ready for validation. Another step taken by the Group is the commitment to phase out all coal-fired generation before 2035 and remaining focused on growing its portfolio of renewable and other clean energy. Recognising the importance of partnerships in enabling transformational change, the Group's Infrastructure division also joined the Hydrogen Council in June 2022, a global CEO-led initiative of leading organisations with a shared vision for hydrogen to advance the clean energy transition.

Developing workplaces where employees of the Group feel supported, recognised and included continues to be one of the core objectives of the Group, together with supporting stakeholders during the continuing COVID-19 pandemic. The Group aims to use sustainability strategies not only as means to address social and environmental challenges but also as a forward looking tool to develop a more resilient and successful business now and into the future.

Note 10: Total bank and other debts are defined, for the purpose of "Net debt" calculation, as the total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions. Net debt is defined as total bank and other debts less total cash, liquid funds and other listed investments. Net total capital is defined as total bank and other debts plus total equity (adjusted to exclude IFRS 16 effects) and loans from non-controlling shareholders net of total cash, liquid funds and other listed investments. The consolidated net debt to net total capital ratio under IFRS 16 basis, after including IFRS 16 impact in total equity, was 20.7% (30 June 2021: 20.3%).

Note 11: CKHH's Pre-IFRS 16 basis.

Outlook

In the early part of this year, a number of major economies worldwide lifted movement restrictions and gradually returned to pre-COVID economic activity levels, fuelling a measure of confidence. Unfortunately, however, conflict in the Ukraine and other major headwinds have emerged during the latter months of the first half. As a result, the global economy may be facing an extended period of elevated inflation and declining growth.

The Group continues to benefit from its diversified geographical and business portfolios. Together with the successful execution of major strategic transactions, we achieved a balanced and steady shareholders return, continued to strengthen our balance sheet and remained on track to return to pre-COVID profitability levels, with foreign currency exchange translation impact expected to be one of the key headwinds for the Group. In addition to adopting a prudential approach in the operation of our businesses, maintaining a solid financial position will remain as a key focus of the Group. Looking forward, the Group will continue to aim to achieve growth in recurring earnings and increase shareholder return while maintaining a strong financial position and ensuring disciplined execution of prudent financial, liquidity and cash flow management. The Group will also continue to seek sustainable business opportunities which align with our core strategy of increasing shareholder value. Barring any unforeseen deterioration in business conditions or in energy commodity prices, the Group is well-positioned to maintain a growth trajectory and deliver solid performance in the second half and the years ahead.

I would like to thank the Board of Directors and all our dedicated employees around the world for their continued loyalty, diligence, professionalism and contributions to the Group.

Victor T K Li

Chairman

Hong Kong, 4 August 2022

Operations Highlights

Ports and Related Services

	30 June 2022 HK\$ million	30 June 2021 HK\$ million	Change	Local currencies change
Total Revenue ⁽¹⁾	22,651	19,933	+14%	+18%
EBITDA ⁽¹⁾⁽⁴⁾	8,273	6,983	+18%	+21%
EBIT ⁽¹⁾⁽⁴⁾	6,042	4,769	+27%	+30%
Throughput (million TEU)	42.4	42.9	-1%	
Number of berths ⁽³⁾	293	288	+5 berths	

	Throughput (million TEU)			Number of Berths ⁽³⁾		
	30 June 2022	30 June 2021	Change	30 June 2022	30 June 2021	Change
HPH Trust	11.7	11.6	-	52	52	-
Mainland China and Other Hong Kong	6.0	6.8	-12%	44	42	+2 berths
Europe	8.6	8.1	+6%	67	67	-
Asia, Australia and Others ⁽²⁾	16.1	16.4	-2%	130	127	+3 berths
Total	42.4	42.9	-1%	293	288	+5 berths

HK\$ million	Total Revenue ⁽¹⁾				Total EBITDA ⁽¹⁾⁽⁴⁾			
	30 June 2022	30 June 2021	Change	Local currencies change	30 June 2022	30 June 2021	Change	Local currencies change
HPH Trust	1,419	1,324	+7%	+7%	785	800	-2%	-2%
Mainland China and Other Hong Kong	968	978	-1%	-2%	361	391	-8%	-8%
Europe	6,966	6,304	+11%	+19%	1,975	1,749	+13%	+22%
Asia, Australia and Others ⁽²⁾	9,578	8,793	+9%	+12%	3,547	3,122	+14%	+15%
Corporate costs & other port related services	3,720	2,534	+47%	+47%	1,605	921	+74%	+74%
Total	22,651	19,933	+14%	+18%	8,273	6,983	+18%	+21%

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

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

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

Note 4: Under Post-IFRS 16 basis, EBITDA was HK\$9,622 million (30 June 2021: HK\$8,406 million); EBIT was HK\$6,583 million (30 June 2021: HK\$5,372 million).

Throughput decreased marginally by 1% to 42.4 million TEU in the first half of 2022, with 64% and 36% local and transshipment volume respectively (1H 2021: 62% and 38% local and transshipment volume respectively). The largest reduction in throughput was seen in the Mainland China and Other Hong Kong segment, particularly the lockdown in Shanghai has resulted in an overall 12% drop in volumes compared to the first half last year. With the gradual easing of the restrictions since early June, volumes are expected to recover in the second half. The European ports reported higher throughput in the first half of 2022, primarily due to the full six months volume contribution from the newly acquired Delta II terminal in Rotterdam, partly offset by trade disruptions from the conflict in Ukraine affecting the nearby ports. In Asia, Australia and Others segment, the ports in Asia and Middle East was affected by the global supply chain disruptions but the impact has been largely offset by robust volumes in Mexico from new service lines and vessel diversions.

Total revenue in the first half of 2022 was 14% and 18% above the same period last year in reported currency and local currencies respectively. EBITDA and EBIT increased 18% and 27% respectively in reported currency against the same period last year. In local currencies, EBITDA and EBIT increased 21% and 30% respectively. Europe segment reported a 22% and 30% growth in EBITDA and EBIT respectively, primarily due to higher storage income from longer vessel dwell time, while Asia, Australia and Others segment reported a 15% and 23% growth in EBITDA and EBIT respectively as Mexico performed well. The favourable variance in the corporate costs and other port related services segment reflected the strong performance of an associated company in the container shipping business that benefitted from the elevated shipping rates in the period and continue to contribute to this division's profitability growth.

As at 30 June 2022, this division operates 293 berths, an increase of 5 berths compared to the same period last year. Four additional berths at Jazan port in Saudi Arabia are expected to commence operation in the second half, taking the total number of berths at the end of the year to 297.

Retail

	30 June 2022 HK\$ million	30 June 2021 HK\$ million	Change	Local currencies change
Total Revenue	84,905	82,621	+3%	+9%
EBITDA ⁽¹⁾	6,030	6,725	-10%	-3%
EBIT ⁽¹⁾	4,331	4,939	-12%	-4%
Store Numbers	16,244	16,206	-	

	Store Numbers			Net Change In Store Number	Comparable Stores Sales Growth (%) ⁽²⁾			
	30 June 2022	30 June 2021	Change	30 June 2022	30 June 2022		30 June 2021	
H&B China	4,055	4,134	-2%	-79	-17.6%	-15.6% ⁽³⁾	+17.8%	+20.7% ⁽³⁾
H&B Asia	3,647	3,487	+5%	160	+18.0%			-1.1%
H&B China & Asia Subtotal	7,702	7,621	+1%	81	+2.0%			+6.4%
H&B Western Europe	5,670	5,670	-	-	+9.4%			+7.2%
H&B Eastern Europe	2,450	2,468	-1%	-18	+12.1%			+4.2%
H&B Europe Subtotal	8,120	8,138	-	-18	+9.9%			+6.6%
H&B Subtotal	15,822	15,759	-	63	+7.1%			+6.5%
Other Retail ⁽⁴⁾	422	447	-6%	-25	+8.8%			-9.0%
Total Retail	16,244	16,206	-	38	+7.4%			+3.8%

Note 1: Under Post-IFRS 16 basis, EBITDA was HK\$10,763 million (30 June 2021: HK\$11,869 million); EBIT was HK\$4,779 million (30 June 2021: HK\$5,489 million).

Note 2: Comparable stores sales growth represents the percentage change in revenue contributed by stores which, as at the first day of the relevant financial year (a) have been operating for over 12 months and (b) have not undergone major resizing within the previous 12 months.

Note 3: Adjusted to include loyalty members' sales recovered in proximate new stores.

Note 4: Other Retail includes PARKnSHOP, PARKnSHOP Yonghui, Fortress, Watson's Wine and the manufacturing operations, as well as one-time non-cash write offs in 1H 2022.

The Retail division consists of the A.S. Watson ("ASW") group of companies, the world's largest international Health and Beauty ("H&B") retailer with a 142 million loyalty member base. ASW operated 12 retail brands with 16,244 stores in 28 markets worldwide as of 30 June 2022. The division had a net store reduction of 154, mainly in the Mainland, during the first half of 2022 through adopting a prudential approach in store opening.

The division's total revenue increased by 3% and 9% in reported currency and local currencies respectively due to a 7.4% comparable stores sales growth. However, EBITDA and EBIT decreased by 10% and 12% respectively in reported currency, and 3% and 4% respectively in local currencies. In the first half of 2022, the division has delivered promising growth across all segments but this has been mostly offset by one-time non-cash write offs arising from the conflict in the Ukraine as well as the adverse performance in H&B China, which has been heavily impacted by reduced footfall from the sporadic lockdowns and containment measures adopted by different local governments. At its peak, approximately 590 stores in the Mainland, representing 14% of the stores, were temporarily closed. Currently, around 50 stores remained closed in the Mainland but traffic resumption has been slow. The operation has been preparing and implementing various initiatives including both in-store and online customer engagements to prepare for full recovery when the economy reopens.

HK\$ million	Total Revenue						Total EBITDA ⁽¹⁾							
	30 June 2022	%	30 June 2021	%	Change	Local currencies change	30 June 2022	%	EBITDA Margin	30 June 2021	%	EBITDA Margin	Change	Local currencies change
H&B China	9,685	11%	11,599	14%	-17%	-17%	623	10%	6%	1,546	23%	13%	-60%	-60%
H&B Asia	15,304	18%	13,499	16%	+13%	+22%	1,395	23%	9%	1,137	17%	8%	+23%	+33%
H&B China & Asia Subtotal	24,989	29%	25,098	30%	-	+4%	2,018	33%	8%	2,683	40%	11%	-25%	-21%
H&B Western Europe	36,798	43%	35,332	43%	+4%	+13%	2,744	46%	7%	2,551	38%	7%	+8%	+17%
H&B Eastern Europe	8,903	11%	8,466	10%	+5%	+16%	983	16%	11%	1,057	16%	12%	-7%	+4%
H&B Europe Subtotal	45,701	54%	43,798	53%	+4%	+13%	3,727	62%	8%	3,608	54%	8%	+3%	+13%
H&B Subtotal	70,690	83%	68,896	83%	+3%	+10%	5,745	95%	8%	6,291	94%	9%	-9%	-1%
Other Retail & Write-offs ⁽⁴⁾	14,215	17%	13,725	17%	+4%	+4%	285	5%	2%	434	6%	3%	-34%	-35%
Total Retail	84,905	100%	82,621	100%	+3%	+9%	6,030	100%	7%	6,725	100%	8%	-10%	-3%

H&B loyalty members' participation & exclusives sales contribution	30 June 2022	30 June 2021
Total loyalty members in H&B segment (million)	140	139
Loyalty members' sales participation in H&B segment (%)	63%	64%
Exclusives sales contribution to total H&B sales (%)	36%	36%

Comparable stores sales growth for the H&B segment of 7.1% in the first half of 2022 was mainly contributed by the solid performance in the H&B operations in Europe which recorded a comparable stores sales growth of 9.9% led by the recovery of business in the UK and the luxury retail businesses. H&B Asia also recorded an encouraging improvement with comparable stores sales of 18.0% with Hong Kong, Malaysia and the Philippines as the key contributors through adopting the appropriate store formats to meet local demands. The favourable comparable stores sales growth is partly offset by H&B China, which reported a decline of -17.6%, as footfall continues to be below pre-pandemic levels.

Infrastructure

	30 June 2022 HK\$ million	30 June 2021 HK\$ million	Change	Local currencies change
Total Revenue ⁽¹⁾	27,600	27,798	-1%	+4%
EBITDA ⁽¹⁾⁽²⁾	14,864	14,803	–	+6%
EBIT ⁽¹⁾⁽²⁾	9,851	9,686	+2%	+7%
CKI Reported Net Profit (under Post-IFRS 16 basis)	4,409	3,011	+46%	

Note 1: Total revenue, EBITDA and EBIT include the Group's share of results on the remaining 10% direct interest in the co-owned infrastructure assets with CKI after the divestment of 90% of the direct economic benefits in October 2018.

Note 2: Under Post-IFRS 16 basis, EBITDA was HK\$15,014 million (30 June 2021: HK\$14,954 million); EBIT was HK\$9,870 million (30 June 2021: HK\$9,709 million).

The infrastructure division comprises the Group's 75.67% interest in CK Infrastructure Holdings Limited ("CKI") and the Group's 10% economic benefits deriving from the Group's direct holdings in six co-owned infrastructure assets.

CKI

CKI is the largest publicly listed infrastructure company on the SEHK, with diversified investments in energy, transportation and water infrastructure, waste management, waste-to-energy, household infrastructure and infrastructure-related businesses. CKI operates in Hong Kong, the Mainland, the UK, Continental Europe, Australia, New Zealand, Canada and the United States. CKI announced profit attributable to shareholders under Post-IFRS 16 basis of HK\$4,409 million in the first half of 2022, 46% higher against the same period last year, primarily due to the inclusion of deferred tax charges arising from the revision of the UK corporate tax rates in the first half of 2021. This favourable variance is partly offset by adverse exchange translation impact. Funds from operations amounted to HK\$4.2 billion, similar to the record high level reported for the same period last year.

In June 2022, draft determinations were published by the Office of Gas and Electricity Markets (Ofgem) in relation to the 2023-2028 regulatory period for electricity distribution networks, including UK Power Networks ("UKPN"). Work will continue to be carried out by UKPN to optimise the outcome. The final determination will be released in December, after which UKPN's regulated revenue will be predictable for another five-year period.

CKI has always been committed to prudent financial management and the risk management approach is conservative with the underlying financial position closely monitored. CKI's financial strength continues to be solid, with HK\$9.6 billion cash on hand and a net debt to net total capital ratio of 12.9% as at 30 June 2022. Credit rating from Standard & Poor's maintained at "A/ Stable".

CK Hutchison Group Telecom

In million	30 June 2022 HK\$	30 June 2021 HK\$	Change	Local currencies change	30 June 2022 EURO	30 June 2021 EURO
Total Revenue	41,817	45,826	-9%	-2%	4,861	4,901
Total Margin	29,695	32,012	-7%	-	3,457	3,424
Total CACs	(7,244)	(8,118)	+11%	-	(843)	(869)
Less: Handset revenue	5,268	6,218	-15%	-	613	665
Total CACs (net of handset revenue)	(1,976)	(1,900)	-4%	-	(230)	(204)
Operating Expenses	(15,207)	(14,276)	-7%	-	(1,768)	(1,526)
Gain on disposal of tower assets	-	25,259	-100%	-	-	2,620
Impairment of goodwill	-	(15,472)	+100%	-	-	(1,669)
EBITDA ⁽¹⁾	12,512	25,623	-51%	-47%	1,459	2,645
Depreciation & Amortisation	(10,038)	(9,627)	-4%	-	(1,169)	(1,029)
EBIT ⁽¹⁾	2,474	15,996	-85%	-83%	290	1,616

3 Group Europe ⁽²⁾

In million	30 June 2022 HK\$	30 June 2021 ⁽³⁾ HK\$	Change	Local currencies change
Total Revenue	39,407	43,160	-9%	-1%
Total Margin	28,241	30,512	-7%	-
Total CACs	(6,969)	(7,866)	+11%	-
Less: Handset revenue	5,074	6,052	-16%	-
Total CACs (net of handset revenue)	(1,895)	(1,814)	-4%	-
Operating Expenses	(14,657)	(14,500)	-1%	-
<i>Opex as a % of total margin</i>	<i>52%</i>	<i>48%</i>		
EBITDA	11,689	14,198	-18%	-11%
<i>EBITDA Margin % ⁽⁴⁾</i>	<i>34%</i>	<i>38%</i>		
Depreciation & Amortisation	(9,501)	(9,118)	-4%	-
EBIT	2,188	5,080	-57%	-53%
EBITDA per above	11,689	14,198	-18%	-11%
Proforma contribution from tower assets	-	574		
Reported EBITDA ⁽⁵⁾	11,689	14,772	-21%	-14%
EBIT per above	2,188	5,080	-57%	-53%
Proforma contribution from tower assets	-	521		
Reported EBIT ⁽⁵⁾	2,188	5,601	-61%	-57%

Note 1: Under Post-IFRS 16 basis, EBITDA was HK\$15,947 million (30 June 2021: HK\$29,830 million); EBIT was HK\$3,067 million (30 June 2021: HK\$16,485 million).

Note 2: 3 Group Europe results above do not include one-off items in 1H 2021, which represented gain on disposal of tower assets completed in 1H 2021 of HK\$25.3 billion and non-cash impairment of goodwill of the Group's Italian telecommunication business of HK\$15.5 billion.

Note 3: As the disposal of tower assets in Italy was completed in June 2021, the 1H 2021 results of Italy were normalised, which exclude the proforma contribution from tower assets for January to June for comparability purpose. The % changes in EBITDA and EBIT are compared against the normalised 1H 2021 numbers.

Note 4: EBITDA margin % represents EBITDA as a percentage of total revenue (excluding handset revenue).

Note 5: Under Post-IFRS 16 basis, EBITDA was HK\$14,910 million (30 June 2021: HK\$18,714 million); EBIT was HK\$2,773 million (30 June 2021: HK\$6,027 million).

3 Group Europe's total revenue of HK\$39,407 million was 1% lower against the same period last year in local currencies, whereas the total margin of HK\$28,241 million was flat, primarily driven by improved total margin in all operations, except for the lower wholesale margin in Italy. Active customer base as at 30 June 2022 of 39.2 million is 3% higher against the same period last year, mainly due to the UK, where the customer base increased 5% year-on-year, as well as all other operations reported a slight growth or stable customer base. Management continues to focus on managing churn and the average monthly customer churn rate of the contract customer base improved to 1.1% for the first half of 2022 (1H 2021: 1.2%).

3 Group Europe's net ARPU and net AMPU improved by 1% and 2% to €13.11 and €11.59 respectively as compared to the first half of 2021, primarily due to better tariff mix and higher value propositions.

Total data usage increased 22% to approximately 4,062 petabytes in the first half of 2022. Data usage per active customer was approximately 109.5 gigabytes per user in first half of 2022 compared to 92.0 gigabytes per user in the first half of 2021.

3 Group Europe's results have been adversely impacted by the incremental tower service fees. On a normalised basis, EBITDA and EBIT were 11% and 53% lower year-on-year respectively in local currencies, mainly driven by higher operating costs due to network expansion, as well as certain dispute settlement proceeds recognised by Italy in the first half of 2021 that did not recur this half. Higher depreciation and amortisation against the same period last year was due to the continued investments in network enhancements and IT and 5G rollouts, particularly in the UK and Italy, and accelerated depreciation recognised on the swap out of certain vendor equipments, all of which led to a lower EBIT performance as compared to first half of 2021.

CKHGT - Results by operations

In million	UK GBP		Italy ^{(6) (7)} EURO		Sweden SEK		Denmark DKK		Austria EURO	
	1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021
Total Revenue	1,175	1,176	1,958	2,085	3,531	3,259	1,166	1,102	436	425
<i>% change</i>	-		-6%		+8%		+6%		+3%	
Total margin	743	719	1,500	1,580	2,319	2,111	913	873	332	312
<i>% change</i>	+3%		-5%		+10%		+5%		+6%	
Total CACs	(430)	(457)	(138)	(141)	(464)	(636)	(123)	(118)	(55)	(59)
Less: Handset Revenue	325	358	82	103	244	411	48	46	48	51
Total CACs (net of handset revenue)	(105)	(99)	(56)	(38)	(220)	(225)	(75)	(72)	(7)	(8)
Operating Expenses	(377)	(368)	(802)	(711)	(959)	(849)	(504)	(459)	(153)	(143)
<i>Opex as a % of total margin</i>	51%	51%	53%	45%	41%	40%	55%	53%	46%	46%
Gain on disposal of tower assets	-	-	-	-	-	-	-	-	-	-
Impairment of goodwill	-	-	-	-	-	-	-	-	-	-
EBITDA	261	252	642	831	1,140	1,037	334	342	172	161
<i>% change</i>	+4%		-23%		+10%		-2%		+7%	
<i>EBITDA margin %⁽⁹⁾</i>	31%	31%	34%	42%	35%	36%	30%	32%	44%	43%
Depreciation & Amortisation	(236)	(208)	(577)	(514)	(717)	(586)	(303)	(203)	(75)	(72)
EBIT	25	44	65	317	423	451	31	139	97	89
<i>% change</i>	-43%		-79%		-6%		-78%		+9%	
EBITDA per above	261	252	642	831	1,140	1,037	334	342	172	161
Proforma contribution from tower assets	-	-	-	61	-	-	-	-	-	-
Reported EBITDA	261	252	642	892	1,140	1,037	334	342	172	161
<i>% change</i>	+4%		-28%		+10%		-2%		+7%	
EBIT per above	25	44	65	317	423	451	31	139	97	89
Proforma contribution from tower assets	-	-	-	56	-	-	-	-	-	-
Reported EBIT	25	44	65	373	423	451	31	139	97	89
<i>% change</i>	-43%		-83%		-6%		-78%		+9%	
Capex (excluding licence)	(334)	(307)	(342)	(618)	(715)	(612)	(545)	(145)	(84)	(75)
Reported EBITDA less Capex	(73)	(55)	300	274	425	425	(211)	197	88	86
Licence ⁽¹⁰⁾	-	(280)	-	-	-	(492)	-	(544)	-	-
HK dollar equivalents of Reported EBITDA and EBIT are summarised as follows:										
<i>EBITDA-pre IFRS 16 basis (HK\$)</i>	2,655	2,726	5,519	8,345	936	958	385	430	1,483	1,504
<i>EBITDA-post IFRS 16 basis (HK\$)</i>	3,187	3,278	7,789	11,279	1,048	1,095	436	485	1,589	1,615
<i>EBIT-pre IFRS 16 basis (HK\$)</i>	245	474	556	3,488	348	416	37	175	838	835
<i>EBIT-post IFRS 16 basis (HK\$)</i>	342	577	968	3,735	358	428	40	179	862	859

	UK		Italy ⁽¹¹⁾		Sweden		Denmark		Austria	
	1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021
Total registered customer base (million)	13.5	12.9	20.4	21.0	2.4	2.2	1.5	1.5	3.2	3.4
Total active customer base (million)	9.9	9.5	19.1	19.2	2.4	2.2	1.5	1.5	2.9	2.8
Contract customers as a % of the total registered customer base	62%	61%	47%	48%	69%	69%	57%	57%	77%	74%
Average monthly churn rate of the total contract registered customer base (%)	1.3%	1.2%	1.3%	1.4%	1.2%	1.2%	1.6%	1.7%	0.3%	0.3%
Active contract customers as a % of the total contract registered customer base	98%	99%	96%	94%	100%	100%	100%	100%	100%	100%
Active customers as a % of the total registered customer base	73%	73%	94%	91%	99%	98%	100%	100%	88%	84%
LTE coverage by population (%)	95%	94%	100%	100%	96%	93%	100%	100%	97%	96%
Six month data usage per active customer (Gigabyte)										

Note 6: Wind Tre's results include fixed line business revenue of €476 million (30 June 2021: €488 million) and EBITDA of €80 million (30 June 2021: €117 million).

Note 7: As the disposal of tower assets in Italy was completed in June 2021, the 1H 2021 results of Italy were normalised, which exclude the proforma contribution from tower assets for January to June 2021 for comparability purpose. The % changes in EBITDA and EBIT are compared against the normalised 1H 2021 numbers.

Note 8: 3 Group Europe results do not include one-off items in 1H 2021, which represented gain on disposal of tower assets completed in 1H 2021 of HK\$25.3 billion and non-cash impairment of goodwill of the Group's Italian telecommunication business of HK\$15.5 billion.

Note 9: EBITDA margin % represents EBITDA as a percentage of total revenue (excluding handset revenue).

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Ireland EURO		3 Group Europe before one-off ^{(7) (8)} HK\$				HTHKH HK\$		Corporate and Others and one-off ⁽⁸⁾ HK\$		CKHGT HK\$		CKHGT EURO	
1H 2022	1H 2021	1H 2022	1H 2021			1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021
			Normalised	Tower Assets	Reported								
301	279	39,407	43,160	-	43,160	2,298	2,565	112	101	41,817	45,826	4,861	4,901
+8%		-9%				-10%		+11%		-9%		-1%	
<i>Local currencies change %</i>		-1%								-2%			
227	217	28,241	30,512	-	30,512	1,441	1,486	13	14	29,695	32,012	3,457	3,424
+5%		-7%				-3%		-7%		-7%		+1%	
<i>Local currencies change %</i>		-								-			
(47)	(36)	(6,969)	(7,866)	-	(7,866)	(275)	(252)	-	-	(7,244)	(8,118)	(843)	(869)
45	34	5,074	6,052	-	6,052	194	166	-	-	5,268	6,218	613	665
(2)	(2)	(1,895)	(1,814)	-	(1,814)	(81)	(86)	-	-	(1,976)	(1,900)	(230)	(204)
(142)	(128)	(14,657)	(14,500)	574	(13,926)	(864)	(848)	314	498	(15,207)	(14,276)	(1,768)	(1,526)
63%	59%	52%	48%		46%	60%	57%	N/A	N/A	51%	45%	51%	45%
-	-	-	-	-	-	-	-	-	25,259	-	25,259	-	2,620
-	-	-	-	-	-	-	-	-	(15,472)	-	(15,472)	-	(1,669)
83	87	11,689	14,198	574	14,772	496	552	327	10,299	12,512	25,623	1,459	2,645
-5%		-18%				-10%		-97%		-51%		-45%	
<i>Local currencies change %</i>		-11%								-47%			
32%	36%	34%	38%		40%	24%	23%			34%	65%	34%	62%
(64)	(64)	(9,501)	(9,118)	(53)	(9,171)	(532)	(453)	(5)	(3)	(10,038)	(9,627)	(1,169)	(1,029)
19	23	2,188	5,080	521	5,601	(36)	99	322	10,296	2,474	15,996	290	1,616
-17%		-57%				-136%		-97%		-85%		-82%	
<i>Local currencies change %</i>		-53%								-83%			
83	87	11,689	14,198										
-	-	-	574										
83	87	11,689	14,772										
-5%		-21%											
<i>Local currencies change %</i>		-14%											
19	23	2,188	5,080										
-	-	-	521										
19	23	2,188	5,601										
-17%		-61%											
<i>Local currencies change %</i>		-57%											
(53)	(62)	(8,724)	(11,130)			(157)	(324)	(2)	(1)	(8,883)	(11,455)	(1,034)	(1,225)
30	25	2,965	3,642			339	228	325	10,298	3,629	14,168	425	1,420
-	-	-	(4,237)			(138)	(500)	-	-	(138)	(4,737)	(17)	(500)
711	809	11,689	14,772			496	552	327	10,299	12,512	25,623	€1,459	€2,645
861	962	14,910	18,714			710	760	327	10,356	15,947	29,830	€1,859	€3,095
164	213	2,188	5,601			(36)	99	322	10,296	2,474	15,996	€290	€1,616
203	249	2,773	6,027			(28)	105	322	10,353	3,067	16,485	€361	€1,669

Ireland		3 Group Europe		HTHKH	
1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021
3.4	2.8	44.4	43.8	3.6	3.9
3.4	2.8	39.2	38.0	3.0	3.2
75%	71%	58%	56%	41%	37%
0.6%	0.7%	1.1%	1.2%	0.7%	1.1%
100%	100%	98%	97%	100%	100%
100%	100%	88%	87%	84%	84%
99%	99%	-	-	90%	90%
		109.5	92.0	43.9	41.3

Note 10: 1H 2021 licence cost for UK represents investment for 20 MHz of 700 MHz spectrum acquired in May 2021, the licence cost for Sweden represents 1000 MHz of 3500 MHz spectrum acquired in January 2021, the licence cost for Denmark represents 2x20 MHz of 2100 MHz spectrum, 120 MHz in 3500 MHz spectrum and 1000 MHz in 2.6 GHz spectrum acquired in April 2021, and the licence cost for Hong Kong represents investment for 10 MHz of 900 MHz spectrum renewed for 15 years from January 2021. 1H 2022 licence cost for Hong Kong represents investment for 20 MHz of 700 MHz spectrum acquired for 15 years from June 2022.

Note 11: Wind Tre's 2022 KBI included an adjustment for aligning the definition of active customer base to that of CKHGT as part of a system integration. Consequently, there is a corresponding and opposite effect on Wind Tre's net ARPU and net AMPU. The conformity of KBI definitions does not impact Wind Tre's total revenue and total margin.

CK Hutchison Group Telecom (continued)

Key Business Indicators

	Registered Customer Base								
	Registered Customers at 30 June 2022 ('000)			Registered Customer Growth (%) from 31 December 2021 to 30 June 2022			Registered Customer Growth (%) from 30 June 2021 to 30 June 2022		
	Non-contract	Contract	Total	Non-contract	Contract	Total	Non-contract	Contract	Total
United Kingdom	5,113	8,362	13,475	+3%	+2%	+2%	+1%	+7%	+4%
Italy ⁽¹²⁾	10,711	9,642	20,353	-1%	-2%	-2%	-2%	-4%	-3%
Sweden	734	1,644	2,378	+1%	+2%	+2%	+4%	+6%	+5%
Denmark	656	868	1,524	+2%	+2%	+2%	+3%	+3%	+3%
Austria	751	2,471	3,222	-8%	-1%	-3%	-14%	-1%	-4%
Ireland	852	2,595	3,447	+2%	+12%	+10%	+5%	+32%	+24%
3 Group Europe Total	18,817	25,582	44,399	-	+1%	+1%	-1%	+3%	+1%
HTHKH	2,102	1,476	3,578	-17%	+2%	-10%	-14%	+4%	-7%

	Active ⁽¹³⁾ Customer Base								
	Active Customers at 30 June 2022 ('000)			Active Customer Growth (%) from 31 December 2021 to 30 June 2022			Active Customer Growth (%) from 30 June 2021 to 30 June 2022		
	Non-contract	Contract	Total	Non-contract	Contract	Total	Non-contract	Contract	Total
United Kingdom	1,660	8,224	9,884	+3%	+2%	+2%	-3%	+6%	+5%
Italy ^{(12), (14)}	9,878	9,245	19,123	+2%	-1%	-	+1%	-2%	-1%
Sweden	722	1,644	2,366	+6%	+2%	+3%	+10%	+6%	+7%
Denmark	650	868	1,518	+1%	+2%	+2%	+3%	+3%	+3%
Austria	387	2,463	2,850	+4%	-1%	-1%	+9%	-1%	-
Ireland	852	2,595	3,447	+2%	+12%	+10%	+5%	+32%	+24%
3 Group Europe Total	14,149	25,039	39,188	+2%	+1%	+2%	+2%	+4%	+3%
HTHKH	1,538	1,476	3,014	-13%	+2%	-6%	-15%	+4%	-7%

Note 12: In addition to the above, Wind Tre has 2.9 million fixed line customers.

Note 13: An active customer is one that generated revenue from an outgoing call, incoming call or data/content service in the preceding three months.

Note 14: Wind Tre's 2022 KBI included an adjustment for aligning the definition of active customer base to that of CKHGT as part of a system integration. Consequently, there is a corresponding and opposite effect on Wind Tre's net ARPU and net AMPU. The conformity of KBI definitions does not impact Wind Tre's total revenue and total margin.

12-month Trailing Average Revenue per Active User ("ARPU") ⁽¹⁵⁾
to 30 June 2022

	Non-contract	Contract	Blended Total	% Variance compared to 30 June 2021
United Kingdom	£6.40	£21.34	£18.82	+3%
Italy ⁽¹⁸⁾	€10.14	€12.45	€11.27	-3%
Sweden	SEK116.14	SEK284.44	SEK233.79	-9%
Denmark	DKK91.57	DKK146.95	DKK123.14	+2%
Austria	€10.71	€23.09	€21.47	+4%
Ireland	€14.73	€12.98	€13.45	-16%
3 Group Europe Average ⁽¹⁶⁾	€10.28	€18.98	€15.84	+1%
HTHKH	HK\$9.46	HK\$184.86	HK\$91.09	-

12-month Trailing Net Average Revenue per Active User ("Net ARPU") ⁽¹⁶⁾
to 30 June 2022

	Non-contract	Contract	Blended Total	% Variance compared to 30 June 2021
United Kingdom	£6.40	£14.29	£12.96	+1%
Italy ⁽¹⁸⁾	€10.14	€11.29	€10.70	-2%
Sweden	SEK116.14	SEK209.88	SEK181.67	+1%
Denmark	DKK91.57	DKK137.18	DKK117.57	+3%
Austria	€10.71	€19.85	€18.65	+7%
Ireland	€14.73	€10.09	€11.33	-15%
3 Group Europe Average	€10.28	€14.70	€13.11	+1%
HTHKH	HK\$9.46	HK\$165.43	HK\$82.05	+2%

12-month Trailing Net Average Margin per Active User ("Net AMPU") ⁽¹⁷⁾
to 30 June 2022

	Non-contract	Contract	Blended Total	% Variance compared to 30 June 2021
United Kingdom	£5.82	£12.71	£11.55	+2%
Italy ⁽¹⁸⁾	€8.92	€9.90	€9.40	-
Sweden	SEK99.66	SEK183.59	SEK158.34	+1%
Denmark	DKK75.99	DKK112.46	DKK96.78	+2%
Austria	€9.37	€17.84	€16.73	+9%
Ireland	€13.69	€9.30	€10.47	-14%
3 Group Europe Average	€9.08	€13.01	€11.59	+2%
HTHKH	HK\$7.21	HK\$145.96	HK\$71.78	+3%

Note 15: ARPU equals total monthly revenue, including incoming mobile termination revenue and contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the period.

Note 16: Net ARPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the period.

Note 17: Net AMPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, less direct variable costs (including interconnection charges and roaming costs) (i.e. net customer service margin), divided by the average number of active customers during the period.

Note 18: Wind Tre's 2022 KBI included an adjustment for aligning the definition of active customer base to that of CKHGT as part of a system integration. Consequently, there is a corresponding and opposite effect on Wind Tre's net ARPU and net AMPU. The conformity of KBI definitions does not impact Wind Tre's total revenue and total margin.

CK Hutchison Group Telecom (continued)

United Kingdom

3 UK's EBITDA increased by 4% in local currency compared to the same period last year, mainly driven by strong growth in net customer service margin from both 5% increase in customer base and 2% higher net AMPU from various revenue mix and margin initiatives, partly offset by higher network spending from increased 5G coverage and increased annual licence fee. However, EBIT decreased by 43% in local currency compared to the same period last year, mainly due to increased depreciation from higher asset base driven by IT investments and accelerated 5G network rollout.

Italy

On a normalised basis and in local currency, Italy's EBITDA decreased by 23% compared to the same period last year, mainly driven by reduction in wholesale volume resulting in revenue decline of 6%, higher operating costs in 2022 and certain dispute settlement proceeds in 2021. Wind Tre has implemented strategic transitions with net customer service margin in 2022 progressively improving against the first half and second half of last year, furthermore, wholesale contributions decline has narrowed through extending the scope of existing wholesale arrangements. EBIT decreased by 79% against the first half of 2021 due to higher depreciation and amortisation from the enlarged asset base as network enhancement continues.

Sweden

Sweden, where the Group has a 60% interest, reported robust EBITDA growth of 10% primarily driven by 10% increase in total margin from customer base growth, partly offset by higher operating expenses from promoting 5G commercial launch. However, EBIT decreased by 6% due to higher depreciation and amortisation from enlarged network base.

Denmark

The operation in Denmark, where the Group has a 60% interest, reported 5% growth in total margin primarily driven by 3% customer base growth. EBITDA decreased by 2% mainly due to higher operating costs from significant increase in electricity price and enlarged network base, partly offset by higher total margin. During the first half of 2022, the operation recognised accelerated depreciation charges from the ongoing network assets swap, resulting in 78% decrease in EBIT when compared against the same period of 2021.

Austria

EBITDA and EBIT in local currency increased by 7% and 9% respectively compared to the same period last year, primarily driven by 6% total margin growth from 9% increase in net AMPU, partly offset by higher operating expenses due to network expansion.

Ireland

EBITDA and EBIT in local currency decreased by 5% and 17% respectively compared to the same period last year driven by higher operating expenses due to network expansion and increased marketing and sponsorship following the ease of lockdown restrictions, partly offset by 5% higher total margin mainly due to the base growth, which more than offsets the lower net AMPU from the dilutive impact of higher mix of low value Internet of things (IoT) customers.

Hutchison Telecommunications Hong Kong Holdings

Total revenue of HK\$2,298 million was 10% lower as compared to the same period last year, primarily driven by lower net customer service revenue due to intense competition and prolonged pandemic-related disruptions, as well as lower hardware sales as a result of supply chain constraints. EBITDA of HK\$496 million was 10% lower as compared to the same period last year, mainly due to lower net customer service margin and higher network costs driven by the investments in 5G technology and network infrastructure expansion. LBIT of HK\$36 million for the first half of 2022 as compared to EBIT of HK\$99 million for the same period last year was mainly due to higher depreciation and amortisation from the renewal of spectrum in 2021 and the enlarged asset base from 5G network infrastructure expansion.

Hutchison Asia Telecommunications

	30 June 2022 HK\$ million	30 June 2021 HK\$ million	Change	Local currencies change
Total Revenue	5,839	4,350	+34%	+36%
EBITDA⁽¹⁹⁾	7,572	803	+843%	+846%
EBIT⁽¹⁹⁾	6,047	(76)	+8,057%	+8,066%
Total active customer base (million)	115.1	60.4	+91%	
- Indonesia	96.2	44.3	+117%	
- Vietnam	15.0	12.0	+25%	
- Sri Lanka	3.9	4.1	-5%	

Note 19: Under Post-IFRS 16 basis, EBITDA was HK\$9,619 million (30 June 2021: HK\$1,869 million); EBIT was HK\$7,512 million (30 June 2021: HK\$272 million).

In January 2022, the merger transaction between the Group's Indonesia telecommunication business, Hutchison 3 Indonesia ("H3I") and PT Indosat Tbk ("Indosat") was completed. The newly merged company, Indosat Ooredoo Hutchison ("IOH"), remains listed on the Indonesia Stock Exchange and becomes the second largest telecommunication operator in Indonesia. As of 30 June 2022, Hutchison Asia Telecommunications ("HAT") had approximately 115.1 million active customer accounts, whereby Indonesia represented 84% of the total following the merger.

HAT's results at EBITDA and EBIT levels in the first half of 2022 included a gain of HK\$6,100 million from the completion of the merger of the Indonesian telecommunication business, partly offset by a non-cash impairment in the telecommunication business in Sri Lanka of HK\$962 million amidst the challenging market condition following the outbreak of the political and economic crisis in the country.

Excluding the above one-off items, EBITDA and EBIT in the first half of 2022 of HK\$2,434 million and HK\$909 million increased by 203% and 1,296% respectively due to the increased contribution from the Group's share of IOH's results since the merger. This solid performance in the first half of 2022 reflected the continued good growth momentum, synergies realisation ahead of target and the enlarged customer base following the merger.

Finance & Investments and Others

	30 June 2022 HK\$ million	30 June 2021 HK\$ million	Change	Local currencies change
Total Revenue	46,804	31,858	+47%	+49%
EBITDA⁽¹⁾	8,993	653	+1277%	+1290%
- Underlying	8,993	4,167	+116%	+118%
- One-off item	-	(3,514)	+100%	+100%
EBIT⁽¹⁾	5,770	(2,541)	+327%	+328%
- Underlying	5,770	973	+493%	+496%
- One-off item	-	(3,514)	+100%	+100%

Note 1: Under Post-IFRS 16 basis, EBITDA was HK\$9,560 million (30 June 2021: HK\$1,239 million); EBIT was HK\$5,837 million (30 June 2021: HK\$(2,518) million).

Finance & Investments and Others segment includes returns earned on the Group's holdings of cash and liquid investments, Hutchison Whampoa (China) Limited, listed associate TOM Group, the Marionnaud businesses, listed associate CK Life Sciences Group and listed subsidiary, Hutchison Telecommunications (Australia) Limited, which has a 25.05% interest in TPG Telecom Limited. Following the merger of the Group's energy business with Cenovus Energy in January 2021, the Group's 16.3% share of Cenovus Energy's results forms part of the Finance & Investments and Others segment.

In the first half of 2021, EBITDA and EBIT in this segment included the recognition of a non-cash foreign exchange reserve loss following the energy business merger of HK\$3.5 billion.

Excluding the one-off item, underlying EBITDA and EBIT grew 116% and 493% respectively from first half of 2021 primarily due to the strong performance from the Group's energy business. The Group's share of Cenovus Energy's Post-IFRS 16 EBITDA, EBIT and net earnings were HK\$7,735 million, HK\$5,621 million and HK\$3,931 million, an increase of 149%, 431% and 787% compared to the same period last year respectively, mainly due to strengthening commodity prices that resulted in operating margin growth.

As at 30 June 2022, the Group's holdings of cash and liquid investments totalled HK\$119,918 million. Further information on the Group's treasury function can be found in the "Group Capital Resources and Liquidity" section of this Interim Report.

Interest Expense, Finance Costs and Tax

The Group's consolidated interest expenses and other finance costs for the six months ended 30 June 2022, including its share of associated companies' and joint ventures' interest expenses, amortisation of finance costs and after deducting interest capitalised on assets under development, amounted to HK\$7,872 million, increased by 9% when compared to the same period last year. The Group's weighted average cost of debt for the six months ended 30 June 2022 was 1.8% (30 June 2021: 1.6%).

The Group recorded current and deferred tax charges of HK\$5,381 million in the six months ended 30 June 2022, an increase of 32% compared to the same period last year, primarily reflected the higher profit before tax for the first half of 2022 and the favourable net impact from the revaluation of deferred tax assets and liabilities following the revision of the UK corporate tax rates which was reflected in the first half of 2021.

Group Capital Resources and Other Information

Group Capital Resources and Liquidity

Treasury Management

The Group's treasury function sets financial risk management policies in accordance with policies and procedures that are approved by the Executive Directors, and which are also subject to periodic review by the Group's internal audit function. The Group's treasury policies are designed to mitigate the impact of fluctuations in interest rates and exchange rates on the Group's overall financial position and to minimise the Group's financial risks. The Group's treasury function operates as a centralised service for managing financial risks, including interest rate and foreign exchange risks, and for providing cost-efficient funding to the Group and its companies. It manages the majority of the Group's funding needs, interest rate, foreign currency and credit risk exposures. It is the Group's policy not to have credit rating triggers that would accelerate the maturity dates of the Group's borrowings. The Group uses interest rate and foreign currency swaps and forward contracts as appropriate for risk management purposes only, for hedging transactions and for managing the Group's exposure to interest rate and foreign exchange rate fluctuations. The Group generally does not enter into foreign currency hedges in respect of its foreign currency earnings and no derivative instruments to hedge the Group's earnings were entered during the period or remain outstanding at the end of the period. It is the Group's policy not to enter into derivative transactions for speculative purposes. It is also the Group's policy not to invest liquidity in financial products, including hedge funds or similar vehicles, that have significant underlying leverage or derivative exposure.

Cash Management and Funding

The Group operates a central cash management system for all of its unlisted subsidiaries. Except for listed and certain overseas entities conducting businesses in non-HK or non-US dollar currencies, the Group generally obtains long-term financing at the Group level to on-lend or contribute as equity to its subsidiaries and associated companies to meet their funding requirements and provide more cost-efficient financing. These borrowings include a range of capital market issues and bank borrowings, for which the proportions will change depending upon financial market conditions and projected interest rates. The Group regularly and closely monitors its overall debt position and reviews its funding costs and maturity profile to facilitate refinancing.

Interest Rate Exposure

The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates. When considered appropriate, the Group uses derivatives such as interest rate swaps and forward rate agreements to manage its interest rate exposure. The Group's main interest rate exposure relates to US dollar, British Pound, Euro and HK dollar borrowings.

At 30 June 2022, approximately 33% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 67% were at fixed rates (31 December 2021: 31% floating; 69% fixed). The Group has entered into various interest rate agreements with major financial institution counterparties to swap approximately HK\$22,920 million principal amount of floating interest rate borrowings that were used to finance long term investments have been swapped to fixed interest rate borrowings. After taking into consideration these interest rate swaps, approximately 25% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 75% were at fixed rates at 30 June 2022 (31 December 2021: 26% floating; 74% fixed). All of the aforementioned interest rate derivatives are designated as hedges and these hedges are considered highly effective.

Foreign Currency Exposure

For subsidiaries, associated companies, joint arrangements, branches and other investments (the activities of which are based or conducted in non-HK dollar or non-US dollar), the Group generally endeavours to establish a natural hedge for debt financing with an appropriate level of borrowings in those same currencies. For businesses (the activities of which are based or conducted in non-HK dollar or non-US dollar) that are in the development phase, or where borrowings in local currency are not or are no longer attractive, the Group may not borrow in the local currency or may repay existing borrowings and monitor the development of the businesses' cash flow and the relevant debt markets with a view to refinance these businesses with local currency borrowings in the future when conditions are more appropriate. Exposure to movements in exchange rates for individual transactions (such as major procurement contracts) directly related to its underlying businesses is minimised by using forward foreign exchange contracts and currency swaps where active markets for the relevant currencies exist. The Group generally does not enter into foreign currency hedges in respect of its long-term equity investments in overseas subsidiaries and associated companies, except in relation to certain infrastructure investments.

The Group has operations in about 50 countries and conducts businesses in around 50 currencies. The Group's functional currency for reporting purposes is Hong Kong Dollars and the Group's reported results in Hong Kong Dollars are exposed to exchange translation on its foreign currency earnings, net debt and net assets, in particular for Euro and British Pounds. Reported EBITDA⁽¹⁾ for the first half of 2022 was HK\$58,244 million, and on a recurring basis (excluding the disposal gain from the Group's Indonesian telecommunication business merger and non-cash impairment in the Group's telecommunication business in Sri Lanka), 49% was derived from European operations, including 21% from the UK. At 30 June 2022, of the Group's total principal amount of bank and other debts after currency swap arrangements, 40% and 6% were denominated in Euro and British Pounds respectively, whilst liquid assets comprised 13% Euro and 5% British Pounds denominated cash and cash equivalents. As a result, 59% and 6% of the Group's consolidated net debt⁽²⁾ of HK\$168,390 million were denominated in Euro and British Pounds respectively. Net assets⁽³⁾ was HK\$650,850 million, with 18% and 21% attributable to Continental Europe and the UK operations respectively.

At 30 June 2022, the Group's total principal amount of bank and other debts were denominated as follows: 34% in Euro, 49% in US dollars, 2% in HK dollars, 6% in British Pounds and 9% in other currencies. The Group had currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK\$15,990 million to Euro principal amount of borrowings to reflect currency exposures of its underlying businesses. The Group's total principal amount of bank and other debts, after the above swaps, were denominated as follows: 40% in Euro, 43% in US dollars, 2% in HK dollars, 6% in British Pounds and 9% in other currencies.

For purposes of illustrating the Group's currency sensitivity, based on the results for the first half of 2022, a 10% depreciation of British Pounds would result in a HK\$1.1 billion decrease in EBITDA, a HK\$0.2 billion decrease in NPAT, HK\$1.0 billion decrease in net debt and 0.2%-point increase in net debt to net total capital ratio. Similarly, a 10% depreciation of Euro would result in a HK\$1.2 billion decrease in EBITDA, a HK\$0.2 billion decrease in NPAT, HK\$9.9 billion decrease in net debt and 0.7%-point decrease on net debt to net total capital ratio. Actual sensitivity will depend on actual results and cash flows for the period under consideration.

Credit Exposure

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

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

Credit Profile

Our long term credit rating from Moody's, S&P and Fitch remained at A2 (stable outlook), A (stable outlook) and A- (stable outlook) respectively. The Group aims to maintain a capital structure that is appropriate for long-term investment grade ratings of A2 on the Moody's Investor Service scale, A on the S&P Rating Services scale and A- on the Fitch Ratings scale. Actual credit ratings may depart from these levels from time to time due to economic circumstances. CK Hutchison Group Telecom Holdings ("CK Hutchison Group Telecom"), a wholly-owned subsidiary of the Group, obtained long term credit rating from Moody's, S&P and Fitch at Baa1 (stable outlook), A- (stable outlook) and A- (stable outlook) respectively. CK Hutchison Group Telecom will seek to maintain its ratings by applying the same financial disciplines as the Group.

Market Price Risk

The Group's main market price risk exposures relate to listed debt and equity securities described in "Liquid Assets" below and the interest rate swaps described in "Interest Rate Exposure" above. The Group's holding of listed debt and equity securities represented approximately 6% (31 December 2021 – approximately 5%) of the cash, liquid funds and other listed investments ("liquid assets"). The Group controls this risk through active monitoring of price movements and changes in market conditions that may have an impact on the value of these financial assets and instruments.

Note 1: Under Post-IFRS 16 basis, EBITDA for the first half of 2022 was HK\$70,525 million (30 June 2021 – HK\$68,167 million).

Note 2: Under Post-IFRS 16 basis, consolidated net debt as at 30 June 2022 was HK\$167,312 million (31 December 2021 – HK\$166,893 million).

Note 3: Under Post-IFRS 16 basis, net assets as at 30 June 2022 was HK\$637,117 million (31 December 2021 – HK\$644,255 million).

Liquid Assets

The Group continues to maintain a robust financial position. Liquid assets amounted to HK\$119,918 million at 30 June 2022, a decrease of 26% from the balance of HK\$161,360 million at 31 December 2021, mainly reflecting dividend payments to ordinary and non-controlling shareholders as well as distributions to perpetual capital securities holders, repayment and early repayment of certain borrowings, redemption of perpetual capital securities, capital expenditure and investment spending, partly offset by cash arising from positive funds from operations from the Group's businesses and cash from new borrowings. Liquid assets were denominated as to 21% in HK dollars, 48% in US dollars, 5% in Renminbi, 13% in Euro, 5% in British Pounds and 8% in other currencies.

Cash and cash equivalents represented 94% (31 December 2021 – 95%) of the liquid assets, US Treasury notes and listed debt securities 5% (31 December 2021 – 4%) and listed equity securities 1% (31 December 2021 – 1%). The US Treasury notes and listed debt securities, including those held under managed funds, consisted of US Treasury notes of 74%, government and government guaranteed notes of 19% and others of 7%. All of these US Treasury notes and listed debt securities are rated at Aaa/AAA or Aa1/AA+ with an average maturity of 2.6 years on the overall portfolio. The Group has no exposure in mortgage-backed securities, collateralised debt obligations or similar asset classes.

Cash Flow

EBITDA in the first half of 2022 was HK\$58,244 million, an increase of 5% compared to HK\$55,590 million for the same period last year. Consolidated funds from operations⁽⁴⁾ ("FFO") before cash profits from disposals, capital expenditures, investments and changes in working capital was HK\$23,220 million for the first half of 2022, a decrease of 4% against the same period last year of HK\$24,086 million.

The Group's capital expenditures (including licences, brand name and other rights) for the first half of 2022 amounted to HK\$11,058 million (30 June 2021 – HK\$19,395 million). Capital expenditures (including licences, brand name and other rights) for the ports and related services division amounted to HK\$968 million (30 June 2021 – HK\$1,014 million); for the retail division HK\$780 million (30 June 2021 – HK\$880 million); for the infrastructure division HK\$92 million (30 June 2021 – HK\$184 million); for CK Hutchison Group Telecom HK\$9,021 million (30 June 2021 – HK\$16,192 million); for HAT HK\$167 million (30 June 2021 – HK\$1,080 million); and for the finance and investments and others segment HK\$30 million (30 June 2021 – HK\$45 million).

The Group's dividends received from associated companies and joint ventures for the first half of 2022 amounted to HK\$6,177 million (30 June 2021 – HK\$5,240 million). Dividends received from associated companies and joint ventures for the ports and related services division amounted to HK\$1,017 million (30 June 2021 – HK\$835 million); for the retail division HK\$836 million (30 June 2021 – HK\$892 million); for the infrastructure division HK\$3,855 million (30 June 2021 – HK\$3,115 million); and for the finance and investments and others segment HK\$469 million (30 June 2021 – HK\$398 million).

The Group's purchases of and advances to associated companies and joint ventures amounted to HK\$3,315 million (30 June 2021 – HK\$571 million). Purchases of and advances to associated companies and joint ventures for the ports and related services division amounted to HK\$77 million (30 June 2021 – HK\$39 million); for the retail division nil (30 June 2021 – HK\$22 million); for the infrastructure division HK\$100 million (30 June 2021 – HK\$449 million); for CK Hutchison Group Telecom HK\$23 million (30 June 2021 – HK\$29 million); for HAT HK\$3,019 million (30 June 2021 – nil); and for the finance and investments and others segment HK\$96 million (30 June 2021 – HK\$32 million).

Net cash inflow before financing activities⁽⁵⁾ was HK\$6,066 million, a decrease of 85% compared to HK\$39,871 million for the same period last year, mainly due to significant proceeds from the disposal of tower assets in 2021, excluding which, net cash inflow before financing activities increased by 320%, reflecting favourable working capital movements, lower capital expenditures, partly offset by increased investments in associated companies and joint ventures.

The capital expenditures and investments of the Group are primarily funded by cash generated from operations, cash on hand and to the extent appropriate, by external borrowings.

For further information of the Group's capital expenditures by division and cash flow, please see Note 5(b)(v) to the Financial Statements and the "Condensed Consolidated Statement of Cash Flows" section of this Interim Report.

Note 4: Under Post-IFRS 16 basis, FFO for the first half of 2022 was HK\$30,607 million (30 June 2021 – HK\$32,699 million).

Note 5: Under Post-IFRS 16 basis, net cash inflow before financing activities for the first half of 2022 was HK\$13,659 million (30 June 2021 – HK\$49,781 million).

Debt Maturity and Currency Profile

The Group's total bank and other debts, including unamortised fair value adjustments from acquisitions, at 30 June 2022 amounted to HK\$288,308 million (31 December 2021 – HK\$329,529 million) which comprises principal amount of bank and other debts of HK\$285,506 million (31 December 2021 – HK\$326,357 million) and unamortised fair value adjustments arising from acquisitions of HK\$2,802 million (31 December 2021 – HK\$3,172 million). The Group's total principal amount of bank and other debts at 30 June 2022 consist of 68% notes and bonds (31 December 2021 – 69%) and 32% bank and other loans (31 December 2021 – 31%). The Group's weighted average cost of debt for the period ended 30 June 2022 is 1.8% (30 June 2021 – 1.6%). Interest bearing loans from non-controlling shareholders, which are viewed as quasi-equity, totalled HK\$2,624 million as at 30 June 2022 (31 December 2021 – HK\$759 million).

The maturity profile of the Group's total principal amount of bank and other debts at 30 June 2022 is set out below:

	HK\$	US\$	Euro	GBP	Others	Total
In the remainder of 2022	–	1%	–	–	–	1%
In 2023	1%	4%	17%	2%	2%	26%
In 2024	1%	8%	6%	–	1%	16%
In 2025	–	6%	2%	–	3%	11%
In 2026	–	3%	4%	1%	–	8%
In 2027 – 2031	–	12%	10%	2%	3%	27%
In 2032 – 2041	–	5%	1%	1%	–	7%
Beyond 2041	–	4%	–	–	–	4%
Total	2%	43%	40%	6%	9%	100%

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

Changes in Debt Financing and Perpetual Capital Securities

The significant financing activities for the Group in the first half of 2022 were as follows:

- In January, repaid US\$1,500 million (approximately HK\$11,700 million) principal amount of fixed rate notes on maturity;
- In March, repaid AUD550 million (approximately HK\$3,136 million) of floating rate term loan on maturity and obtained a five year floating rate term loan facility of the same amount;
- In March, prepaid two floating rate loan facilities of HK\$1,650 million each maturing in May 2022;
- In March, repaid a floating rate term loan facility of US\$200 million (approximately HK\$1,560 million) on maturity;
- In March, obtained a three year floating rate term loan facility of SEK3,660 million (approximately HK\$3,074 million);
- In April, repaid a floating rate term loan facility of SEK4,300 million (approximately HK\$3,612 million) on maturity;
- In April, repaid a floating rate term loan facility of SEK1,800 million (approximately HK\$1,512 million) on maturity;
- In May, US\$1,000 million (approximately HK\$7,800 million) subordinated guaranteed perpetual capital securities issued were redeemed in full;
- In May, repaid two floating rate term loan facilities of AUD200 million (approximately HK\$1,118 million) and AUD300 million (approximately HK\$1,678 million) on maturity and obtained two five year floating rate loan facilities of AUD200 million (approximately HK\$1,118 million) and AUD300 million (approximately HK\$1,678 million);
- In May, repaid a floating rate term loan facility of AUD200 million (approximately HK\$1,677 million) on maturity and obtained a five year floating rate loan facility with the same amount;
- In May, obtained a three year floating rate term loan facility of US\$2,100 million (approximately HK\$16,380 million);
- In May, prepaid a floating rate term loan facility of US\$1,800 million (approximately HK\$14,040 million) maturing in July 2022; and
- In June, repaid EUR750 million (approximately HK\$6,308 million) principal amount of fixed rate notes on maturity.

Capital, Net Debt and Interest Coverage Ratios

The Group's total ordinary shareholders' funds and perpetual capital securities⁽⁶⁾ decreased to HK\$528,731 million as at 30 June 2022, compared to HK\$537,212 million as at 31 December 2021, mainly reflecting redemption of perpetual capital securities in the first half of 2022, the Group's 2021 final dividends and distributions paid and other items recognised directly in reserves, partly offset by profit for the first half of 2022.

Perpetual capital securities are optionally redeemable capital instruments and provides the Group an alternative source of non-dilutive capital to support its capital management objectives. The Group has issued these instruments since 2010 and remains committed to keeping a sufficient amount of such instruments outstanding in our capital structure to the extent that such instruments continue to support our current long term investment grade credit ratings and satisfy rating agencies requirements to continue to assign equity credit to such instruments. If the Group were to exercise their right to redeem these securities, it is the management's intention to replace such securities with instruments that are equally recognised as capital instrument by the credit rating agencies ahead of such redemption.

As at 30 June 2022, the consolidated net debt of the Group, excluding interest bearing loans from non-controlling shareholders which are viewed as quasi-equity, was HK\$168,390 million (31 December 2021 – HK\$168,169 million), remained flat compared to the net debt at the beginning of the year as redemption of perpetual capital securities in the first half of 2022, dividend payments, capital expenditure and investment spending are mostly offset by net cash generated from operating activities. The Group's consolidated net debt to net total capital ratio⁽⁷⁾ was 20.5% as at 30 June 2022 (31 December 2021 – 20.3%; 30 June 2021 – 19.9%), the slight increase against the ratio at the end of 2021 is mainly driven by the aforementioned perpetual capital securities redemption, mostly offset by net cash inflows from recurring operations. The Group's consolidated cash and liquid investments as at 30 June 2022 were sufficient to repay all of the Group's outstanding debt maturing before 31 December 2023 and cover 95% of outstanding debt due in 2024.

The Group's consolidated cash interest expenses and other finance costs of subsidiaries, before capitalisation and net of interest income in the first half of 2022 was HK\$1,292 million (30 June 2021 – HK\$1,537 million) primarily due to lower interest expenses and other finance costs of HK\$296 million. EBITDA of HK\$58,244 million (30 June 2021: HK\$55,590 million) and FFO excluding net interest⁽⁸⁾ of HK\$24,512 million (30 June 2021 – HK\$25,623 million) for the period covered consolidated net interest expenses and other finance costs 43.6 times (30 June 2021 – 34.9 times) and 19.0 times (30 June 2021 – 16.7 times) respectively.

Secured Financing

At 30 June 2022, assets of the Group totalling HK\$1,396 million (31 December 2021 – HK\$1,440 million) were pledged as security for bank loans.

Borrowing Facilities Available

Committed borrowing facilities available to Group companies but not drawn at 30 June 2022 amounted to the equivalent of HK\$3,460 million (31 December 2021 – HK\$10,794 million).

Contingent Liabilities

At 30 June 2022, the Group provided guarantees in respect of bank and other borrowing facilities to its associated companies and joint ventures totalling HK\$4,920 million (31 December 2021 – HK\$5,058 million), of which HK\$4,579 million (31 December 2021 – HK\$4,602 million) has been drawn down as at 30 June 2022 and also provided performance and other guarantees of HK\$8,102 million (31 December 2021 – HK\$8,353 million).

Note 6: Under Post-IFRS 16 basis, total ordinary shareholders' funds and perpetual capital securities as at 30 June 2022 was HK\$518,814 million (31 December 2021 – HK\$525,566 million).

Note 7: Under Post-IFRS 16 basis, net debt to net total capital ratio for the first half of 2022 was 20.7% (31 December 2021 – 20.5%; 30 June 2021 – 20.3%).

Note 8: Under Post-IFRS 16 basis, FFO excluding net interest for the first half of 2022 was HK\$33,065 million (30 June 2021 – HK\$36,102 million).

Employee Relations

At 30 June 2022, the Company and its subsidiaries employed 170,294 people (30 June 2021 – 172,907 people). The employee costs for the six-month period, excluding Directors' emoluments, totalled HK\$21,235 million (2021 – HK\$20,823 million). Including the Group's associated companies, at 30 June 2022, the Group employed 291,778 people of whom 17,051 were employed in Hong Kong. All of the Group's subsidiaries are equal opportunity employers, with the selection and promotion of individuals based on suitability for the position offered. The salary and benefit levels of the Group's employees are kept at a competitive level and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system, which is reviewed annually.

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

Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 June 2022, the Company repurchased a total of 50,000 ordinary shares of par value HK\$1.00 each in the share capital of the Company on The Stock Exchange of Hong Kong Limited (the "SEHK"), with the aggregate consideration paid (before expenses) amounting to HK\$2,842,500.00. All the shares repurchased were subsequently cancelled. As at 30 June 2022, the total number of shares of the Company in issue was 3,834,484,500.

Particulars of the share repurchase are as follows:

Date	Number of Shares Repurchased	Purchase Price Per Share		Aggregate Consideration (before expenses) (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
March 2022	50,000	56.85	56.85	2,842,500.00

Save as disclosed above, during the six months ended 30 June 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

Review of Interim Financial Statements

The unaudited condensed consolidated financial statements of the Company and its subsidiary companies for the six months ended 30 June 2022 have been reviewed by the Company's auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The auditor's independent review report of PricewaterhouseCoopers is set out on page 40 in this Interim Report. The unaudited condensed consolidated financial statements of the Company and its subsidiary companies for the six months ended 30 June 2022 have also been reviewed by the Audit Committee of the Company.

Record Date for Interim Dividend

The record date for determining the entitlement of shareholders to the interim dividend is Tuesday, 6 September 2022. In order to qualify for the interim dividend payable on Friday, 16 September 2022, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Share Registrar (Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) for registration no later than 4:30 pm on Tuesday, 6 September 2022.

Corporate Strategy

The principal objective of the Company is to enhance long-term total return for all its stakeholders. To achieve this objective, the Group focuses on achieving recurring and sustainable earnings, cash flow and dividend growth without compromising the Group's financial strength and stability. The Group executes disciplined management of revenue growth, margin and costs, capital and investments to return ratio targets, earnings and cash flow accretive merger and acquisition activities, as well as organic growth in sectors or geographies where the Group has management experience and resources. Technology transformation also remains a key initiative of the Group to capture new cost and revenue opportunities in all businesses. At the same time, the Group is committed to maintaining long-term investment grade ratings, preserving strong liquidity and flexibility, sustaining a long and balanced debt maturity profile and actively managing cash flow and working capital. The Group explores opportunities to enhance shareholders' returns, which include potential telecom infrastructure divestures and solidifying strategic alliances with global technology partners. The Chairman's Statement and the Operations Highlights contained in this Interim Report and the Operations Analysis posted on the Company's website (<http://www.ckh.com.hk/en/ir/presentation.php>), include discussions and analyses of the Group's performance, the basis on which the Group generates and preserves value in the longer term and delivers the Group's objectives. The Group is increasingly focusing on sustainability and delivering business solutions that support transition to the net-zero economy including the development and adoption of clean tech; circular economy & sustainable sourcing; good health and well-being; and inclusion and diversity. Further information on the sustainability initiatives of the Group and its key relationships with stakeholders can also be found in the standalone Sustainability Report of the Group.

Past Performance and Forward Looking Statements

The performance and the results of the operations of the Group contained in the 2022 Interim Report are historical in nature, and past performance is no guarantee of the future results of the Group. Any forward-looking statements and opinions contained within the 2022 Interim Report are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in the 2022 Interim Report; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

Disclosure of Interests

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

As at 30 June 2022, the interests and 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 (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "SEHK") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executives of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (the "CKHH Securities Code") were as follows:

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

Long positions in the shares of the Company

Directors	Capacity	Nature of Interests	Number of Shares Held	Total	Approximate % of Shareholding ⁽⁸⁾
Li Tzar Kuoi, Victor	Beneficiary of trusts	Other interest	1,160,195,710 ⁽¹⁾	1,165,421,760	30.3931%
	Beneficial owner	Personal interest	220,000)		
	Interest of controlled corporations	Corporate interest	4,600,850 ⁽²⁾)		
	Interest of spouse	Family interest	200,000)		
	Interest of child	Family interest	205,200 ⁽³⁾)		
Fok Kin Ning, Canning	Interest of a controlled corporation	Corporate interest	6,011,438 ⁽⁴⁾	6,011,438	0.1567%
Frank John Sixt	Beneficial owner	Personal interest	166,800	166,800	0.0043%
Kam Hing Lam	Beneficial owner	Personal interest	51,040)	108,400	0.0028%
	Interest of child	Family interest	57,360)		
Lai Kai Ming, Dominic	Beneficial owner	Personal interest	34,200	34,200	0.0008%
Edith Shih	Beneficial owner	Personal interest	187,125)	192,187	0.0050%
	Interest of spouse	Family interest	5,062)		
Chow Kun Chee, Roland	Beneficial owner	Personal interest	99,752	99,752	0.0026%
Chow Woo Mo Fong, Susan	Beneficial owner	Personal interest	129,960	129,960	0.0033%
Lee Yeh Kwong, Charles	Beneficial owner	Personal interest	862,124)	906,584	0.0236%
	Interest of spouse	Family interest	37,620)		
	Interest of a controlled corporation	Corporate interest	6,840 ⁽⁵⁾)		

Directors	Capacity	Nature of Interests	Number of Shares Held	Total	Approximate % of Shareholding ⁽⁸⁾
George Colin Magnus	Founder and/or beneficiary of a discretionary trust	Other interest	833,868 ⁽⁶⁾)))		
	Beneficial owner	Personal interest	85,361))		
	Interest of spouse	Family interest	16,771)	936,000	0.0244%
Cheng Hoi Chuen, Vincent	Beneficial owner	Personal interest	10,000	10,000	0.0002%
Michael David Kadoorie	Founder, a beneficiary and/or a discretionary object of a discretionary trust	Other interest	7,380,860 ⁽⁷⁾	7,380,860	0.1924%
Leung Lau Yau Fun, Sophie	Beneficial owner	Personal interest	10,000))		
	Interest of spouse	Family interest	1,000)	11,000	0.0002%

Notes:

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

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

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

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

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

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

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

- (c) 84,427,246 shares held by a company controlled by TDT3 as trustee of DT3.
- (2) Among those shares,
- (a) 300,000 and 1,077,000 shares are held by Li Ka Shing Foundation Limited (“LKSF”) and a wholly owned subsidiary of Li Ka Shing (Global) Foundation (“LKSGF”) respectively. By virtue of the terms of the constituent documents of LKSF and LKSGF, Mr Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at the general meetings of LKSF and LKSGF.
 - (b) 2,272,350 shares are held by certain companies of which Mr Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.
 - (c) 951,500 shares are held by a company which is equally controlled by Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor.
- (3) Such shares are held by a company in which a child of Mr Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at its general meetings.
- (4) Such shares are held by a company which is equally controlled by Mr Fok Kin Ning, Canning and his spouse.
- (5) Such shares are held by a company of which Mr Lee Yeh Kwong, Charles is interested in the entire issued share capital.
- (6) 184,000 shares are held by a company controlled by a trust of which Mr George Colin Magnus is a discretionary beneficiary and 649,868 shares are indirectly held by a discretionary trust of which Mr George Colin Magnus is the settlor and/or a discretionary beneficiary.
- (7) Such shares are ultimately held by a discretionary trust of which The Hon Sir Michael David Kadoorie is either the founder, a beneficiary and/or a discretionary object.
- (8) The percentages of shareholding in this table were computed based on the number of issued shares of the Company as at 30 June 2022, being 3,834,484,500 shares.

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

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

As at 30 June 2022, Mr Li Tzar Kuoi, Victor, as a Director of the Company, was deemed to be interested in the following by virtue of, inter alia, his interests as described in Note (1) above:

- (i) 5,428,000 ordinary shares, representing approximately 0.21% of the issued voting shares, in CK Infrastructure Holdings Limited (“CKI”) held by TUT1 as trustee of UT1;
- (ii) 153,280 ordinary shares, representing approximately 0.003% of the issued voting shares, in Hutchison Telecommunications Hong Kong Holdings Limited (“HTHKH”) held by TUT3 as trustee of UT3; and
- (iii) 15,000,000 ordinary shares, representing approximately 15% of the issued voting shares, in Beautiland Company Limited held by a wholly owned subsidiary of TUT1 as trustee of UT1.

As at 30 June 2022, Mr Li Tzar Kuoi, Victor was also deemed to be interested in (i) 7,870,000 share stapled units, representing approximately 0.08% of the issued voting share stapled units, in HK Electric Investments (“HKEI”) and HK Electric Investments Limited (“HKEIL”) of which 5,170,000 share stapled units are held by LKSF and 2,700,000 share stapled units are held by a wholly owned subsidiary of LKSGF; (ii) 2,835,759,715 ordinary shares, representing approximately 29.50% of the issued voting shares, in CK Life Sciences Int’l., (Holdings) Inc. (“CKLS”) held by wholly owned subsidiaries of LKSF; and (iii) 350,773,499 ordinary shares, representing approximately 7.27% of the issued voting shares, in HTHKH of which 245,546 ordinary shares are held by LKSGF and 350,527,953 ordinary shares are held by LKSF. By virtue of the terms of the constituent documents of LKSF and LKSGF, Mr Li may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at the general meetings of LKSF and LKSGF.

In addition, Mr Li Tzar Kuoi, Victor had, as at 30 June 2022, the following interests:

- (i) personal interests in 2,250,000 ordinary shares, representing approximately 0.02% of the issued voting shares, in CKLS held in his capacity as a beneficial owner;
- (ii) family interests in (a) 192,000 ordinary shares, representing approximately 0.003% of the issued voting shares, in HTHKH held by a company of which his child is entitled to exercise or control the exercise of one-third or more of the voting power at its general meetings; and (b) 227,000 ordinary shares, representing approximately 0.009% of the issued voting shares, in CKI held by his spouse; and
- (iii) corporate interests in (a) 2,519,250 ordinary shares, representing approximately 0.05% of the issued voting shares, in HTHKH; and (b) a nominal amount of US\$10,000,000 in the 4.20% Guaranteed Perpetual Capital Securities issued by Cheung Kong Infrastructure Finance (BVI) Limited, which are held by companies of which Mr Li is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.

Mr Fok Kin Ning, Canning had, as at 30 June 2022, the following interests:

- (i) 5,100,000 ordinary shares, representing approximately 0.03% of the issued voting shares, in Hutchison Telecommunications (Australia) Limited (“HTAL”) comprising personal and corporate interests in 4,100,000 ordinary shares and 1,000,000 ordinary shares respectively;
- (ii) family interests in 267,400 ordinary shares, representing approximately 0.03% of the issued voting shares, in HUTCHMED (China) Limited (“HUTCHMED”) held by his spouse;
- (iii) corporate interests in 1,202,380 ordinary shares, representing approximately 0.02% of the issued voting shares, in HTHKH;
- (iv) corporate interests in 2,000,000 share stapled units, representing approximately 0.02% of the issued voting share stapled units, in HKEI and HKEIL; and
- (v) corporate interests in 1,500,000 ordinary shares, representing approximately 0.01% of the issued voting shares, in CKLS.

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

Mr Frank John Sixt in his capacity as a beneficial owner had, as at 30 June 2022, personal interests in (i) 1,000,000 ordinary shares, representing approximately 0.007% of the issued voting shares, in HTAL; (ii) 255,000 ordinary shares, representing approximately 0.005% of the issued voting shares, in HTHKH; (iii) 900,000 ordinary shares, representing approximately 0.009% of the issued voting shares, in CKLS; and (iv) 492,000 ordinary shares, representing approximately 0.01% of the issued voting shares, in TOM Group Limited (“TOM”).

Mr Ip Tak Chuen, Edmond in his capacity as a beneficial owner had, as at 30 June 2022, personal interests in 2,250,000 ordinary shares, representing approximately 0.02% of the issued voting shares, in CKLS.

Mr Kam Hing Lam had, as at 30 June 2022, the following interests:

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

Ms Edith Shih in her capacity as a beneficial owner had, as at 30 June 2022, personal interests in 700,000 ordinary shares and 100,000 American depository shares (each representing five ordinary shares), in aggregate representing approximately 0.13% of the issued voting shares, in HUTCHMED.

Mr Chow Kun Chee, Roland in his capacity as a beneficial owner had, as at 30 June 2022, personal interests in (i) 10,000 ordinary shares, representing approximately 0.0003% of the issued voting shares, in CKI; (ii) 903,936 ordinary shares, representing approximately 0.009% of the issued voting shares, in CKLS; (iii) 134,918 ordinary shares, representing approximately 0.006% of the issued voting shares, in Power Assets; (iv) 582,000 ordinary shares, representing approximately 0.01% of the issued voting shares, in TOM; and (v) 33,730 share stapled units, representing approximately 0.0003% of the issued voting share stapled units, in HKEI and HKEIL.

Mrs Chow Woo Mo Fong, Susan in her capacity as a beneficial owner had, as at 30 June 2022, personal interests in 250,000 ordinary shares, representing approximately 0.005% of the issued voting shares, in HTHKH.

Mr Lee Yeh Kwong, Charles had, as at 30 June 2022, the following interests:

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

Mr George Colin Magnus had, as at 30 June 2022, the following interests:

- (i) 13,333 ordinary shares, representing approximately 0.0002% of the issued voting shares, in HTHKH comprising personal interests in 13,201 ordinary shares held in his capacity as a beneficial owner and family interests in 132 ordinary shares held by his spouse; and
- (ii) 765,000 ordinary shares, representing approximately 0.007% of the issued voting shares, in CKLS comprising (a) personal interests in 753,360 ordinary shares held in his capacity as a beneficial owner; (b) family interests in 600 ordinary shares held by his spouse; and (c) other interests in 11,040 ordinary shares held by a company controlled by a trust of which Mr Magnus is a discretionary beneficiary.

Ms Lee Wai Mun, Rose had, as at 30 June 2022, personal interests in 2,200 ordinary shares, representing approximately 0.0001% of the issued voting shares, in Power Assets held in her capacity as a beneficial owner.

Mrs Leung Lau Yau Fun, Sophie had, as at 30 June 2022, the following interests:

- (i) personal interests in 6,000 ordinary shares, representing approximately 0.0001% of the issued voting shares, in TOM held in her capacity as a beneficial owner;
- (ii) family interests in 2,400 ordinary shares, representing approximately 0.00002% of the issued voting shares, in CKLS held by her spouse; and
- (iii) corporate interests in (a) 100,000 share stapled units, representing approximately 0.001% of the issued voting share stapled units, in HKEI and HKEIL; (b) 200,000 ordinary shares, representing approximately 0.009% of the issued voting shares, in Power Assets; and (c) a nominal amount of US\$1,000,000 in the 7.5% Notes due 2027 issued by Hutchison Whampoa Finance (CI) Limited, which are held by a company (as trustee of a charitable trust) of which Mrs Leung is interested in one-third of the entire issued share capital.

Save as disclosed above, as at 30 June 2022, none of the Directors or chief executives of the Company and their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the SEHK pursuant to the CKHH Securities Code.

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

Interests and Short Positions of Shareholders Discloseable under the SFO

So far as the Directors and chief executives of the Company are aware, as at 30 June 2022, other than the interests of the Directors and chief executives of the Company as disclosed in the section titled “Directors’ Interests and Short Positions in Shares, Underlying Shares and Debentures”, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the SEHK:

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

Long positions in the shares of the Company

Names	Capacity	Number of Shares Held	Total	Approximate % of Shareholding ⁽³⁾
Li Ka-Shing Unity Trustee Company Limited (“TUT1”) as trustee of The Li Ka-Shing Unity Trust (“UT1”)	Trustee	1,003,380,744	1,003,380,744 ⁽¹⁾	26.16%
Li Ka-Shing Unity Trustee Corporation Limited (“TDT1”) as trustee of The Li Ka-Shing Unity Discretionary Trust (“DT1”)	Trustee and beneficiary of a trust	1,003,380,744	1,003,380,744 ⁽¹⁾	26.16%
Li Ka-Shing Unity Trustcorp Limited (“TDT2”) as trustee of another discretionary trust (“DT2”)	Trustee and beneficiary of a trust	1,003,380,744	1,003,380,744 ⁽¹⁾	26.16%
Li Ka-shing	Interest of controlled corporations	2,736,300)		
	Founder of discretionary trusts	1,160,195,710)	1,162,932,010 ⁽²⁾	30.32%

Notes:

(1) The three references to 1,003,380,744 shares of the Company relate to the same block of shares of the Company. Of these 1,003,380,744 shares of the Company, 913,378,704 shares of the Company are held by TUT1 as trustee of UT1 and 90,002,040 shares of the Company are held by companies controlled by TUT1 as trustee of UT1. Each of TUT1 as trustee of UT1, TDT1 as trustee of DT1 and TDT2 as trustee of DT2 is taken to have a duty of disclosure under the SFO in relation to the same 1,003,380,744 shares of the Company as described in Note (1)(a) under the section titled “Directors’ Interests and Short Positions in Shares, Underlying Shares and Debentures” above.

(2) The 1,162,932,010 shares of the Company comprise:

(a) 2,736,300 shares of the Company of which:

- (i) 407,800 shares are held by certain companies of which Mr Li Ka-shing is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings;
- (ii) 951,500 shares are held by a company which is equally controlled by Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor; and
- (iii) 300,000 and 1,077,000 shares are held by LKSF and a wholly owned subsidiary of LKSGF respectively. By virtue of the terms of the constituent documents of LKSF and LKSGF, Mr Li Ka-shing may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at the general meetings of LKSF and LKSGF.

- (b) 1,160,195,710 shares of the Company as described in Note (1) under the section titled “Directors’ Interests and Short Positions in Shares, Underlying Shares and Debentures” above. As Mr Li Ka-shing may be regarded as a founder of each of DT1, DT2 and two other discretionary trusts (DT3 and DT4) for the purpose of the SFO, Mr Li Ka-shing is taken to have a duty of disclosure under the SFO as a substantial shareholder in relation to the same 1,160,195,710 shares of the Company after his retirement from the directorship of the Company.
- (3) The percentages of shareholding in this table were computed based on the number of issued shares of the Company as at 30 June 2022, being 3,834,484,500 shares.

Save as disclosed above, as at 30 June 2022, no other person (other than the Directors and chief executives of the Company) had any interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the SEHK.

Share Option Scheme

Neither the Company nor its subsidiaries had any share option scheme during the six months ended 30 June 2022.

Corporate Governance

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

Compliance with the Corporate Governance Code

The Company has complied throughout the six months ended 30 June 2022 with all applicable code provisions of the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), other than as summarised below.

The position of Managing Director of the Company has been jointly held by Mr Victor T K Li and Mr Fok Kin Ning, Canning as Group Co-Managing Directors since June 2015, and Mr Li also took on the position of Chairman in 2018. With the Group being a multinational conglomerate with diverse businesses in about 50 countries/markets, Mr Li and Mr Fok in their position as Group Co-Managing Directors share responsibilities in the overall strategic direction and day-to-day management of the Group, with no single individual having unfettered management decision power. Further, the Board which comprises experienced and seasoned professionals continues to scrutinise material business matters and monitor performance of the Group to ensure that management function is effectively and properly exercised with balance of power and authority. The Audit Committee, Nomination Committee and Remuneration Committee, all chaired by an Independent Non-executive Director, also provide strong independent oversight of the management in their respective areas of responsibilities and expertise. Hence, the current arrangements provide checks and balances without jeopardising the independent exercise of powers of the Chairman and the Group Co-Managing Directors.

Compliance with the Model Code for Securities Transactions by Directors

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules as the code of conduct regulating Directors’ dealings in securities of the Company. In response to specific enquiries made, all Directors have confirmed that they have complied with the required standards set out in such code regarding their securities transactions throughout their tenure during the six months ended 30 June 2022.

Changes in Information of Directors

Pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "SEHK"), the changes in information of Directors of the Company, as notified to the Company, subsequent to the date of the 2021 Annual Report are set out below:

Directors	Details of Changes
Li Tzar Kuoi, Victor	Ceased to be member of the Chief Executive's Council of Advisers on Innovation and Strategic Development of the Hong Kong Special Administrative Region on 1 July 2022 Appointed as Director of Li Ka Shing Overseas Foundation on 7 June 2022
Lee Yeh Kwong, Charles	Ceased to be President and Chairman of the Board of The Community Chest of Hong Kong on 27 June 2022
Paul Joseph Tighe	Appointed as Chairman of the Audit Committee of CK Infrastructure Holdings Limited ^(Note) on 10 May 2022

Note: A company whose shares are listed on the Main Board of the SEHK

Report on Review of Interim Financial Statements

TO THE BOARD OF DIRECTORS OF CK HUTCHISON HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial statements set out on pages 41 to 104, which comprises the condensed consolidated statement of financial position of CK Hutchison Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2022 and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these interim financial statements in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on these interim financial statements based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements of the Group are not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 4 August 2022

Interim Financial Statements

Condensed Consolidated Income Statement

for the six months ended 30 June 2022

Unaudited 2022 [#] US\$ million		Note	Unaudited 2022 HK\$ million	Unaudited 2021 HK\$ million
16,841	Revenue	4, 5	131,358	135,496
(6,522)	Cost of inventories sold	6	(50,870)	(49,082)
(2,437)	Staff costs		(19,006)	(18,682)
(906)	Expensed customer acquisition and retention costs		(7,069)	(7,956)
(2,650)	Depreciation and amortisation	5, 6	(20,673)	(22,783)
(2,927)	Other expenses and losses	6	(22,832)	(41,475)
963	Other income and gains	6	7,512	26,634
	Share of profits less losses of:			
869	Associated companies		6,782	2,450
513	Joint ventures		4,001	1,972
3,744			29,203	26,574
(563)	Interest expenses and other finance costs	7	(4,393)	(5,382)
3,181	Profit before tax		24,810	21,192
(225)	Current tax charge	8	(1,754)	(1,838)
(58)	Deferred tax credit (charge)	8	(452)	2,060
2,898	Profit after tax		22,604	21,414
(451)	Profit attributable to non-controlling interests and holders of perpetual capital securities		(3,516)	(3,114)
2,447	Profit attributable to ordinary shareholders		19,088	18,300
US 63.8 cents	Earnings per share for profit attributable to ordinary shareholders	9	HK\$ 4.98	HK\$ 4.75

Details of distribution paid to the holders of perpetual capital securities and interim dividend payable to the ordinary shareholders are set out in note 10.

See note 37.

Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2022

Unaudited 2022# US\$ million		2022 HK\$ million	Unaudited 2021 HK\$ million
2,898	Profit after tax	22,604	21,414
	Other comprehensive income (losses)		
	Items that will not be reclassified to profit or loss		
	Equity securities at fair value through other comprehensive income ("FVOCI")		
(27)	Valuation gains (losses) recognised directly in reserves	(211)	193
121	Remeasurement of defined benefit obligations recognised directly in reserves	941	720
26	Share of other comprehensive income of associated companies	199	498
35	Share of other comprehensive income of joint ventures	276	945
(29)	Tax relating to components of other comprehensive income (losses) that will not be reclassified to profit or loss	(224)	(86)
126		981	2,270
	Items that may be reclassified to profit or loss		
	Debt securities at FVOCI		
(31)	Valuation losses recognised directly in reserves	(239)	(18)
-	Valuation gains previously in reserves recognised in income statement	(1)	(4)
104	Gains on cash flow hedges recognised directly in reserves	811	396
507	Gains on net investment hedges recognised directly in reserves	3,957	97
(1,895)	Losses on translating overseas subsidiaries' net assets recognised directly in reserves	(14,780)	(311)
76	Losses previously in reserves related to subsidiaries and associated companies disposed during the period recognised in income statement	592	2,921
(13)	Share of other comprehensive income (losses) of associated companies	(104)	2,375
(332)	Share of other comprehensive income (losses) of joint ventures	(2,591)	1,553
(1)	Tax relating to components of other comprehensive income (losses) that may be reclassified to profit or loss	(5)	(4)
(1,585)		(12,360)	7,005
(1,459)	Other comprehensive income (losses), net of tax	(11,379)	9,275
1,439	Total comprehensive income	11,225	30,689
(369)	Total comprehensive income attributable to non-controlling interests and holders of perpetual capital securities	(2,881)	(4,250)
1,070	Total comprehensive income attributable to ordinary shareholders	8,344	26,439

See note 37.

Condensed Consolidated Statement of Financial Position

at 30 June 2022

Unaudited 30 June 2022 [#] US\$ million		Note	Unaudited 30 June 2022 HK\$ million	Audited 31 December 2021 HK\$ million
Non-current assets				
14,978	Fixed assets	11	116,828	131,099
8,238	Right-of-use assets	12	64,254	76,852
7,880	Telecommunications licences	13	61,467	69,985
10,856	Brand names and other rights	14	84,677	89,019
36,224	Goodwill	15	282,543	289,340
18,120	Associated companies	16	141,337	137,781
19,793	Interests in joint ventures	17	154,389	141,344
2,496	Deferred tax assets	18	19,467	21,188
975	Liquid funds and other listed investments	19	7,603	8,227
1,865	Other non-current assets	20	14,550	14,202
121,425			947,115	979,037
Current assets				
14,399	Cash and cash equivalents	21	112,315	153,133
3,008	Inventories		23,461	23,625
7,036	Trade receivables and other current assets	22	54,879	57,731
24,443			190,655	234,489
Current liabilities				
6,044	Bank and other debts	23	47,138	66,361
273	Current tax liabilities		2,130	2,402
1,755	Lease liabilities	12	13,689	16,085
11,351	Trade payables and other current liabilities	24	88,541	96,565
19,423			151,498	181,413
5,020	Net current assets		39,157	53,076
126,445	Total assets less current liabilities		986,272	1,032,113
Non-current liabilities				
30,509	Bank and other debts	23	237,971	259,438
336	Interest bearing loans from non-controlling shareholders	26	2,624	759
7,398	Lease liabilities	12	57,707	68,994
2,206	Deferred tax liabilities	18	17,203	17,383
270	Pension obligations	27	2,109	3,466
4,044	Other non-current liabilities	28	31,541	37,818
44,763			349,155	387,858
81,682	Net assets		637,117	644,255
Capital and reserves				
492	Share capital	29 (a)	3,834	3,834
31,175	Share premium	29 (a)	243,161	243,169
34,273	Reserves	30	267,336	266,149
65,940	Total ordinary shareholders' funds		514,331	513,152
575	Perpetual capital securities	29 (b)	4,483	12,414
15,167	Non-controlling interests		118,303	118,689
81,682	Total equity		637,117	644,255

See note 37.

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2022

Unaudited Total equity [#] US\$ million		Attributable to					Unaudited Total equity HK\$ million
		Ordinary shareholders			Holders of perpetual capital securities HK\$ million	Non- controlling interests HK\$ million	
		Share capital and share premium ^(a) HK\$ million	Reserves ^(b) HK\$ million	Total ordinary shareholders' funds HK\$ million			
82,597	At 1 January 2022	247,003	266,149	513,152	12,414	118,689	644,255
2,898	Profit for the period	-	19,088	19,088	185	3,331	22,604
	Other comprehensive income (losses)						
	Equity securities at FVOCI						
(27)	Valuation losses recognised directly in reserves	-	(211)	(211)	-	-	(211)
	Debt securities at FVOCI						
(31)	Valuation losses recognised directly in reserves	-	(239)	(239)	-	-	(239)
-	Valuation gains previously in reserves recognised in income statement	-	(1)	(1)	-	-	(1)
121	Remeasurement of defined benefit obligations recognised directly in reserves	-	758	758	-	183	941
104	Gains on cash flow hedges recognised directly in reserves	-	746	746	-	65	811
507	Gains on net investment hedges recognised directly in reserves	-	2,994	2,994	-	963	3,957
(1,895)	Losses on translating overseas subsidiaries' net assets recognised directly in reserves	-	(13,354)	(13,354)	-	(1,426)	(14,780)
76	Losses previously in reserves related to subsidiaries and associated companies disposed during the period recognised in income statement	-	592	592	-	-	592
13	Share of other comprehensive income (losses) of associated companies	-	(90)	(90)	-	185	95
(297)	Share of other comprehensive income (losses) of joint ventures	-	(1,755)	(1,755)	-	(560)	(2,315)
(30)	Tax relating to components of other comprehensive income (losses)	-	(184)	(184)	-	(45)	(229)
(1,459)	Other comprehensive income (losses), net of tax	-	(10,744)	(10,744)	-	(635)	(11,379)
1,439	Total comprehensive income	-	8,344	8,344	185	2,696	11,225
(3)	Impact of hyperinflation	-	(21)	(21)	-	(5)	(26)
	Transactions with owners in their capacity as owners:						
(915)	Dividends paid relating to 2021	-	(7,132)	(7,132)	-	-	(7,132)
(420)	Dividends paid to non-controlling interests	-	-	-	-	(3,278)	(3,278)
(41)	Distribution paid on perpetual capital securities	-	-	-	(316)	-	(316)
(1,000)	Redemption of perpetual capital securities	-	-	-	(7,800)	-	(7,800)
25	Equity contribution from non-controlling interests	-	-	-	-	192	192
-	Buy-back and cancellation of issued shares	(8)	5	(3)	-	-	(3)
-	Relating to partial disposal of subsidiary companies	-	(9)	(9)	-	9	-
(2,354)		(8)	(7,157)	(7,165)	(8,116)	(3,082)	(18,363)
81,682	At 30 June 2022	246,995	267,336	514,331	4,483	118,303	637,117

CK Hutchison Holdings Limited
2022 Interim Report

Unaudited Total equity [#] US\$ million		Attributable to						Unaudited Total equity HK\$ million
		Ordinary shareholders			Holders of perpetual capital securities HK\$ million	Non- controlling interests HK\$ million		
		Share capital and share premium ^(a) HK\$ million	Reserves ^(b) HK\$ million	Total ordinary shareholders' funds HK\$ million				
80,777	At 1 January 2021	248,233	246,063	494,296	12,415	123,352	630,063	
2,745	Profit for the period	-	18,300	18,300	246	2,868	21,414	
	Other comprehensive income (losses)							
	Equity securities at FVOCI							
25	Valuation gains recognised directly in reserves	-	194	194	-	(1)	193	
	Debt securities at FVOCI							
(2)	Valuation losses recognised directly in reserves	-	(18)	(18)	-	-	(18)	
(1)	Valuation gains previously in reserves recognised in income statement	-	(4)	(4)	-	-	(4)	
92	Remeasurement of defined benefit obligations recognised directly in reserves	-	566	566	-	154	720	
51	Gains on cash flow hedges recognised directly in reserves	-	276	276	-	120	396	
13	Gains on net investment hedges recognised directly in reserves	-	73	73	-	24	97	
(40)	Losses on translating overseas subsidiaries' net assets recognised directly in reserves	-	(193)	(193)	-	(118)	(311)	
374	Losses previously in reserves related to subsidiaries and associated companies disposed during the period recognised in income statement	-	2,921	2,921	-	-	2,921	
368	Share of other comprehensive income of associated companies	-	2,535	2,535	-	338	2,873	
320	Share of other comprehensive income of joint ventures	-	1,860	1,860	-	638	2,498	
(11)	Tax relating to components of other comprehensive income (losses)	-	(71)	(71)	-	(19)	(90)	
1,189	Other comprehensive income, net of tax	-	8,139	8,139	-	1,136	9,275	
3,934	Total comprehensive income	-	26,439	26,439	246	4,004	30,689	
	Transactions with owners in their capacity as owners:							
(840)	Dividends paid relating to 2020	-	(6,555)	(6,555)	-	-	(6,555)	
(484)	Dividends paid to non-controlling interests	-	-	-	-	(3,768)	(3,768)	
(43)	Distribution paid on perpetual capital securities	-	-	-	(335)	-	(335)	
325	Equity contribution from non-controlling interests	-	-	-	-	2,534	2,534	
(1,200)	Redemption of perpetual capital securities by a subsidiary	-	-	-	-	(9,360)	(9,360)	
(1)	Transaction costs in relation to equity contribution from non-controlling interests	-	(8)	(8)	-	(3)	(11)	
(60)	Buy-back and cancellation of issued shares	(465)	(1)	(466)	-	-	(466)	
4	Unclaimed dividends write back of a subsidiary	-	27	27	-	-	27	
(2,299)		(465)	(6,537)	(7,002)	(335)	(10,597)	(17,934)	
82,412	At 30 June 2021	247,768	265,965	513,733	12,326	116,759	642,818	

See note 37.

(a) See note 29(a) for details on share capital and share premium.

(b) See note 30 for details on reserves.

Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2022

Unaudited 2022# US\$ million		Note	2022 HK\$ million	Unaudited 2021 HK\$ million
	Operating activities			
4,716	Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	31 (a)	36,782	40,497
(564)	Interest expenses and other finance costs paid (net of capitalisation)		(4,401)	(5,384)
(228)	Tax paid		(1,774)	(2,414)
3,924	Funds from operations (before principal elements of lease payments)		30,607	32,699
(330)	Changes in working capital	31 (b)	(2,573)	(3,799)
3,594	Net cash from operating activities		28,034	28,900
	Investing activities			
(1,283)	Purchase of fixed assets		(10,011)	(10,603)
(18)	Additions to telecommunications licences		(138)	(4,737)
(81)	Additions to brand names and other rights		(634)	(3,373)
–	Purchase of subsidiary companies, net of cash acquired	31 (c)	–	56
(50)	Additions to unlisted investments		(391)	(52)
51	Repayments of loans from associated companies and joint ventures		395	365
(425)	Purchase of and advances to associated companies and joint ventures		(3,315)	(571)
29	Proceeds from disposal of fixed assets		226	230
(88)	Proceeds from disposal of subsidiary companies, net of cash disposed	31 (d)	(683)	38,425
–	Proceeds from partial disposal of associated company		–	845
(1,865)	Cash flows from (used in) investing activities before additions to / disposal of liquid funds and other listed investments		(14,551)	20,585
23	Disposal of liquid funds and other listed investments		176	318
–	Additions to liquid funds and other listed investments		–	(22)
(1,842)	Cash flows from (used in) investing activities		(14,375)	20,881
1,752	Net cash inflow before financing activities		13,659	49,781
	Financing activities			
3,844	New borrowings	31 (e)	29,981	43,215
(7,806)	Repayment of borrowings	31 (e)	(60,890)	(37,621)
(951)	Principal elements of lease payments	31 (e)	(7,417)	(9,351)
269	Net loans from non-controlling shareholders	31 (e)	2,102	–
11	Issue of equity securities by subsidiary companies to non-controlling shareholders		85	86
–	Payment to acquire additional interests in subsidiary companies		–	(1,955)
–	Proceeds on issue of perpetual capital securities by a subsidiary, net of transaction costs		–	2,329
(1,000)	Redemption of perpetual capital securities		(7,800)	(9,360)
–	Payments for buy-back and cancellation of issued shares		(3)	(466)
(915)	Dividends paid to ordinary shareholders		(7,132)	(6,555)
(396)	Dividends paid to non-controlling interests		(3,087)	(3,590)
(41)	Distribution paid on perpetual capital securities		(316)	(335)
(6,985)	Cash flows used in financing activities		(54,477)	(23,603)
(5,233)	Increase (decrease) in cash and cash equivalents		(40,818)	26,178
19,632	Cash and cash equivalents at 1 January		153,133	155,951
14,399	Cash and cash equivalents at 30 June		112,315	182,129

CK Hutchison Holdings Limited
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Unaudited 2022 [#] US\$ million		Note	Unaudited 2022 HK\$ million	Unaudited 2021 HK\$ million
	Analysis of cash, liquid funds and other listed investments at 30 June			
14,399	Cash and cash equivalents, as above		112,315	182,129
975	Liquid funds and other listed investments	19	7,603	8,287
15,374	Total cash, liquid funds and other listed investments		119,918	190,416
36,824	Total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions	23	287,230	353,948
336	Interest bearing loans from non-controlling shareholders	26	2,624	779
21,786	Net debt		169,936	164,311
(336)	Interest bearing loans from non-controlling shareholders		(2,624)	(779)
21,450	Net debt (excluding interest bearing loans from non-controlling shareholders)		167,312	163,532

See note 37.

Notes to the Interim Financial Statements

1 General information

CK Hutchison Holdings Limited (the “Company” or “CKHH”) is a company incorporated in the Cayman Islands with limited liability and the shares of the Company are listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”). The interim condensed consolidated financial statements of the Company and its subsidiaries (collectively, the “Group”) as at and for the six months ended 30 June 2022 (the “Interim Financial Statements”) were authorised for issue by the Company’s board of directors on 4 August 2022.

The Chairman’s Statement and Operations Highlights, issued as part of CKHH 2022 Interim Results announcement and CKHH 2022 Interim Report, include discussions on the performance of the Group’s businesses for the current period and other important events that occurred since the end of the 2021 financial year.

The Group Capital Resources and Other Information, issued as part of CKHH 2022 Interim Results announcement and CKHH 2022 Interim Report, includes discussions on the Group’s liquidity and financial profile.

2 Use of judgements, assumptions and estimates

In preparing the Interim Financial Statements, the Group has made accounting related estimates based on judgements and assumptions about current and, for some estimates, future economic and market conditions that the Group considers are relevant and reasonable. It is reasonably possible that actual achievements, results, performance or other future events or conditions could differ from those on which the estimates are based. This could result in materially different estimates, judgements and assumptions from those used for the purposes of the Interim Financial Statements. Hence, our accounting estimates, judgements and assumptions could change over time in response to how these events and conditions develop.

The significant judgements, assumptions and estimates made in preparing the Interim Financial Statements were the same as those described in the Group’s annual consolidated financial statements as at and for the year ended 31 December 2021 (the “2021 Annual Financial Statements”).

3 Basis of preparation

The Interim Financial Statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”), issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). They are regarded as “Condensed” as per HKAS 34 as they do not include all of the information and disclosures required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards, and should be read in conjunction with the 2021 Annual Financial Statements.

The Interim Financial Statements have been prepared on a historical cost basis, except that defined benefit plans plan assets, investment properties, and certain financial assets and liabilities (including derivative instruments) are measured at fair value. They are prepared on a going concern basis, as Management is satisfied that the Group has the ability to continue as a going concern. In making this assessment, Management has assessed the potential cash generation and the liquidity of the Group, and has determined that, at the date on which the Interim Financial Statements were authorised for issue, the use of the going concern basis of accounting to prepare the Interim Financial Statements is appropriate.

The accompanying financial statements and notes are unaudited. The results reported in the Interim Financial Statements should not be regarded as necessarily indicative of results that may be expected for the entire year.

4 Revenue

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

	Six months ended 30 June	
	2022 HK\$ million	2021 HK\$ million
Sale of goods	76,969	75,956
Revenue from services	52,376	57,502
Interest	1,943	1,981
Dividend income	70	57
	131,358	135,496

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

(i) By segments *

	Six months ended 30 June 2022				
	Revenue from contracts with customers			Revenue from other sources HK\$ million	Total HK\$ million
	recognised at a point in time HK\$ million	recognised over time HK\$ million	Subtotal HK\$ million		
Ports and Related Services	–	15,448	15,448	75	15,523
Retail	64,103	42	64,145	–	64,145
Infrastructure	2,052	2	2,054	1,367	3,421
Telecommunications					
CK Hutchison Group Telecom					
3 Group Europe	5,765	33,632	39,397	5	39,402
Hutchison Telecommunications Hong Kong Holdings	741	1,557	2,298	–	2,298
Corporate and Others	3	28	31	29	60
	6,509	35,217	41,726	34	41,760
Hutchison Asia Telecommunications	–	530	530	–	530
Finance & Investments and Others	5,310	89	5,399	580	5,979
	77,974	51,328	129,302	2,056	131,358

* See note 5 for operating segment information.

4 Revenue (continued)

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

(i) By segments * (continued)

	Six months ended 30 June 2021				
	Revenue from contracts with customers			Revenue from other sources HK\$ million	Total HK\$ million
	recognised at a point in time HK\$ million	recognised over time HK\$ million	Subtotal HK\$ million		
Ports and Related Services	–	13,866	13,866	56	13,922
Retail	62,284	24	62,308	–	62,308
Infrastructure	2,057	–	2,057	1,555	3,612
Telecommunications					
CK Hutchison Group Telecom					
3 Group Europe	6,611	36,541	43,152	2	43,154
Hutchison Telecommunications Hong Kong Holdings	934	1,631	2,565	–	2,565
Corporate and Others	1	16	17	27	44
	7,546	38,188	45,734	29	45,763
Hutchison Asia Telecommunications	–	4,350	4,350	–	4,350
Finance & Investments and Others	5,025	79	5,104	437	5,541
	76,912	56,507	133,419	2,077	135,496

(ii) By geographical locations *

	Six months ended 30 June 2022				
	Revenue from contracts with customers			Revenue from other sources HK\$ million	Total HK\$ million
	recognised at a point in time HK\$ million	recognised over time HK\$ million	Subtotal HK\$ million		
Hong Kong	14,896	1,787	16,683	20	16,703
Mainland China	11,693	209	11,902	17	11,919
The People's Republic of China	26,589	1,996	28,585	37	28,622
Europe	31,607	40,085	71,692	950	72,642
Canada	–	–	–	127	127
Asia, Australia and Others	14,468	9,158	23,626	362	23,988
	46,075	49,243	95,318	1,439	96,757
	72,664	51,239	123,903	1,476	125,379
Finance & Investments and Others	5,310	89	5,399	580	5,979
	77,974	51,328	129,302	2,056	131,358

* See note 5 for operating segment information.

4 Revenue (continued)

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

(ii) By geographical locations * (continued)

	Six months ended 30 June 2021				
	Revenue from contracts with customers			Revenue from other sources HK\$ million	Total HK\$ million
	recognised at a point in time HK\$ million	recognised over time HK\$ million	Subtotal HK\$ million		
Hong Kong	14,265	1,629	15,894	18	15,912
Mainland China	13,795	291	14,086	12	14,098
The People's Republic of China	28,060	1,920	29,980	30	30,010
Europe	31,009	42,357	73,366	1,131	74,497
Canada	–	–	–	127	127
Asia, Australia and Others	12,818	12,151	24,969	352	25,321
	43,827	54,508	98,335	1,610	99,945
	71,887	56,428	128,315	1,640	129,955
Finance & Investments and Others	5,025	79	5,104	437	5,541
	76,912	56,507	133,419	2,077	135,496

* See note 5 for operating segment information.

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

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

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

	30 June 2022 HK\$ million	31 December 2021 HK\$ million
Trade receivables (see note 22)	14,720	16,697
Contract assets (see notes 20 and 22)	6,026	7,599
Contract liabilities (see note 24)	(5,825)	(6,933)

Trade receivables are non-interest bearing and are generally on terms of 30 to 45 days. For the six months ended 30 June 2022, HK\$514 million (30 June 2021: HK\$914 million) was recognised in the income statement as provision for expected credit losses on trade receivables.

4 Revenue (continued)

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

Contract assets primarily relate to the Group's rights to consideration for delivered services and devices but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. For the six months ended 30 June 2022, HK\$438 million (30 June 2021: HK\$518 million) was recognised in the income statement as provision for expected credit losses on contract assets.

Contract liabilities primarily relate to the Group's unfulfilled performance obligations for which consideration has been received at the reporting date. On fulfilment of its obligations, the contract liability is recognised in revenue in the period when the performance obligations are fulfilled. HK\$2,754 million (30 June 2021: HK\$4,141 million) was recognised as revenue for the six months ended 30 June 2022 that was included in the contract liability balance at the beginning of the year.

5 Operating segment information

- (a) Description of segments and basis of presentation of segment information

As at 30 June 2022, the Group has four core businesses – ports and related services, retail, infrastructure and telecommunications. For management purposes, the Group is organised into divisions, which are organised by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management and board of directors for the purposes of making decisions about resources allocation and performance assessment, the Group presents its operating segment information based on these core businesses.

Ports and Related Services:

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

Retail:

The retail division consists of the A. S. Watson ("ASW") group of companies, the world's largest international health and beauty retailer with a 142 million loyalty member base. ASW operated 12 retail brands with 16,244 stores in 28 markets worldwide as at 30 June 2022.

Infrastructure:

The Infrastructure division comprises the Group's 75.67% interest in CK Infrastructure Holdings Limited ("CKI"), a subsidiary company listed on the Stock Exchange as well as 10% of the economic benefits derived from the Group's direct holdings in six infrastructure investments co-owned with CKI, comprising of interests in Northumbrian Water, Park'N Fly, UK Rails, Australian Gas Networks, Dutch Enviro Energy and Wales & West Utilities.

Telecommunications:

The Group's telecommunications division consists of CK Hutchison Group Telecom Holdings ("CK Hutchison Group Telecom") which consolidates the 3 Group businesses in Europe ("3 Group Europe") and a 66.09% interest in Hutchison Telecommunications Hong Kong Holdings, which is listed on the Stock Exchange, as well as Hutchison Asia Telecommunications.

5 Operating segment information (continued)

(a) Description of segments and basis of presentation of segment information (continued)

Finance & Investments and Others is presented to reconcile to the totals included in the Group's consolidated income statement and consolidated statement of financial position. Finance & Investments and Others covers the activities of other areas of the Group that are not presented separately and includes a 87.87% interest in the Australian Securities Exchange listed Hutchison Telecommunications (Australia) ("HTAL"), which has a 25.05% attributable interest in a listed associated company TPG Telecom Limited ("TPG"), Hutchison Whampoa (China), Hutchison E-Commerce, the Marionnaud business, listed associated companies Hutchison China MediTech ("HUTCHMED"), TOM Group, CK Life Sciences Int'l., (Holdings) Inc. and Cenovus Energy Inc. ("Cenovus Energy"), corporate head office operations and the returns earned on the Group's holdings of cash and liquid investments.

Saved as disclosed in the notes below, the column headed as Company and Subsidiaries refers to the holding company of the Group and subsidiary companies' respective items and the column headed as Associates and JV refers to the Group's share of associated companies and joint ventures' respective items.

In 2019, the Group has adopted the HKFRS 16 "Leases" accounting standard (which relates to accounting for leases) for its statutory reporting but its management reporting has remained on the precedent lease accounting standard Hong Kong Accounting Standard 17 "Leases" ("HKAS 17"). The Group believes that the HKAS 17 basis metrics, which are not intended to be a substitute for, or superior to, the reported metrics on a HKFRS 16 basis ("Post-HKFRS 16 basis"), better reflect management's view of the Group's underlying operational performances. HKAS 17 basis metrics financial information is regularly reviewed by management and used for resource allocation, performance assessment and internal decision-making. Accordingly, segmental information is presented on a HKAS 17 basis ("Pre-HKFRS 16 basis"), except where indicated otherwise, together with reconciliations to the total under the Post-HKFRS 16 basis. In addition, section (c) of this note sets out reconciliation from Pre-HKFRS 16 basis metrics to Post-HKFRS 16 basis metrics for the Group's consolidated income statement, consolidated statement of comprehensive income, and consolidated statement of cash flows for the current and comparative periods, and the Group's consolidated statement of financial position as at 30 June 2022 and 31 December 2021.

5 Operating segment information (continued)

(b) Segment results, assets and liabilities

(i) An analysis of revenue by segments

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments. Revenue from external customers is after elimination of inter-segment revenue. The amounts eliminated mainly attributable to Retail of HK\$24 million (30 June 2021: HK\$17 million), Hutchison Telecommunications Hong Kong Holdings of HK\$10 million (30 June 2021: HK\$4 million) and Hutchison Asia Telecommunications of HK\$1 million (30 June 2021: HK\$1 million).

	Revenue							
	Six months ended 30 June 2022				Six months ended 30 June 2021			
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	Total HK\$ million	%	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	Total HK\$ million	%
Ports and Related Services	15,523	7,128	22,651	10%	13,922	6,011	19,933	9%
Retail	64,145	20,760	84,905	37%	62,308	20,313	82,621	39%
Infrastructure	3,421	24,179	27,600	12%	3,612	24,186	27,798	13%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	39,402	5	39,407	17%	43,154	6	43,160	21%
Hutchison Telecommunications Hong Kong Holdings	2,298	-	2,298	1%	2,565	-	2,565	1%
Corporate and Others	60	52	112	-	44	57	101	-
	41,760	57	41,817	18%	45,763	63	45,826	22%
Hutchison Asia Telecommunications	530	5,309	5,839	3%	4,350	-	4,350	2%
Finance & Investments and Others	5,979	40,825	46,804	20%	5,541	26,317	31,858	15%
	131,358	98,258	229,616	100%	135,496	76,890	212,386	100%
<i>Portion attributable to:</i>								
Non-controlling interests of HPH Trust	-	680	680		-	620	620	
Divestiture of infrastructure investments	-	410	410		-	445	445	
	131,358	99,348	230,706		135,496	77,955	213,451	
HKFRS 16 impact	-	-	-		-	-	-	
	131,358	99,348	230,706		135,496	77,955	213,451	

5 Operating segment information (continued)

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

The Group uses two measures of segment results, EBITDA (see note 5(b)(xiv)) and EBIT (see note 5(b)(xv)). Analyses of segment results by EBITDA and EBIT are set out in (ii), (iii), (ix), (x) and (xiii) below.

(ii) An analysis of EBITDA by segments

	EBITDA (LBITDA) ^(xiv)							
	Six months ended 30 June 2022				Six months ended 30 June 2021			
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	Total HK\$ million	%	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	Total HK\$ million	%
Ports and Related Services	4,972	3,301	8,273	14%	4,389	2,594	6,983	13%
Retail	4,461	1,569	6,030	10%	4,961	1,764	6,725	12%
Infrastructure	1,781	13,083	14,864	26%	1,994	12,809	14,803	27%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	11,689	-	11,689	20%	14,772	-	14,772	27%
Hutchison Telecommunications Hong Kong Holdings	467	29	496	1%	523	29	552	1%
Corporate and Others ^(vii)	314	13	327	1%	10,304	(5)	10,299	18%
	12,470	42	12,512	22%	25,599	24	25,623	46%
Hutchison Asia Telecommunications ^(viii)	5,114	2,458	7,572	13%	803	-	803	1%
Finance & Investments and Others ^(viii)	387	8,606	8,993	15%	(3,823)	4,476	653	1%
EBITDA	29,185	29,059	58,244	100%	33,923	21,667	55,590	100%
<i>Portion attributable to:</i>								
Non-controlling interests of HPH Trust	-	467	467		-	483	483	
EBITDA ^	29,185^	29,526^	58,711^		33,923^	22,150^	56,073^	
Depreciation and amortisation	(13,328)	(10,538)	(23,866)		(13,594)	(9,360)	(22,954)	
Interest expenses and other finance costs	(3,227)	(4,645)	(7,872)		(3,516)	(3,681)	(7,197)	
Current tax	(1,752)	(1,730)	(3,482)		(1,829)	(1,808)	(3,637)	
Deferred tax	(449)	(1,450)	(1,899)		2,047	(2,497)	(450)	
Non-controlling interests	(3,544)	(308)	(3,852)		(3,127)	(265)	(3,392)	
	6,885	10,855	17,740		13,904	4,539	18,443	
HKFRS 16 impact								
EBITDA ^	9,908^	2,373^	12,281^		11,012^	1,565^	12,577^	
Depreciation and amortisation	(7,345)	(1,803)	(9,148)		(9,189)	(1,352)	(10,541)	
Interest expenses and other finance costs	(1,166)	(646)	(1,812)		(1,866)	(327)	(2,193)	
Current tax	(2)	-	(2)		(9)	-	(9)	
Deferred tax	(3)	4	1		13	(3)	10	
Non-controlling interests	28	-	28		13	-	13	
	8,305	10,783	19,088		13,878	4,422	18,300	
^ Reconciliation to Post-HKFRS 16 basis EBITDA:								
Pre-HKFRS 16 basis EBITDA per above	29,185	29,526	58,711		33,923	22,150	56,073	
HKFRS 16 impact per above	9,908	2,373	12,281		11,012	1,565	12,577	
Post-HKFRS 16 basis EBITDA (see note 31(a)(i))	39,093	31,899	70,992		44,935	23,715	68,650	

5 Operating segment information (continued)

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

(iii) An analysis of EBIT by segments

	EBIT (LBIT) ^(vi)							
	Six months ended 30 June 2022				Six months ended 30 June 2021			
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	Total HK\$ million	%	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	Total HK\$ million	%
Ports and Related Services	3,494	2,548	6,042	17%	2,909	1,860	4,769	14%
Retail	3,115	1,216	4,331	12%	3,584	1,355	4,939	15%
Infrastructure	1,618	8,233	9,851	29%	1,845	7,841	9,686	30%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe								
EBITDA before the following non-cash items:	11,689	–	11,689		14,772	–	14,772	
Depreciation	(5,803)	–	(5,803)		(5,316)	–	(5,316)	
Amortisation of licence fees, customer acquisition and retention costs and other rights	(3,698)	–	(3,698)		(3,855)	–	(3,855)	
EBIT – 3 Group Europe	2,188	–	2,188	7%	5,601	–	5,601	17%
Hutchison Telecommunications								
Hong Kong Holdings	(42)	6	(36)	–	93	6	99	–
Corporate and Others ^(vii)	309	13	322	–	10,301	(5)	10,296	32%
	2,455	19	2,474	7%	15,995	1	15,996	49%
Hutchison Asia								
Telecommunications ^(viii)	4,888	1,159	6,047	18%	(76)	–	(76)	–
Finance & Investments and Others ^(viii)	287	5,483	5,770	17%	(3,928)	1,387	(2,541)	-8%
EBIT	15,857	18,658	34,515	100%	20,329	12,444	32,773	100%
Portion attributable to:								
Non-controlling interests of HPH Trust	–	330	330		–	346	346	
EBIT [^]	15,857 [^]	18,988 [^]	34,845 [^]		20,329 [^]	12,790 [^]	33,119 [^]	
Interest expenses and other finance costs	(3,227)	(4,645)	(7,872)		(3,516)	(3,681)	(7,197)	
Current tax	(1,752)	(1,730)	(3,482)		(1,829)	(1,808)	(3,637)	
Deferred tax	(449)	(1,450)	(1,899)		2,047	(2,497)	(450)	
Non-controlling interests	(3,544)	(308)	(3,852)		(3,127)	(265)	(3,392)	
	6,885	10,855	17,740		13,904	4,539	18,443	
HKFRS 16 impact								
EBIT [^]	2,563 [^]	570 [^]	3,133 [^]		1,823 [^]	213 [^]	2,036 [^]	
Interest expenses and other finance costs	(1,166)	(646)	(1,812)		(1,866)	(327)	(2,193)	
Current tax	(2)	–	(2)		(9)	–	(9)	
Deferred tax	(3)	4	1		13	(3)	10	
Non-controlling interests	28	–	28		13	–	13	
	8,305	10,783	19,088		13,878	4,422	18,300	
[^] Reconciliation to Post-HKFRS 16 basis EBIT:								
Pre-HKFRS 16 basis EBIT per above	15,857	18,988	34,845		20,329	12,790	33,119	
HKFRS 16 impact per above	2,563	570	3,133		1,823	213	2,036	
Post-HKFRS 16 basis EBIT	18,420	19,558	37,978		22,152	13,003	35,155	

5 Operating segment information (continued)

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

(iv) An analysis of depreciation and amortisation expenses by segments

	Depreciation and amortisation					
	Six months ended 30 June 2022			Six months ended 30 June 2021		
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	Total HK\$ million	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	Total HK\$ million
Ports and Related Services	1,478	753	2,231	1,480	734	2,214
Retail	1,346	353	1,699	1,377	409	1,786
Infrastructure	163	4,850	5,013	149	4,968	5,117
Telecommunications						
CK Hutchison Group Telecom						
3 Group Europe	9,501	–	9,501	9,171	–	9,171
Hutchison Telecommunications Hong Kong Holdings	509	23	532	430	23	453
Corporate and Others	5	–	5	3	–	3
	10,015	23	10,038	9,604	23	9,627
Hutchison Asia Telecommunications	226	1,299	1,525	879	–	879
Finance & Investments and Others	100	3,123	3,223	105	3,089	3,194
	13,328	10,401	23,729	13,594	9,223	22,817
<i>Portion attributable to:</i>						
Non-controlling interests of HPH Trust	–	137	137	–	137	137
	13,328	10,538	23,866	13,594	9,360	22,954
HKFRS 16 impact	7,345	1,803	9,148	9,189	1,352	10,541
	20,673	12,341	33,014	22,783	10,712	33,495

5 Operating segment information (continued)

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

(v) An analysis of capital expenditure by segments

	Capital expenditure ^(xxii)							
	Six months ended 30 June 2022				Six months ended 30 June 2021			
	Fixed assets HK\$ million	Telecom- munications licences HK\$ million	Brand names and other rights HK\$ million	Total HK\$ million	Fixed assets HK\$ million	Telecom- munications licences HK\$ million	Brand names and other rights HK\$ million	Total HK\$ million
Ports and Related Services	968	-	-	968	647	-	367	1,014
Retail	780	-	-	780	880	-	-	880
Infrastructure	89	-	3	92	183	-	1	184
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	8,112	-	612	8,724	8,131	4,237	2,999	15,367
Hutchison Telecommunications								
Hong Kong Holdings	157	138	-	295	324	500	-	824
Corporate and Others	-	-	2	2	1	-	-	1
	8,269	138	614	9,021	8,456	4,737	2,999	16,192
Hutchison Asia Telecommunications	153	-	14	167	1,080	-	-	1,080
Finance & Investments and Others	27	-	3	30	39	-	6	45
	10,286	138	634	11,058	11,285	4,737	3,373	19,395
HKFRS 16 impact	(275)	-	-	(275)	(682)	-	-	(682)
	10,011	138	634	10,783	10,603	4,737	3,373	18,713

(vi) An analysis of total assets by segments

	Total assets							
	30 June 2022				31 December 2021			
	Segment assets ^(xx) HK\$ million	Deferred tax assets HK\$ million	Investments in associated companies and interests in joint ventures HK\$ million	Total assets HK\$ million	Segment assets ^(xx) HK\$ million	Deferred tax assets HK\$ million	Investments in associated companies and interests in joint ventures HK\$ million	Total assets HK\$ million
Ports and Related Services	73,043	300	23,656	96,999	75,389	204	22,668	98,261
Retail	197,889	1,420	14,826	214,135	200,862	1,336	15,743	217,941
Infrastructure	59,565	7	170,023	229,595	55,611	7	172,273	227,891
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	279,647	16,118	9	295,774	300,201	17,925	10	318,136
Hutchison Telecommunications								
Hong Kong Holdings	16,285	4	185	16,474	16,615	3	215	16,833
Corporate and Others	15,159	-	101	15,260	15,534	-	50	15,584
	311,091	16,122	295	327,508	332,350	17,928	275	350,553
Hutchison Asia								
Telecommunications	4,660	-	16,604	21,264	19,505	-	-	19,505
Finance & Investments and Others	121,864	45	71,762	193,671	163,972	45	69,574	233,591
	768,112	17,894	297,166	1,083,172	847,689	19,520	280,533	1,147,742
HKFRS 16 impact	54,465	1,573	(1,440)	54,598	65,524	1,668	(1,408)	65,784
	822,577	19,467	295,726	1,137,770	913,213	21,188	279,125	1,213,526

5 Operating segment information (continued)

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

(vii) An analysis of total liabilities by segments

	Total liabilities							
	30 June 2022				31 December 2021			
	Segment liabilities ^(ix) HK\$ million	Current & non-current borrowings ^(xii) and other non-current liabilities HK\$ million	Current & deferred tax liabilities HK\$ million	Total liabilities HK\$ million	Segment liabilities ^(ix) HK\$ million	Current & non-current borrowings ^(xii) and other non-current liabilities HK\$ million	Current & deferred tax liabilities HK\$ million	Total liabilities HK\$ million
Ports and Related Services	9,842	14,002	4,611	28,455	10,702	14,734	4,625	30,061
Retail	24,998	10,603	10,343	45,944	25,599	14,333	10,523	50,455
Infrastructure	6,878	28,536	561	35,975	6,260	30,043	617	36,920
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	35,039	15,291	359	50,689	39,827	17,240	399	57,466
Hutchison Telecommunications								
Hong Kong Holdings	1,707	2,455	23	4,185	1,840	2,358	–	4,198
Corporate and Others	2,115	50,995	7	53,117	2,073	54,426	4	56,503
	38,861	68,741	389	107,991	43,740	74,024	403	118,167
Hutchison Asia								
Telecommunications	1,208	558	1	1,767	4,972	6,132	2	11,106
Finance & Investments and Others	9,893	197,911	4,386	212,190	10,199	226,385	4,599	241,183
	91,680	320,351	20,291	432,322	101,472	365,651	20,769	487,892
HKFRS 16 impact	70,366	(1,077)	(958)	68,331	83,638	(1,275)	(984)	81,379
	162,046	319,274	19,333	500,653	185,110	364,376	19,785	569,271

5 Operating segment information (continued)

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

(viii) An analysis of revenue by geographical locations

	Revenue							
	Six months ended 30 June 2022				Six months ended 30 June 2021			
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	Total HK\$ million	%	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	Total HK\$ million	%
Hong Kong	16,703	2,270	18,973	8%	15,912	4,288	20,200	10%
Mainland China	11,919	5,841	17,760	8%	14,098	2,805	16,903	8%
The People's Republic of China	28,622	8,111	36,733	16%	30,010	7,093	37,103	18%
Europe	72,642	34,755	107,397	47%	74,497	34,641	109,138	51%
Canada	127	1,630	1,757	1%	127	1,399	1,526	1%
Asia, Australia and Others	23,988	12,937	36,925	16%	25,321	7,440	32,761	15%
	96,757	49,322	146,079	64%	99,945	43,480	143,425	67%
	125,379	57,433	182,812	80%	129,955	50,573	180,528	85%
Finance & Investments and Others	5,979	40,825	46,804	20%	5,541	26,317	31,858	15%
	131,358	98,258	229,616 **	100%	135,496	76,890	212,386 **	100%

** see note 5(b)(i) for reconciliation of segment revenue to revenue presented in the consolidated income statement.

(ix) An analysis of EBITDA by geographical locations

	EBITDA (LBITDA) ^(xiv)							
	Six months ended 30 June 2022				Six months ended 30 June 2021			
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	Total HK\$ million	%	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	Total HK\$ million	%
Hong Kong	851	944	1,795	3%	679	1,784	2,463	5%
Mainland China	611	2,467	3,078	5%	1,974	974	2,948	5%
The People's Republic of China	1,462	3,411	4,873	8%	2,653	2,758	5,411	10%
Europe	16,816	9,431	26,247	45%	29,445	9,529	38,974	70%
Canada	128	872	1,000	2%	133	780	913	2%
Asia, Australia and Others	10,392	6,739	17,131	30%	5,515	4,124	9,639	17%
	27,336	17,042	44,378	77%	35,093	14,433	49,526	89%
	28,798	20,453	49,251	85%	37,746	17,191	54,937	99%
Finance & Investments and Others	387	8,606	8,993	15%	(3,823)	4,476	653	1%
	29,185	29,059	58,244 **	100%	33,923	21,667	55,590 **	100%

** see note 5(b)(ii) for reconciliation of segment EBITDA to EBITDA included and presented in the consolidated income statement.

5 Operating segment information (continued)

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

(x) An analysis of EBIT by geographical locations

	EBIT (LBIT) ^(xv)							
	Six months ended 30 June 2022				Six months ended 30 June 2021			
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	Total HK\$ million	%	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	Total HK\$ million	%
Hong Kong	124	465	589	2%	50	1,206	1,256	4%
Mainland China	86	2,070	2,156	6%	1,455	690	2,145	6%
The People's Republic of China	210	2,535	2,745	8%	1,505	1,896	3,401	10%
Europe	6,310	6,281	12,591	36%	19,256	6,232	25,488	78%
Canada	127	536	663	2%	132	440	572	2%
Asia, Australia and Others	8,923	3,823	12,746	37%	3,364	2,489	5,853	18%
	15,360	10,640	26,000	75%	22,752	9,161	31,913	98%
	15,570	13,175	28,745	83%	24,257	11,057	35,314	108%
Finance & Investments and Others	287	5,483	5,770	17%	(3,928)	1,387	(2,541)	-8%
	15,857	18,658	34,515 ^{@@}	100%	20,329	12,444	32,773 ^{@@}	100%

@@ see note 5(b)(iii) for reconciliation of segment EBIT to EBIT included and presented in the consolidated income statement.

(xi) An analysis of capital expenditure by geographical locations

	Capital expenditure ^(xvii)							
	Six months ended 30 June 2022				Six months ended 30 June 2021			
	Fixed assets HK\$ million	Telecom- munications licences HK\$ million	Brand names and other rights HK\$ million	Total HK\$ million	Fixed assets HK\$ million	Telecom- munications licences HK\$ million	Brand names and other rights HK\$ million	Total HK\$ million
Hong Kong	393	138	-	531	509	500	-	1,009
Mainland China	88	-	-	88	126	-	-	126
The People's Republic of China	481	138	-	619	635	500	-	1,135
Europe	8,713	-	614	9,327	8,832	4,237	2,999	16,068
Asia, Australia and Others	1,065	-	17	1,082	1,779	-	368	2,147
	9,778	-	631	10,409	10,611	4,237	3,367	18,215
	10,259	138	631	11,028	11,246	4,737	3,367	19,350
Finance & Investments and Others	27	-	3	30	39	-	6	45
	10,286	138	634	11,058	11,285	4,737	3,373	19,395
HKFRS 16 impact	(275)	-	-	(275)	(682)	-	-	(682)
	10,011	138	634	10,783	10,603	4,737	3,373	18,713

5 Operating segment information (continued)

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

(xii) An analysis of total assets by geographical locations

	Total assets							
	30 June 2022				31 December 2021			
	Segment assets ^(xii) HK\$ million	Deferred tax assets HK\$ million	Investments in associated companies and interests in joint ventures HK\$ million	Total assets HK\$ million	Segment assets ^(xii) HK\$ million	Deferred tax assets HK\$ million	Investments in associated companies and interests in joint ventures HK\$ million	Total assets HK\$ million
Hong Kong	52,380	82	10,106	62,568	51,757	107	10,202	62,066
Mainland China	41,023	729	18,125	59,877	46,039	570	17,206	63,815
The People's Republic of China	93,403	811	28,231	122,445	97,796	677	27,408	125,881
Europe	431,050	16,538	110,677	558,265	452,007	18,395	114,633	585,035
Canada	4,299	7	12,906	17,212	4,030	7	12,995	17,032
Asia, Australia and Others	117,496	493	73,590	191,579	129,884	396	55,923	186,203
	552,845	17,038	197,173	767,056	585,921	18,798	183,551	788,270
	646,248	17,849	225,404	889,501	683,717	19,475	210,959	914,151
Finance & Investments and Others	121,864	45	71,762	193,671	163,972	45	69,574	233,591
	768,112	17,894	297,166	1,083,172	847,689	19,520	280,533	1,147,742
HKFRS 16 impact	54,465	1,573	(1,440)	54,598	65,524	1,668	(1,408)	65,784
	822,577	19,467	295,726	1,137,770	913,213	21,188	279,125	1,213,526

5 Operating segment information (continued)

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

- (xiii) An analysis of results (EBITDA and EBIT) before net gains from major transaction activities and other one-off items by segments and geographical locations

The Group's EBITDA and EBIT for the six months ended 30 June 2022 included the net gain attributable to shareholders from the disposal of interests in the Group's telecommunications business in Indonesia in January 2022 of HK\$6,100 million (see note 5(b)(xvi)). This gain was partly offset by impairment charge against the assets of the Group's telecommunications business in Sri Lanka of HK\$962 million (see note 5(b)(xvi)).

The Group's EBITDA and EBIT for the comparative six months ended 30 June 2021 included the net gain attributable to shareholders from the disposal of interests in the Group's European telecommunications tower assets that completed in first half of 2021 of HK\$25,259 million (see note 5(b)(xvii)). This gain was partly offset by impairment of Wind Tre's goodwill of HK\$15,472 million (see note 5(b)(xvii)) and foreign exchange reclassification adjustment charge of HK\$3,514 million (see note 5(b)(xviii)).

An analysis of EBITDA by segments

	EBITDA (LBITDA) ^(xiv)							
	Six months ended 30 June 2022				Six months ended 30 June 2021			
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	Total HK\$ million	%	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	Total HK\$ million	%
EBITDA before one-off items (see below)								
Ports and Related Services	4,972	3,301	8,273	16%	4,389	2,594	6,983	14%
Retail	4,461	1,569	6,030	11%	4,961	1,764	6,725	14%
Infrastructure	1,781	13,083	14,864	28%	1,994	12,809	14,803	30%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	11,689	-	11,689	22%	14,772	-	14,772	30%
Hutchison Telecommunications	467	29	496	1%	523	29	552	1%
Hong Kong Holdings	314	13	327	-	517	(5)	512	1%
Corporate and Others								
	12,470	42	12,512	23%	15,812	24	15,836	32%
Hutchison Asia Telecommunications	(24)	2,458	2,434	5%	803	-	803	2%
Finance & Investments and Others	387	8,606	8,993	17%	(309)	4,476	4,167	8%
	24,047	29,059	53,106	100%	27,650	21,667	49,317	100%
One-off items								
Gains from disposal of telecommunications business in Indonesia ^(xvi)	6,100	-	6,100		-	-	-	
Impairment of telecommunications business in Sri Lanka ^(xvi)	(962)	-	(962)		-	-	-	
Gains from disposal of European telecommunications tower assets ^(xvii)	-	-	-		25,259	-	25,259	
Impairment of Wind Tre's goodwill ^(xvii)	-	-	-		(15,472)	-	(15,472)	
Foreign exchange reclassification adjustment ^(xviii)	-	-	-		(3,514)	-	(3,514)	
	29,185	29,059	58,244 [#]		33,923	21,667	55,590 [#]	

^{##} see note 5(b)(ii) for reconciliation of segment EBITDA to EBITDA included and presented in the consolidated income statement.

5 Operating segment information (continued)

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

(xiii) An analysis of results (EBITDA and EBIT) before net gains from major transaction activities and other one-off items by segments and geographical locations (continued)

An analysis of EBITDA by geographical locations

	EBITDA (LBITDA) ^(xiv)							
	Six months ended 30 June 2022				Six months ended 30 June 2021			
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	Total HK\$ million	%	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	Total HK\$ million	%
EBITDA before one-off items (see below)								
Hong Kong	851	944	1,795	3%	679	1,784	2,463	5%
Mainland China	611	2,467	3,078	6%	1,974	974	2,948	6%
The People's Republic of China	1,462	3,411	4,873	9%	2,653	2,758	5,411	11%
Europe	16,816	9,431	26,247	49%	19,658	9,529	29,187	59%
Canada	128	872	1,000	2%	133	780	913	2%
Asia, Australia and Others	5,254	6,739	11,993	23%	5,515	4,124	9,639	20%
	22,198	17,042	39,240	74%	25,306	14,433	39,739	81%
	23,660	20,453	44,113	83%	27,959	17,191	45,150	92%
Finance & Investments and Others	387	8,606	8,993	17%	(309)	4,476	4,167	8%
	24,047	29,059	53,106	100%	27,650	21,667	49,317	100%
One-off items								
Gains from disposal of telecommunications business in Indonesia ^(xvi)	6,100	-	6,100		-	-	-	
Impairment of telecommunications business in Sri Lanka ^(xvi)	(962)	-	(962)		-	-	-	
Gains from disposal of European telecommunications tower assets ^(xvii)	-	-	-		25,259	-	25,259	
Impairment of Wind Tre's goodwill ^(xvii)	-	-	-		(15,472)	-	(15,472)	
Foreign exchange reclassification adjustment ^(xviii)	-	-	-		(3,514)	-	(3,514)	
	29,185	29,059	58,244 ^{##}		33,923	21,667	55,590 ^{##}	

^{##} see note 5(b)(ii) for reconciliation of segment EBITDA to EBITDA included and presented in the consolidated income statement.

5 Operating segment information (continued)

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

(xiii) An analysis of results (EBITDA and EBIT) before net gains from major transaction activities and other one-off items by segments and geographical locations (continued)

An analysis of EBIT by segments

	EBIT (LBIT) ^(xv)							
	Six months ended 30 June 2022				Six months ended 30 June 2021			
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	Total HK\$ million	%	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	Total HK\$ million	%
EBIT before one-off items (see below)								
Ports and Related Services	3,494	2,548	6,042	21%	2,909	1,860	4,769	18%
Retail	3,115	1,216	4,331	15%	3,584	1,355	4,939	19%
Infrastructure	1,618	8,233	9,851	33%	1,845	7,841	9,686	36%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	2,188	-	2,188	7%	5,601	-	5,601	21%
Hutchison Telecommunications Hong Kong Holdings	(42)	6	(36)	-	93	6	99	-
Corporate and Others	309	13	322	1%	514	(5)	509	2%
	2,455	19	2,474	8%	6,208	1	6,209	23%
Hutchison Asia Telecommunications	(250)	1,159	909	3%	(76)	-	(76)	-
Finance & Investments and Others	287	5,483	5,770	20%	(414)	1,387	973	4%
	10,719	18,658	29,377	100%	14,056	12,444	26,500	100%
One-off items								
Gains from disposal of telecommunications business in Indonesia ^(xvi)	6,100	-	6,100		-	-	-	
Impairment of telecommunications business in Sri Lanka ^(xvi)	(962)	-	(962)		-	-	-	
Gains from disposal of European telecommunications tower assets ^(xvii)	-	-	-		25,259	-	25,259	
Impairment of Wind Tre's goodwill ^(xvii)	-	-	-		(15,472)	-	(15,472)	
Foreign exchange reclassification adjustment ^(xviii)	-	-	-		(3,514)	-	(3,514)	
	15,857	18,658	34,515 ^{@@}		20,329	12,444	32,773 ^{@@}	

@@ see note 5(b)(iii) for reconciliation of segment EBIT to EBIT included and presented in the consolidated income statement.

5 Operating segment information (continued)

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

(xiii) An analysis of results (EBITDA and EBIT) before net gains from major transaction activities and other one-off items by segments and geographical locations (continued)

An analysis of EBIT by geographical locations

	EBIT (LBIT) ^(xv)							
	Six months ended 30 June 2022				Six months ended 30 June 2021			
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	Total HK\$ million	%	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	Total HK\$ million	%
EBIT before one-off items (see below)								
Hong Kong	124	465	589	2%	50	1,206	1,256	5%
Mainland China	86	2,070	2,156	7%	1,455	690	2,145	8%
The People's Republic of China	210	2,535	2,745	9%	1,505	1,896	3,401	13%
Europe	6,310	6,281	12,591	43%	9,469	6,232	15,701	59%
Canada	127	536	663	2%	132	440	572	2%
Asia, Australia and Others	3,785	3,823	7,608	26%	3,364	2,489	5,853	22%
	10,222	10,640	20,862	71%	12,965	9,161	22,126	83%
	10,432	13,175	23,607	80%	14,470	11,057	25,527	96%
Finance & Investments and Others	287	5,483	5,770	20%	(414)	1,387	973	4%
	10,719	18,658	29,377	100%	14,056	12,444	26,500	100%
One-off items								
Gains from disposal of telecommunications business in Indonesia ^(xvi)	6,100	-	6,100		-	-	-	
Impairment of telecommunications business in Sri Lanka ^(xvi)	(962)	-	(962)		-	-	-	
Gains from disposal of European telecommunications tower assets ^(xvii)	-	-	-		25,259	-	25,259	
Impairment of Wind Tre's goodwill ^(xvii)	-	-	-		(15,472)	-	(15,472)	
Foreign exchange reclassification adjustment ^(xviii)	-	-	-		(3,514)	-	(3,514)	
	15,857	18,658	34,515 ^{@@}		20,329	12,444	32,773 ^{@@}	

@@ see note 5(b)(iii) for reconciliation of segment EBIT to EBIT included and presented in the consolidated income statement.

5 Operating segment information (continued)

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

- (xiv) EBITDA (LBITDA) represents the EBITDA (LBITDA) of the Company and subsidiary companies as well as the Group's share of the EBITDA (LBITDA) of associated companies and joint ventures except for HPH Trust which are included based on the Group's effective share of EBITDA for this operation and the Group's interests in six infrastructure investments co-owned with CKI that are based on the Group's 10% direct interests in these investments. EBITDA (LBITDA) is defined as earnings (losses) before interest expenses and other finance costs, tax, depreciation and amortisation. Information concerning EBITDA (LBITDA) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of gross cash flow generation. The Group considers EBITDA (LBITDA) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBITDA (LBITDA) is therefore presented as a measure of segment results in accordance with HKFRS 8. EBITDA (LBITDA) is not a measure of cash liquidity or financial performance under HKFRS and the EBITDA (LBITDA) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBITDA (LBITDA) should not necessarily be construed as an alternative to cash flows or results from operations as determined in accordance with HKFRS.
- (xv) EBIT (LBIT) represents the EBIT (LBIT) of the Company and subsidiary companies as well as the Group's share of the EBIT (LBIT) of associated companies and joint ventures except for HPH Trust which are included based on the Group's effective share of EBIT for this operation and the Group's interests in six infrastructure investments co-owned with CKI that are based on the Group's 10% direct interests in these investments. EBIT (LBIT) is defined as earnings (losses) before interest expenses and other finance costs and tax. Information concerning EBIT (LBIT) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of results from operations. The Group considers EBIT (LBIT) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBIT (LBIT) is therefore presented as a measure of segment results in accordance with HKFRS 8. EBIT (LBIT) is not a measure of financial performance under HKFRS and the EBIT (LBIT) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBIT (LBIT) should not necessarily be construed as an alternative to results from operations as determined in accordance with HKFRS.
- (xvi) The merger between Ooredoo Q.P.S.C. ("Ooredoo Group") and the Group's respective telecommunications businesses in Indonesia, PT Indosat Tbk ("Indosat") and PT Hutchison 3 Indonesia ("H3I") was completed in January 2022. The newly merged company carries business as PT Indosat Tbk ("IOH"). This has been accounted for as a disposal of H3I and an acquisition of interests in IOH. Included in the current period balance are a disposal gain of HK\$6,100 million (HK\$7,245 million at Post-HKFRS 16 basis) arising from the completion of the merger and an impairment charge of HK\$962 million (HK\$1,000 million at Post-HKFRS 16 basis) against goodwill, telecommunications licences, tangible and other assets of the Group's telecommunications business in Sri Lanka. Both amounts are at EBITDA and EBIT levels and are reported under "Telecommunications: Hutchison Asia Telecommunications" in the segment results. In the consolidated income statement, the disposal gain is reported in "Other income and gains" and the impairment charge is reported in "Other expenses and losses". See note 6(g) and 6(b), respectively.
- (xvii) Included in the comparative six months ended 30 June 2021 balance are disposal gains of HK\$25,259 million (HK\$25,316 million at Post-HKFRS 16 basis) arising from disposal of interests in telecommunications tower assets in Sweden and Italy completed in January and June 2021 respectively and an impairment charge of HK\$15,472 million (HK\$15,472 million at Post-HKFRS 16 basis) against Wind Tre's goodwill. Both amounts are at EBITDA and EBIT levels and are reported under "Telecommunications: CK Hutchison Group Telecom – Corporate and Others" in the segment results. In the consolidated income statement, the disposal gains are reported in "Other income and gains" and the impairment charge is reported in "Other expenses and losses". See note 6(g) and 6(c), respectively.
- (xviii) Included in the comparative six months ended 30 June 2021 balance is a charge of HK\$3,514 million (HK\$3,514 million at Post-HKFRS 16 basis) arising from the merger of Husky Energy Inc. ("Husky") and Cenovus Energy completed in January 2021. The amount represents reclassification adjustment of foreign exchange losses previously recognised in reserves. This amount is at EBITDA and EBIT levels and is reported under "Finance & Investments and Others" in the segment results. In the consolidated income statement, the charge is reported in "Other expenses and losses". See note 6(d).
- (xix) The geographical location of customers is based on the location at which the services were provided or goods delivered. Hong Kong is the location of principal place of business of the Company.

5 Operating segment information (continued)

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

(xx) Segment assets and segment liabilities are measured in the same way as in the financial statements.

Segment assets are assets other than deferred tax assets, and investments in associated companies and interests in joint ventures.

Segment liabilities are liabilities other than bank and other debts, interest bearing loans from non-controlling shareholders, tax liabilities (including deferred tax liabilities) and other non-current liabilities.

The specified non-current assets are non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts. The geographical location of the specified non-current assets is based on the physical location of the asset (for fixed assets, right-of-use assets and other operating assets), the location of the operation in which they are allocated (intangible assets and goodwill), and the location of operations (for associated companies and interests in joint ventures).

Geographical analysis of the Group's non-current assets (based on Post-HKFRS 16 basis) other than financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts is as follows:

	30 June 2022 HK\$ million	31 December 2021 HK\$ million
Hong Kong	75,404	74,941
Mainland China	67,654	72,148
The People's Republic of China	143,058	147,089
Europe	518,903	546,439
Canada	59,824	56,502
Asia, Australia and Others	190,012	192,551
	768,739	795,492
	911,797	942,581

(xxi) Current and non-current borrowings comprise bank and other debts and interest bearing loans from non-controlling shareholders.

(xxii) For the purpose of segmental information analysis, expenditures incurred for leases are not regarded as capital expenditures.

5 Operating segment information (continued)

(c) Reconciliation from Pre-HKFRS 16 basis metrics to Post-HKFRS 16 basis metrics

(i) Consolidated Income Statement

	Six months ended 30 June 2022			Six months ended 30 June 2021		
	Pre-HKFRS 16 basis HK\$ million	Effect on adoption of HKFRS 16 HK\$ million	Post-HKFRS 16 basis HK\$ million	Pre-HKFRS 16 basis HK\$ million	Effect on adoption of HKFRS 16 HK\$ million	Post-HKFRS 16 basis HK\$ million
Revenue	131,358	–	131,358	135,496	–	135,496
Cost of inventories sold	(50,892)	22	(50,870)	(49,097)	15	(49,082)
Staff costs	(19,006)	–	(19,006)	(18,682)	–	(18,682)
Expensed customer acquisition and retention costs	(7,281)	212	(7,069)	(8,195)	239	(7,956)
Depreciation and amortisation	(13,328)	(7,345)	(20,673)	(13,594)	(9,189)	(22,783)
Other expenses and losses	(31,361)	8,529	(22,832)	(52,176)	10,701	(41,475)
Other income and gains	6,367	1,145	7,512	26,577	57	26,634
Share of profits less losses of:						
Associated companies	6,791	(9)	6,782	2,510	(60)	2,450
Joint ventures	4,064	(63)	4,001	2,029	(57)	1,972
	26,712	2,491	29,203	24,868	1,706	26,574
Interest expenses and other finance costs	(3,227)	(1,166)	(4,393)	(3,516)	(1,866)	(5,382)
Profit before tax	23,485	1,325	24,810	21,352	(160)	21,192
Current tax charge	(1,752)	(2)	(1,754)	(1,829)	(9)	(1,838)
Deferred tax credit (charge)	(449)	(3)	(452)	2,047	13	2,060
Profit after tax	21,284	1,320	22,604	21,570	(156)	21,414
Profit attributable to non-controlling interests and holders of perpetual capital securities	(3,544)	28	(3,516)	(3,127)	13	(3,114)
Profit attributable to ordinary shareholders	17,740	1,348	19,088	18,443	(143)	18,300
Earnings per share for profit attributable to ordinary shareholders	HK\$ 4.63	HK\$ 0.35	HK\$ 4.98	HK\$ 4.78	(HK\$ 0.03)	HK\$ 4.75

5 Operating segment information (continued)

(c) Reconciliation from Pre-HKFRS 16 basis metrics to Post-HKFRS 16 basis metrics (continued)

(ii) Consolidated Statement of Comprehensive Income

	Six months ended 30 June 2022			Six months ended 30 June 2021		
	Pre-HKFRS 16 basis HK\$ million	Effect on adoption of HKFRS 16 HK\$ million	Post-HKFRS 16 basis HK\$ million	Pre-HKFRS 16 basis HK\$ million	Effect on adoption of HKFRS 16 HK\$ million	Post-HKFRS 16 basis HK\$ million
Profit after tax	21,284	1,320	22,604	21,570	(156)	21,414
Other comprehensive income (losses)						
Items that will not be reclassified to profit or loss						
Equity securities at FVOCI						
Valuation gains (losses) recognised directly in reserves	(211)	–	(211)	193	–	193
Remeasurement of defined benefit obligations recognised directly in reserves	941	–	941	720	–	720
Share of other comprehensive income of associated companies	199	–	199	498	–	498
Share of other comprehensive income of joint ventures	276	–	276	945	–	945
Tax relating to components of other comprehensive income (losses) that will not be reclassified to profit or loss	(224)	–	(224)	(86)	–	(86)
	981	–	981	2,270	–	2,270
Items that may be reclassified to profit or loss						
Debt securities at FVOCI						
Valuation losses recognised directly in reserves	(239)	–	(239)	(18)	–	(18)
Valuation gains previously in reserves recognised in income statement	(1)	–	(1)	(4)	–	(4)
Gains on cash flow hedges recognised directly in reserves	811	–	811	396	–	396
Gains on net investment hedges recognised directly in reserves	3,957	–	3,957	97	–	97
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	(15,275)	495	(14,780)	(714)	403	(311)
Losses previously in reserves related to subsidiaries and associated companies disposed during the period recognised in income statement	585	7	592	2,921	–	2,921
Share of other comprehensive income (losses) of associated companies	(112)	8	(104)	2,374	1	2,375
Share of other comprehensive income (losses) of joint ventures	(2,623)	32	(2,591)	1,549	4	1,553
Tax relating to components of other comprehensive income (losses) that may be reclassified to profit or loss	(5)	–	(5)	(4)	–	(4)
	(12,902)	542	(12,360)	6,597	408	7,005
Other comprehensive income (losses), net of tax	(11,921)	542	(11,379)	8,867	408	9,275
Total comprehensive income	9,363	1,862	11,225	30,437	252	30,689
Total comprehensive income attributable to non-controlling interests and holders of perpetual capital securities	(2,748)	(133)	(2,881)	(4,125)	(125)	(4,250)
Total comprehensive income attributable to ordinary shareholders	6,615	1,729	8,344	26,312	127	26,439

5 Operating segment information (continued)

(c) Reconciliation from Pre-HKFRS 16 basis metrics to Post-HKFRS 16 basis metrics (continued)

(iii) Consolidated Statement of Financial Position

	30 June 2022			31 December 2021		
	Pre-HKFRS 16 basis HK\$ million	Effect on adoption of HKFRS 16 HK\$ million	Post-HKFRS 16 basis HK\$ million	Pre-HKFRS 16 basis HK\$ million	Effect on adoption of HKFRS 16 HK\$ million	Post-HKFRS 16 basis HK\$ million
Non-current assets						
Fixed assets	118,697	(1,869)	116,828	133,174	(2,075)	131,099
Right-of-use assets	–	64,254	64,254	–	76,852	76,852
Leasehold land	6,321	(6,321)	–	6,717	(6,717)	–
Telecommunications licences	61,467	–	61,467	69,985	–	69,985
Brand names and other rights	84,677	–	84,677	89,019	–	89,019
Goodwill	282,543	–	282,543	289,340	–	289,340
Associated companies	141,673	(336)	141,337	138,116	(335)	137,781
Interests in joint ventures	155,493	(1,104)	154,389	142,417	(1,073)	141,344
Deferred tax assets	17,894	1,573	19,467	19,520	1,668	21,188
Liquid funds and other listed investments	7,603	–	7,603	8,227	–	8,227
Other non-current assets	14,342	208	14,550	13,970	232	14,202
	890,710	56,405	947,115	910,485	68,552	979,037
Current assets						
Cash and cash equivalents	112,315	–	112,315	153,133	–	153,133
Inventories	23,461	–	23,461	23,625	–	23,625
Trade receivables and other current assets	56,686	(1,807)	54,879	60,499	(2,768)	57,731
	192,462	(1,807)	190,655	237,257	(2,768)	234,489
Current liabilities						
Bank and other debts	47,363	(225)	47,138	66,564	(203)	66,361
Current tax liabilities	2,145	(15)	2,130	2,419	(17)	2,402
Lease liabilities	–	13,689	13,689	–	16,085	16,085
Trade payables and other current liabilities	89,571	(1,030)	88,541	98,006	(1,441)	96,565
	139,079	12,419	151,498	166,989	14,424	181,413
Net current assets	53,383	(14,226)	39,157	70,268	(17,192)	53,076
Total assets less current liabilities	944,093	42,179	986,272	980,753	51,360	1,032,113
Non-current liabilities						
Bank and other debts	238,824	(853)	237,971	260,511	(1,073)	259,438
Interest bearing loans from non-controlling shareholders	2,624	–	2,624	759	–	759
Lease liabilities	–	57,707	57,707	–	68,994	68,994
Deferred tax liabilities	18,146	(943)	17,203	18,350	(967)	17,383
Pension obligations	2,109	–	2,109	3,466	–	3,466
Other non-current liabilities	31,540	1	31,541	37,817	1	37,818
	293,243	55,912	349,155	320,903	66,955	387,858
Net assets	650,850	(13,733)	637,117	659,850	(15,595)	644,255
Capital and reserves						
Share capital	3,834	–	3,834	3,834	–	3,834
Share premium	243,161	–	243,161	243,169	–	243,169
Reserves	277,253	(9,917)	267,336	277,795	(11,646)	266,149
Total ordinary shareholders' funds	524,248	(9,917)	514,331	524,798	(11,646)	513,152
Perpetual capital securities	4,483	–	4,483	12,414	–	12,414
Non-controlling interests	122,119	(3,816)	118,303	122,638	(3,949)	118,689
Total equity	650,850	(13,733)	637,117	659,850	(15,595)	644,255

5 Operating segment information (continued)

- (c) Reconciliation from Pre-HKFRS 16 basis metrics to Post-HKFRS 16 basis metrics (continued)
(iv) Consolidated Statement of Cash Flows

	Six months ended 30 June 2022			Six months ended 30 June 2021		
	Pre-HKFRS 16 basis HK\$ million	Effect on adoption of HKFRS 16 HK\$ million	Post-HKFRS 16 basis HK\$ million	Pre-HKFRS 16 basis HK\$ million	Effect on adoption of HKFRS 16 HK\$ million	Post-HKFRS 16 basis HK\$ million
	(A)		(B)	(A)		(B)
Operating activities						
Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	28,229	8,553	36,782	30,018	10,479	40,497
Interest expenses and other finance costs paid (net of capitalisation)	(3,235)	(1,166)	(4,401)	(3,518)	(1,866)	(5,384)
Tax paid	(1,774)	–	(1,774)	(2,414)	–	(2,414)
Funds from operations (Funds from operations under (B) is before principal elements of lease payments)	23,220	7,387	30,607	24,086	8,613	32,699
Changes in working capital	(2,504)	(69)	(2,573)	(4,414)	615	(3,799)
Net cash from operating activities	20,716	7,318	28,034	19,672	9,228	28,900
Investing activities						
Purchase of fixed assets	(10,286)	275	(10,011)	(11,285)	682	(10,603)
Additions to telecommunications licences	(138)	–	(138)	(4,737)	–	(4,737)
Additions to brand names and other rights	(634)	–	(634)	(3,373)	–	(3,373)
Purchase of subsidiary companies, net of cash acquired	–	–	–	56	–	56
Additions to unlisted investments	(391)	–	(391)	(52)	–	(52)
Repayments of loans from associated companies and joint ventures	395	–	395	365	–	365
Purchase of and advances to associated companies and joint ventures	(3,315)	–	(3,315)	(571)	–	(571)
Proceeds from disposal of fixed assets	226	–	226	230	–	230
Proceeds from disposal of subsidiary companies, net of cash disposed	(683)	–	(683)	38,425	–	38,425
Proceeds from partial disposal of associated company	–	–	–	845	–	845
Cash flows from (used in) investing activities before additions to / disposal of liquid funds and other listed investments	(14,826)	275	(14,551)	19,903	682	20,585
Disposal of liquid funds and other listed investments	176	–	176	318	–	318
Additions to liquid funds and other listed investments	–	–	–	(22)	–	(22)
Cash flows from (used in) investing activities	(14,650)	275	(14,375)	20,199	682	20,881
Net cash inflow before financing activities	6,066	7,593	13,659	39,871	9,910	49,781
Financing activities						
New borrowings	30,256	(275)	29,981	43,897	(682)	43,215
Repayment of borrowings	(60,989)	99	(60,890)	(37,744)	123	(37,621)
Principal elements of lease payments	–	(7,417)	(7,417)	–	(9,351)	(9,351)
Net loans from non-controlling shareholders	2,102	–	2,102	–	–	–
Issue of equity securities by subsidiary companies to non-controlling shareholders	85	–	85	86	–	86
Payment to acquire additional interests in subsidiary companies	–	–	–	(1,955)	–	(1,955)
Proceeds on issue of perpetual capital securities by a subsidiary, net of transaction costs	–	–	–	2,329	–	2,329
Redemption of perpetual capital securities	(7,800)	–	(7,800)	(9,360)	–	(9,360)
Payments for buy-back and cancellation of issued shares	(3)	–	(3)	(466)	–	(466)
Dividends paid to ordinary shareholders	(7,132)	–	(7,132)	(6,555)	–	(6,555)
Dividends paid to non-controlling interests	(3,087)	–	(3,087)	(3,590)	–	(3,590)
Distribution paid on perpetual capital securities	(316)	–	(316)	(335)	–	(335)
Cash flows used in financing activities	(46,884)	(7,593)	(54,477)	(13,693)	(9,910)	(23,603)
Increase (decrease) in cash and cash equivalents	(40,818)	–	(40,818)	26,178	–	26,178
Cash and cash equivalents at 1 January	153,133	–	153,133	155,951	–	155,951
Cash and cash equivalents at 30 June	112,315	–	112,315	182,129	–	182,129

5 Operating segment information (continued)

(c) Reconciliation from Pre-HKFRS 16 basis metrics to Post-HKFRS 16 basis metrics (continued)

(iv) Consolidated statement of cash flows (continued)

	Six months ended 30 June 2022			Six months ended 30 June 2021		
	Pre-HKFRS 16 basis HK\$ million	Effect on adoption of HKFRS 16 HK\$ million	Post-HKFRS 16 basis HK\$ million	Pre-HKFRS 16 basis HK\$ million	Effect on adoption of HKFRS 16 HK\$ million	Post-HKFRS 16 basis HK\$ million
Analysis of cash, liquid funds and other listed investments at 30 June						
Cash and cash equivalents, as above	112,315	–	112,315	182,129	–	182,129
Liquid funds and other listed investments	7,603	–	7,603	8,287	–	8,287
Total cash, liquid funds and other listed investments	119,918	–	119,918	190,416	–	190,416
Total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions	288,308	(1,078)	287,230	354,701	(753)	353,948
Interest bearing loans from non-controlling shareholders	2,624	–	2,624	779	–	779
Net debt	171,014	(1,078)	169,936	165,064	(753)	164,311
Interest bearing loans from non-controlling shareholders	(2,624)	–	(2,624)	(779)	–	(779)
Net debt (excluding interest bearing loans from non-controlling shareholders)	168,390	(1,078)	167,312	164,285	(753)	163,532

6 Presentation of depreciation and amortisation, other expenses and losses, other income and gains and cost of goods sold

This note provides additional details in respect of depreciation and amortisation, other expenses and losses, other income and gains and cost of goods sold.

	Six months ended 30 June	
	2022 HK\$ million	2021 HK\$ million
Depreciation and amortisation:		
Fixed assets (see note 11)	9,009	9,010
Right-of-use assets (see note 12(b))	7,615	9,430
Telecommunications licences (see note 13)	483	755
Brand names and other rights (see note 14)	1,741	1,694
Customer acquisition and retention costs (see note 20(a))	1,825	1,894
	20,673	22,783
	Six months ended 30 June	
	2022 HK\$ million	2021 HK\$ million
Other expenses and losses:		
Cost of providing services ^(a)	12,534	13,391
Office and general administrative expenses and others	4,379	3,824
Expenses for short-term, low-value assets leases and payment for variable rent (see note 12(b))	1,991	2,147
Advertising and promotion expenses	2,276	2,300
Legal and professional fees	652	827
Impairment loss against goodwill and other assets on telecommunications business in Sri Lanka ^(b)	1,000	–
Impairment loss against goodwill on telecommunications business in Italy ^(c)	–	15,472
Foreign exchange reclassification adjustment ^(d)	–	3,514
	22,832	41,475
	Six months ended 30 June	
	2022 HK\$ million	2021 HK\$ million
Other income and gains:		
Rent concessions ^(e)	(112)	(260)
Employment and other subsidies ^(f)	(144)	(734)
Gains on disposal of fixed assets	–	(101)
Gains on disposals of interests in associated companies and joint ventures	(11)	(223)
Gains on disposal of subsidiaries ^(g)	(7,245)	(25,316)
	(7,512)	(26,634)
	Six months ended 30 June	
	2022 HK\$ million	2021 HK\$ million
Cost of goods sold:		
included in “cost of inventories sold”	50,870	49,082
included in “expensed customer acquisition and retention costs”	4,203	5,013
	55,073	54,095

6 Presentation of depreciation and amortisation, other expenses and losses, other income and gains and cost of goods sold (continued)

- (a) Cost of providing services of HK\$12,534 million (30 June 2021: HK\$13,391 million) includes telecommunication network related costs of HK\$6,168 million (30 June 2021: HK\$7,493 million), repair and maintenance of HK\$3,015 million (30 June 2021: HK\$2,978 million) and others of HK\$3,351 million (30 June 2021: HK\$2,920 million).
- (b) For the current period, the impairment charge of HK\$1,000 million arose in the telecommunications business in Sri Lanka, which is included as part of the Telecommunications segment under Hutchison Asia Telecommunications. Sri Lanka is in the midst of a deep and unprecedented economic crisis. It is facing rampant fuel and food shortages. In May this year, Sri Lanka defaulted on international loans for the first time in its history. In July, the country has entered into the state of bankruptcy and the government has imposed a state of emergency. These external events led the Group to carry out an impairment test on this business at 30 June 2022, by comparing the carrying amount of this business, including the goodwill, with its recoverable amount. As a result, the projected cash flows were updated to reflect management's latest view on the business plan and the Group recognised an impairment charge of HK\$1,000 million, of which HK\$174 million against goodwill and HK\$826 million against telecommunications licences, tangible and other assets, primarily resulted from the lowered expectation on growth and reported service revenues, and higher cost base attributable to the upward inflation expectation in the Sri Lanka market. The recoverable amount of this business was determined based on value-in-use calculations, as it was not practical to arrive at a fair value less costs of disposal calculations under the current circumstances. The value-in-use calculations used cash flow projections based on the latest financial budget covering a five-year period and business plan approved by management which had been updated to reflect the aforesaid changes in market conditions during the period, and a pre-tax discount rate of 17.6% (31 December 2021: 8.3%) was applied. Cash flows beyond the five-year period had been extrapolated using a growth rate of 1% (31 December 2021: 3%) to estimate the terminal value at the end of the five-year period. All other assumptions remained consistent with those used in the 31 December 2021 annual impairment test on this business.
- (c) For the 2021 reporting period, the impairment charge of HK\$15,472 million arose in the telecommunications business in Italy, which was included as part of the Telecommunications segment under 3 Group Europe. The impairment charge was recorded within "Other expenses and losses" in the consolidated income statement. Following the completion of the disposal of telecommunications tower assets supporting the Group's mobile telecommunications businesses in Sweden and Italy in the first half of 2021, the Group reviewed whether there was any indication that its mobile telecommunications businesses may be impaired at 30 June 2021. With the exception of the mobile telecommunications business in Italy, the review had not identified any indication of possible impairment. Goodwill and intangible assets with indefinite useful life related to the mobile telecommunications business in Italy were tested for impairment at 30 June 2021, by comparing the carrying amount of this business, including the goodwill, with its recoverable amount. As a result, the Group recognised an impairment charge of HK\$15,472 million against goodwill in the first half of 2021, primarily resulted from the lowered expectation on 5G led growth and service revenues and heightened competition in the Italian market. No class of asset other than goodwill was impaired. The recoverable amount of this business was determined based on value-in-use calculations, as it was higher than fair value less costs of disposal calculations. The calculations used cash flow projections based on the latest financial budget covering a five-year period and business plan approved by management which had been updated to reflect the aforesaid changes in market conditions during the period, and a pre-tax discount rate of 7.7% (31 December 2020: 7.7%) was applied. Cash flows beyond the five-year period had been extrapolated using a growth rate of 1% (31 December 2020: 1%) to estimate the terminal value at the end of the five-year period. All other assumptions remained consistent with those used in the 31 December 2020 annual impairment test on this business.
- (d) The comparative amount represents reclassification adjustment of foreign exchange losses previously recognised in reserves upon completion of the merger of Husky and Cenovus Energy in the comparative period.
- (e) Benefits derived from changes in lease payments arising from COVID-19 related rent concessions.
- (f) Benefits received from governments and other authorities under COVID-19 related employment and other support schemes.
- (g) The merger between Ooredoo Group and the Group's respective telecommunications businesses in Indonesia, Indosat and H3I was completed in January 2022. The newly merged company carries business as IOH. This has been accounted for as a disposal of H3I and an acquisition of interests in IOH. As a result, the Group has recognised a disposal gain of HK\$7,245 million and an acquisition of an investment in a joint venture of HK\$14,234 million. The comparative amount of HK\$25,316 million represents gains arising from the disposal of the Group's interests in telecommunications tower assets supporting the Group's mobile telecommunications businesses in Sweden and Italy completed in the comparative period.

7 Interest expenses and other finance costs

	Six months ended 30 June	
	2022	2021
	HK\$ million	HK\$ million
Bank loans and overdrafts	599	609
Other loans	2	3
Notes and bonds	2,503	2,700
Interest bearing loans from non-controlling shareholders	10	6
Other finance costs	109	201
Amortisation of loan facilities fees and premiums or discounts relating to debts	127	167
Other non-cash interest adjustments ^(a)	(135)	(169)
	3,215	3,517
Less: interest capitalised	(6)	(14)
Interest on lease liabilities (see note 12(b))	1,184	1,879
	4,393	5,382

- (a) Other non-cash interest adjustments represent amortisation of acquisition-date fair value adjustments relating to debts of HK\$248 million (30 June 2021: HK\$359 million) net with accretion expense associated with an increase in the present value of certain obligations over time.

8 Tax

	Six months ended 30 June	
	2022	2021
	HK\$ million	HK\$ million
Current tax charge		
Hong Kong	49	49
Outside Hong Kong	1,705	1,789
	1,754	1,838
Deferred tax charge (credit)		
Hong Kong	52	66
Outside Hong Kong	400	(2,126)
	452	(2,060)
	2,206	(222)

Hong Kong profits tax has been provided for at the rate of 16.5% (30 June 2021: 16.5%) on the estimated assessable profits less estimated available tax losses. Tax outside Hong Kong has been provided for at the applicable rate on the estimated assessable profits less estimated available tax losses.

During the comparative six months ended 30 June 2021, the UK government announced that from 1 April 2023 the corporate tax rate would change from 19% to 25% which is substantively enacted for HKFRS purposes. Deferred tax credit outside Hong Kong recognised during the comparative period included the one-off impacts on re-measuring the deferred tax assets balances of subsidiary companies using this new enacted tax rate.

9 Earnings per share for profit attributable to ordinary shareholders

The calculation of earnings per share is based on profit attributable to ordinary shareholders of the Company of HK\$19,088 million (30 June 2021: HK\$18,300 million) and on weighted average number of 3,834,506,599 shares outstanding during the six months ended 30 June 2022 (30 June 2021: weighted average number of 3,855,552,464 shares outstanding during the six months ended 30 June 2021).

The Company does not have a share option scheme. Certain of the Company's associated companies have employee share options outstanding as at 30 June 2022 and 30 June 2021. The employee share options of these associated companies outstanding as at 30 June 2022 and 30 June 2021 did not have a dilutive effect on earnings per share.

10 Distributions and dividends

(a) Distribution paid on perpetual capital securities

	Six months ended 30 June	
	2022	2021
	HK\$ million	HK\$ million
Distribution paid on perpetual capital securities	316	335

(b) Dividends

	Six months ended 30 June	
	2022	2021
	HK\$ million	HK\$ million
Interim dividend, declared of HK\$0.84 per share (30 June 2021: HK\$0.80 per share)	3,221	3,072

In addition, final dividend in respect of the year 2021 of HK\$1.86 per share totalling HK\$7,132 million (2020: HK\$1.70 per share totalling HK\$6,555 million) was approved and paid during the current period.

11 Fixed assets

	Land and buildings HK\$ million	Telecom- munications network assets HK\$ million	Other assets HK\$ million	Total HK\$ million
At 31 December 2021				
Cost	29,665	82,425	90,022	202,112
Accumulated depreciation and impairment	(6,343)	(29,700)	(34,970)	(71,013)
	23,322	52,725	55,052	131,099
Six months ended 30 June 2022				
Opening net book value	23,322	52,725	55,052	131,099
Additions	114	728	9,169	10,011
Disposals	(2)	(15)	(249)	(266)
Relating to subsidiaries disposed (see note 31(d))	–	(6,820)	(362)	(7,182)
Impairment charge for the period (see note 6(b))	(1)	(318)	(71)	(390)
Depreciation charge for the period	(557)	(4,581)	(3,871)	(9,009)
Transfer between categories	37	6,327	(6,364)	–
Exchange translation differences	(979)	(2,873)	(3,583)	(7,435)
Closing net book value	21,934	45,173	49,721	116,828
At 30 June 2022				
Cost	28,452	75,345	85,937	189,734
Accumulated depreciation and impairment	(6,518)	(30,172)	(36,216)	(72,906)
	21,934	45,173	49,721	116,828

12 Leases

(a) Group as a lessee – amounts recognised in the consolidated statement of financial position

	30 June 2022 HK\$ million	31 December 2021 HK\$ million
Right-of-use assets		
Container terminals	15,603	17,020
Retail stores	21,424	23,399
Telecommunications network infrastructure sites	16,598	25,275
Leasehold land	6,321	6,717
Other assets	4,308	4,441
	64,254	76,852
Lease liabilities		
Current	13,689	16,085
Non-current	57,707	68,994
	71,396	85,079

During the six months ended 30 June 2022, the Group entered into new lease agreements. For these new leases, the Group is required to make fixed monthly payments and, in respect of certain of these new leases, additional variable payments depending on the turnover. On leases that commenced during the six months ended 30 June 2022, the Group has recognised HK\$5,047 million (30 June 2021: HK\$9,996 million) of right-of-use assets, and HK\$5,047 million of lease liabilities (30 June 2021: HK\$9,995 million).

(b) Group as a lessee – amounts recognised in the consolidated income statement

	Six months ended 30 June 2022 HK\$ million	2021 HK\$ million
Expenses relating to short-term leases (included in "Other expenses and losses")	364	402
Expenses relating to leases of low-value assets that are not short term leases (included in "Other expenses and losses")	321	535
Expenses relating to variable lease payments not included in lease liabilities (included in "Other expenses and losses")	1,306	1,210
	1,991	2,147
Depreciation charge of right-of-use assets (included in "Depreciation and amortisation")	7,615	9,430
Interest on lease liabilities (included in "Interest expenses and other finance costs")	1,184	1,879
Total charges recognised in profit or loss for leases	10,790	13,456

In addition, the Group has recognised an impairment charge of HK\$101 million against the right-of-use assets. See note 6(b).

13 Telecommunications licences

	HK\$ million
At 31 December 2021	
Cost	77,304
Accumulated amortisation and impairment	(7,319)
	69,985
Six months ended 30 June 2022	
Opening net book value	69,985
Additions	138
Amortisation for the period	(483)
Impairment charge for the period (see note 6(b))	(152)
Relating to subsidiaries disposed (see note 31(d))	(3,836)
Exchange translation differences	(4,185)
	61,467
Closing net book value	61,467
At 30 June 2022	
Cost	67,376
Accumulated amortisation and impairment	(5,909)
	61,467

The Group's telecommunications licences in the UK and Italy with a carrying value of HK\$19,304 million and HK\$32,488 million respectively (31 December 2021: HK\$20,781 million and HK\$34,643 million respectively) are considered to have an indefinite useful life. As at 30 June 2022, these telecommunications licences have been allocated to the Telecommunications segment.

14 Brand names and other rights

	Brand names HK\$ million	Other rights HK\$ million	Total HK\$ million
At 31 December 2021			
Cost	69,161	32,531	101,692
Accumulated amortisation and impairment	(81)	(12,592)	(12,673)
	69,080	19,939	89,019
Six months ended 30 June 2022			
Opening net book value	69,080	19,939	89,019
Additions	–	634	634
Amortisation for the period	(6)	(1,735)	(1,741)
Impairment charge for the period (see note 6(b))	–	(11)	(11)
Exchange translation differences	(2,003)	(1,221)	(3,224)
Closing net book value	67,071	17,606	84,677
At 30 June 2022			
Cost	67,155	31,141	98,296
Accumulated amortisation and impairment	(84)	(13,535)	(13,619)
	67,071	17,606	84,677

Brand names considered to have an indefinite useful life are not subject to amortisation. The carrying value of brand names with indefinite useful life at 30 June 2022 of HK\$49,331 million (31 December 2021: HK\$50,060 million) and HK\$17,548 million (31 December 2021: HK\$18,812 million) has been allocated to Retail segment and the Telecommunications segment respectively.

Other rights, primarily include operating and service content rights, and resource consents and customer lists. These rights are amortised over their finite useful lives. At 30 June 2022, the carrying value of these rights amounted to HK\$10,724 million (31 December 2021: HK\$12,017 million) and HK\$6,882 million (31 December 2021: HK\$7,922 million) respectively.

15 Goodwill

	HK\$ million
At 31 December 2021	
Cost	304,094
Accumulated impairment	(14,754)
	289,340
Six months ended 30 June 2022	
Opening net book value	289,340
Impairment charge for the period (see note 6(b))	(174)
Exchange translation differences	(6,623)
	282,543
At 30 June 2022	
Cost	296,553
Accumulated impairment	(14,010)
	282,543

As at 30 June 2022, the carrying amount of goodwill has been mainly allocated to Telecommunications segment of HK\$96,302 million (31 December 2021: HK\$103,097 million), Retail segment of HK\$114,102 million (31 December 2021: HK\$114,104 million), and Infrastructure segment of HK\$39,123 million (31 December 2021: HK\$39,123 million).

See note 6(b) and 6(c) for impairment charge against goodwill recognised for the current and comparative period.

16 Associated companies

	30 June 2022 HK\$ million	31 December 2021 HK\$ million
Unlisted shares	9,027	9,059
Listed shares, Hong Kong	62,919	62,919
Listed shares, outside Hong Kong	81,012	81,012
Share of undistributed post acquisition reserves	(14,703)	(18,376)
	138,255	134,614
Amounts due from (net with amounts due to) associated companies	3,082	3,167
	141,337	137,781

17 Interests in joint ventures

	30 June 2022 HK\$ million	31 December 2021 HK\$ million
Unlisted shares	100,371	100,030
Listed shares, outside Hong Kong (see note 6(g))	14,234	–
Share of undistributed post acquisition reserves	2,396	4,079
	117,001	104,109
Amounts due from (net with amounts due to) joint ventures	37,388	37,235
	154,389	141,344

18 Deferred tax

	30 June 2022 HK\$ million	31 December 2021 HK\$ million
Deferred tax assets	19,467	21,188
Deferred tax liabilities	17,203	17,383
Net deferred tax assets	2,264	3,805

Analysis of net deferred tax assets (liabilities):

	30 June 2022 HK\$ million	31 December 2021 HK\$ million
Tax losses	14,907	15,695
Accelerated depreciation allowances	(2,286)	(2,423)
Fair value adjustments arising from acquisitions	(11,319)	(11,536)
Revaluation of investment properties and other investments	24	29
Withholding tax on undistributed profits	(408)	(371)
Other temporary differences	1,346	2,411
	2,264	3,805

The deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred income taxes relate to the same fiscal authority. The amounts shown in the consolidated statement of financial position are determined after appropriate offset.

At 30 June 2022, the Group has recognised accumulated deferred tax assets amounting to HK\$19,467 million (31 December 2021: HK\$21,188 million) of which HK\$16,240 million (31 December 2021: HK\$18,073 million) relates to 3 Group Europe.

Unutilised tax losses, tax credits and other deductible temporary differences for which the Group has not recognised deferred tax assets totalling HK\$151,910 million (31 December 2021: HK\$176,604 million). Their potential tax effect amounted to HK\$32,998 million at 30 June 2022 (31 December 2021: HK\$39,282 million).

19 Liquid funds and other listed investments

	30 June 2022 HK\$ million	31 December 2021 HK\$ million
Financial assets at amortised cost		
Managed funds – cash and cash equivalents, outside Hong Kong	46	41
Financial assets at FVOCI ^(a)		
Listed equity securities, Hong Kong ^(b)	627	701
Listed equity securities, outside Hong Kong ^(b)	465	557
Managed funds – listed equity securities, outside Hong Kong ^(b)	34	260
Managed funds – listed debt securities, outside Hong Kong ^(c)	6,431	6,668
	7,557	8,186
	7,603	8,227

(a) The fair values are based on quoted market prices.

(b) These equity securities are not investments held for trading purpose. The Group made an election to recognise and measure these investments at fair value through other comprehensive income as the Group considered this FVOCI category to be the appropriate classification.

(c) Managed funds – listed debt securities comprised predominately US Treasury notes and government and government guaranteed notes.

20 Other non-current assets

	30 June 2022 HK\$ million	31 December 2021 HK\$ million
Investment properties	408	408
Customer acquisition and retention costs ^(a)	3,436	3,775
Contract assets	2,250	2,746
Unlisted investments		
Financial assets at FVOCI – equity securities ^(b)	2,621	2,506
Financial assets at FVPL – equity securities	2,405	2,648
Financial assets at FVPL – debt securities	406	165
Pension assets (see note 27)	949	1,032
Derivative financial instruments		
Cash flow hedges		
Interest rate swaps	47	42
Cross currency interest rate swaps	–	118
Other contracts	290	52
Net investment hedges – Cross currency swaps	1,281	441
Other derivative financial instruments	249	37
Lease receivables	208	232
	14,550	14,202
	14,550	14,202

20 Other non-current assets (continued)

- (a) Customer acquisition and retention costs primarily relate to incremental commission costs incurred to obtain telecommunications contracts with customers. The amount of customer acquisition and retention costs shown above is after deducting the amortisation charged to the current period's income statement of HK\$1,825 million (30 June 2021: HK\$1,894 million). Further, there was no impairment loss in relation to the cost capitalised. The Group applies the practical expedient in paragraph 94 of HKFRS 15, and recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the costs that the Group otherwise would have recognised is one year or less.
- (b) These equity securities are not investments held for trading purpose. The Group made an election to recognise and measure these investments at fair value through other comprehensive income as the Group considered this FVOCI category to be the appropriate classification. Fair value for these investments are determined by using valuation techniques, including discounted cashflow analysis.

21 Cash and cash equivalents

	30 June 2022 HK\$ million	31 December 2021 HK\$ million
Cash at bank and in hand	31,194	35,004
Short term bank deposits	81,121	118,129
	112,315	153,133

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

22 Trade receivables and other current assets

	30 June 2022 HK\$ million	31 December 2021 HK\$ million
Trade receivables ^(a)	18,247	20,494
Less: loss allowance provision	(3,527)	(3,797)
	14,720	16,697
Other current assets		
Derivative financial instruments		
Fair value hedges – Interest rate swaps	–	4
Cash flow hedges		
Interest rate swaps	209	–
Cross currency interest rate swaps	729	57
Forward foreign exchange contracts	3	2
Other contracts	874	719
Net investment hedges		
Forward foreign exchange contracts	1,704	555
Cross currency swaps	501	213
Contract assets	3,776	4,853
Prepayments	16,693	19,415
Other receivables	15,574	15,123
Current tax receivables	96	93
	54,879	57,731

22 Trade receivables and other current assets (continued)

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

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

	30 June 2022 HK\$ million	31 December 2021 HK\$ million
Less than 31 days	10,727	12,927
Within 31 to 60 days	1,848	1,931
Within 61 to 180 days	1,591	1,559
Over 180 days	4,081	4,077
	18,247	20,494

23 Bank and other debts

	30 June 2022			31 December 2021		
	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million
Principal amounts						
Bank loans	26,239	65,091	91,330	36,309	63,006	99,315
Other loans	4	227	231	4	247	251
Notes and bonds	20,941	171,926	192,867	30,030	195,485	225,515
	47,184	237,244	284,428	66,343	258,738	325,081
Unamortised fair value adjustments arising from acquisitions	4	2,798	2,802	180	2,992	3,172
Subtotal before the following items	47,188	240,042	287,230	66,523	261,730	328,253
Unamortised loan facilities fees and premiums or discounts related to debts	(50)	(2,071)	(2,121)	(66)	(2,292)	(2,358)
Adjustments to carrying amounts pursuant to unrealised losses on interest rate swap contracts	-	-	-	(96)	-	(96)
	47,138	237,971	285,109	66,361	259,438	325,799

23 Bank and other debts (continued)

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

	30 June 2022			
	Bank loans HK\$ million	Other loans HK\$ million	Notes and bonds HK\$ million	Total HK\$ million
2022, remainder of year	700	2	3,900	4,602
2023	40,757	4	29,476	70,237
2024	13,267	156	33,227	46,650
2025	25,096	4	6,218	31,318
2026	5,070	4	19,013	24,087
2027 to 2031	6,440	18	68,920	75,378
2032 to 2041	–	43	20,413	20,456
2042 and thereafter	–	–	11,700	11,700
	91,330	231	192,867	284,428
Less: current portion	(26,239)	(4)	(20,941)	(47,184)
	65,091	227	171,926	237,244
	31 December 2021			
	Bank loans HK\$ million	Other loans HK\$ million	Notes and bonds HK\$ million	Total HK\$ million
2022	36,309	4	30,030	66,343
2023	41,824	4	31,044	72,872
2024	13,883	169	34,107	48,159
2025	2,040	5	6,630	8,675
2026	5,259	4	19,787	25,050
2027 to 2031	–	19	71,307	71,326
2032 to 2041	–	46	20,910	20,956
2042 and thereafter	–	–	11,700	11,700
	99,315	251	225,515	325,081
Less: current portion	(36,309)	(4)	(30,030)	(66,343)
	63,006	247	195,485	258,738

24 Trade payables and other current liabilities

	30 June 2022 HK\$ million	31 December 2021 HK\$ million
Trade payables ^(a)	23,495	23,382
Other current liabilities		
Derivative financial instruments		
Cash flow hedges – Interest rate swaps	59	77
Net investment hedges		
Forward foreign exchange contracts	–	68
Cross currency swaps	–	17
Other derivative financial instruments	14	14
Interest free loans from non-controlling shareholders	472	427
Contract liabilities	5,825	6,933
Obligations for telecommunications licences and other rights	3,476	4,526
Provisions (see note 25)	1,815	2,710
Expenses and other accruals	35,472	40,636
Other payables	17,913	17,775
	88,541	96,565

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

	30 June 2022 HK\$ million	31 December 2021 HK\$ million
Less than 31 days	14,877	14,172
Within 31 to 60 days	3,110	2,956
Within 61 to 90 days	1,285	1,605
Over 90 days	4,223	4,649
	23,495	23,382

25 Provisions

	30 June 2022 HK\$ million	31 December 2021 HK\$ million
Provision for commitments, onerous contracts and other guarantees	18,792	21,672
Closure obligation	82	110
Assets retirement obligation	1,551	1,725
Other provisions	1,300	1,282
	21,725	24,789
Provisions are analysed as:		
Current portion (see note 24)	1,815	2,710
Non-current portion (see note 28)	19,910	22,079
	21,725	24,789

The provision for commitments, onerous contracts and other guarantees represents the unavoidable costs of meeting these commitments and obligations after deducting the associated, expected future benefits and / or estimated recoverable value. Following the completion of the merger of H3I and Indosat in January 2022, HK\$2,176 million provision for commitments and guarantees made in prior year in relation to H3I's telecommunications operations has been released as it is no longer required for the Group to settle the related obligations. The credit is included in the calculation of the HK\$7,245 million disposal gain (see note 6(g)). The provision for closure obligations represents the estimated costs to execute integration plans and store closures. The provision for assets retirement obligations represents the present value of the estimated future costs of dismantling and removing fixed assets when they are no longer used and restoring the sites on which they are located.

26 Interest bearing loans from non-controlling shareholders

At 30 June 2022, these loans bear interest at rates at EURIBOR+2.0% and STIBOR+0.7% (31 December 2021: EURIBOR+2.0%) per annum. The carrying amounts of the borrowings approximate their fair values.

27 Pension obligations

The Group operates a number of defined benefit and defined contribution plans, the assets of which are held independently of the Group's assets in trustee administered funds. The Group's major defined benefit plans are in Hong Kong, the United Kingdom and the Netherlands.

Amounts recognised in the consolidated statement of financial position are as follows:

	30 June 2022 HK\$ million	31 December 2021 HK\$ million
Defined benefit assets (see note 20)	949	1,032
Defined benefit liabilities	2,109	3,466
Net defined benefit liabilities	1,160	2,434

The amounts recognised in the consolidated statement of financial position are determined as follows:

Present value of defined benefit obligations	19,569	23,686
Fair value of plan assets	18,507	21,255
	1,062	2,431
Restrictions on assets recognised	98	3
Net defined benefit liabilities	1,160	2,434

28 Other non-current liabilities

	30 June 2022 HK\$ million	31 December 2021 HK\$ million
Derivative financial instruments		
Cash flow hedges		
Interest rate swaps	1	133
Cross currency interest rate swaps	–	399
Net investment hedges – Cross currency swaps	23	31
Other derivative financial instruments	282	105
Obligations for telecommunications licences and other rights	3,416	7,032
Other non-current liabilities	5,743	5,873
Liabilities relating to the economic benefits agreements ^(a)	2,166	2,166
Provisions (see note 25)	19,910	22,079
	31,541	37,818

- (a) In October 2018, the Group completed the divesture of an aggregated 90% economic benefits in Australian Gas Networks. As part of the arrangement, upon the occurrence of certain events, the Group is required to return the consideration. The Group recognises liabilities measured by reference to the amount of consideration it received under this arrangement from entities outside the Group.

29 Share capital, share premium and perpetual capital securities

(a) Share capital and share premium

	Number of shares	Share capital HK\$ million	Share premium HK\$ million	Total HK\$ million
Authorised:				
Ordinary shares of HK\$1 each	8,000,000,000	8,000	–	8,000
Issued and fully paid:				
Ordinary shares				
At 1 January 2021	3,856,240,500	3,856	244,377	248,233
Cancellation of issued shares ⁽ⁱ⁾	(21,606,000)	(22)	(1,208)	(1,230)
At 31 December 2021 and 1 January 2022	3,834,634,500	3,834	243,169	247,003
Cancellation of issued shares ⁽ⁱⁱ⁾	(100,000)	–	(5)	(5)
Cancellation of issued shares ⁽ⁱⁱ⁾	(50,000)	–	(3)	(3)
At 30 June 2022	3,834,484,500	3,834	243,161	246,995

- (i) During the year ended 31 December 2021, the Company acquired a total of 21,706,000 of its own ordinary shares through purchases on the Stock Exchange. Of these 21,706,000 shares, 21,606,000 shares were cancelled before the reporting date of 31 December 2021 and 100,000 shares were cancelled on 18 January 2022.
- (ii) During the six months ended 30 June 2022, the Company acquired a total of 50,000 of its own ordinary shares through purchases on the Stock Exchange and all of these 50,000 shares were cancelled before the reporting date of 30 June 2022. The total amount paid to acquire these shares was approximately HK\$3 million.

(b) Perpetual capital securities

	30 June 2022 HK\$ million	31 December 2021 HK\$ million
US\$1,000 million issued in 2017	–	7,842
EUR500 million issued in 2018	4,483	4,572
	4,483	12,414

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

These securities are perpetual, subordinated and the payment of distributions is optional in nature. Therefore, perpetual capital securities are classified as equity instruments and recorded in equity in the consolidated statement of financial position.

During the six months ended 30 June 2022, the Group had redeemed US\$1,000 million (approximately HK\$7,800 million) nominal amount of the perpetual capital securities that were originally issued in May 2017 for US\$1,000 million (approximately HK\$7,800 million).

30 Reserves

	Six months ended 30 June 2022				
	Retained profit	Attributable to ordinary shareholders			Total
		Exchange reserve	Hedging reserve	Others ^(a)	
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
At 1 January 2022	631,181	(20,925)	(1,378)	(342,729)	266,149
Profit for the period	19,088	–	–	–	19,088
Other comprehensive income (losses)					
Equity securities at FVOCI					
Valuation losses recognised directly in reserves	–	–	–	(211)	(211)
Debt securities at FVOCI					
Valuation losses recognised directly in reserves	–	–	–	(239)	(239)
Valuation gains previously in reserves recognised in income statement	–	–	–	(1)	(1)
Remeasurement of defined benefit obligations recognised directly in reserves	758	–	–	–	758
Gains on cash flow hedges recognised directly in reserves	–	–	746	–	746
Gains on net investment hedges recognised directly in reserves	–	2,994	–	–	2,994
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	–	(13,354)	–	–	(13,354)
Losses previously in reserves related to subsidiaries and associated companies disposed during the period recognised in income statement	–	592	–	–	592
Share of other comprehensive income (losses) of associated companies	168	(1,326)	1,199	(131)	(90)
Share of other comprehensive income (losses) of joint ventures	213	(3,848)	1,881	(1)	(1,755)
Tax relating to components of other comprehensive income (losses)	(181)	–	(3)	–	(184)
Other comprehensive income (losses), net of tax	958	(14,942)	3,823	(583)	(10,744)
Impact of hyperinflation	(21)	–	–	–	(21)
Transfer of gain on disposal of equity securities at FVOCI to retained profit	64	–	–	(64)	–
Transactions with owners in their capacity as owners:					
Dividends paid relating to 2021	(7,132)	–	–	–	(7,132)
Buy-back and cancellation of issued shares	5	–	–	–	5
Relating to partial disposal of subsidiary companies	–	–	–	(9)	(9)
At 30 June 2022	644,143	(35,867)	2,445	(343,385)	267,336

30 Reserves (continued)

	Six months ended 30 June 2021				
	Retained profit	Attributable to ordinary shareholders			Total
		Exchange reserve	Hedging reserve	Others ^(a)	
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
At 1 January 2021	604,451	(12,162)	(3,321)	(342,905)	246,063
Profit for the period	18,300	–	–	–	18,300
Other comprehensive income (losses)					
Equity securities at FVOCI					
Valuation gains recognised directly in reserves	–	–	–	194	194
Debt securities at FVOCI					
Valuation losses recognised directly in reserves	–	–	–	(18)	(18)
Valuation gains previously in reserves recognised in income statement	–	–	–	(4)	(4)
Remeasurement of defined benefit obligations recognised directly in reserves	566	–	–	–	566
Gains on cash flow hedges recognised directly in reserves	–	–	276	–	276
Gains on net investment hedges recognised directly in reserves	–	73	–	–	73
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	–	(193)	–	–	(193)
Losses (gains) previously in reserves related to subsidiaries and associated companies disposed during the period recognised in income statement	–	2,946	(25)	–	2,921
Share of other comprehensive income (losses) of associated companies	387	1,770	432	(54)	2,535
Share of other comprehensive income of joint ventures	717	490	642	11	1,860
Tax relating to components of other comprehensive income (losses)	(68)	–	(3)	–	(71)
Other comprehensive income, net of tax	1,602	5,086	1,322	129	8,139
Transfer of gain on disposal of equity securities at FVOCI to retained profit	71	–	–	(71)	–
Transactions with owners in their capacity as owners:					
Dividends paid relating to 2020	(6,555)	–	–	–	(6,555)
Transaction costs in relation to equity contribution from non-controlling interests	(8)	–	–	–	(8)
Buy-back and cancellation of issued shares	(1)	–	–	–	(1)
Unclaimed dividends write back of a subsidiary	27	–	–	–	27
At 30 June 2021	617,887	(7,076)	(1,999)	(342,847)	265,965

- (a) Other reserves comprise revaluation reserve and other capital reserves. As at 30 June 2022, revaluation reserve deficit amounted to HK\$2,102 million (1 January 2022: HK\$1,574 million, 30 June 2021: HK\$1,621 million and 1 January 2021: HK\$1,712 million), and other capital reserves deficit amounted to HK\$341,283 million (1 January 2022: HK\$341,155 million, 30 June 2021: HK\$341,226 million and 1 January 2021: HK\$341,193 million). Included in the other capital reserves account is a deficit of HK\$341,336 million, relating to the fair value of shares of Cheung Kong (Holdings) Limited, the former holding company of the Group, cancelled as part of the reorganisation completed in 2015. Revaluation surplus (deficit) arising from revaluation to market value of listed debt securities and listed equity securities are included in the revaluation reserve.

31 Notes to condensed consolidated statement of cash flows

(a) Reconciliation of profit after tax to cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital

	Six months ended 30 June	
	2022 HK\$ million	2021 HK\$ million
Profit after tax	22,604	21,414
Less: share of profits less losses of		
Associated companies	(6,782)	(2,450)
Joint ventures	(4,001)	(1,972)
	11,821	16,992
Adjustments for:		
Current tax charge	1,754	1,838
Deferred tax charge (credit)	452	(2,060)
Interest expenses and other finance costs	4,393	5,382
Depreciation and amortisation	20,673	22,783
EBITDA of Company and subsidiaries⁽ⁱ⁾	39,093	44,935
Dividends received from associated companies and joint ventures	6,177	5,240
Impairment loss on telecommunications business in Sri Lanka (see note 6(b))	1,000	–
Impairment loss against goodwill on telecommunications business in Italy (see note 6(c))	–	15,472
Foreign exchange reclassification adjustment (see note 6(d))	–	3,514
Losses (gains) on disposal of fixed assets	40	(101)
Gains on disposals of interests in associated companies and joint ventures (see note 6)	(11)	(223)
Gains on disposal of subsidiaries (see note 6(g))		
European telecommunications tower assets	–	(25,316)
Indonesia telecommunications businesses	(7,245)	–
Customer acquisition and retention costs capitalised in the period	(1,727)	(1,789)
Other non-cash items	(545)	(1,235)
	36,782	40,497

	Six months ended 30 June	
	2022 HK\$ million	2021 HK\$ million
(i) Reconciliation of EBITDA:		
EBITDA of Company and subsidiaries	39,093	44,935
Share of EBITDA of associated companies and joint ventures		
Share of profits less losses of:		
Associated companies	6,782	2,450
Joint ventures	4,001	1,972
Adjustments for:		
Depreciation and amortisation	12,341	10,712
Interest expenses and other finance costs	5,291	4,008
Current tax charge	1,730	1,808
Deferred tax charge	1,446	2,500
Non-controlling interests	308	265
	31,899	23,715
EBITDA (see note 5(b)(ii))	70,992	68,650

31 Notes to condensed consolidated statement of cash flows (continued)

(b) Changes in working capital

	Six months ended 30 June	
	2022 HK\$ million	2021 HK\$ million
Decrease (increase) in inventories	(1,260)	101
Decrease (increase) in trade receivables and other current assets	3,075	(2,518)
Decrease in trade payables and other current liabilities	(3,192)	(2,783)
Other non-cash items	(1,196)	1,401
	(2,573)	(3,799)

(c) Purchase of subsidiary companies

The following table summarises the consideration paid and the amounts of the assets acquired and liabilities assumed recognised for acquisitions completed during the periods:

	Six months ended 30 June	
	2022 HK\$ million	2021 HK\$ million
Fair value		
Fixed assets	–	177
Right-of-use assets	–	442
Brand names and other rights	–	12
Deferred tax assets	–	19
Cash and cash equivalents	–	56
Trade receivables and other current assets	–	380
Inventories	–	14
Trade payables and other current liabilities and current tax liabilities	–	(645)
Leases liabilities	–	(442)
Pension obligations	–	(13)
Net identifiable assets acquired	–	–
Total consideration	–	–
Net cash inflow arising from acquisition:		
Cash and cash equivalents acquired	–	(56)
Total net cash inflow	–	(56)

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

For the six months ended 30 June 2021, the contribution to the Group's revenue and profit before tax from these subsidiaries acquired during the period since the respective date of acquisition was not material. The acquisition related costs were not material.

31 Notes to condensed consolidated statement of cash flows (continued)

(d) Disposal of subsidiary companies

	Six months ended 30 June	
	2022 HK\$ million	2021 HK\$ million
Equity securities received (see note 17)	14,234	–
Cash and cash equivalents received (paid) #	(3,019)	38,425
Carrying amount of net assets disposed as subsidiaries	(3,378)	(13,696)
Cumulative exchange gain (loss) in respect of the net assets of subsidiaries reclassified from equity to profit or loss on loss of control of subsidiaries	(592)	587
Gains on disposal	7,245	25,316
Analysis of assets and liabilities over which control was lost		
Fixed assets	7,182	4,832
Right-of-use assets	8,180	4,238
Telecommunications licences	3,836	–
Goodwill	–	7,681
Brand names and other rights	–	333
Deferred tax assets	–	58
Trade receivables and other current assets	1,143	238
Inventories	29	–
Assets classified as held for sale	–	1,241
Trade payables and other current liabilities and current tax liabilities	(3,207)	–
Bank and other debts	(356)	–
Leases liabilities	(8,824)	(4,389)
Deferred tax liabilities	(233)	–
Pension obligations	(116)	–
Other non-current liabilities	(4,939)	(252)
Liabilities directly associated with assets classified as held for sale	–	(284)
Net assets (excluding cash and cash equivalents) disposed	2,695	13,696
Cash and cash equivalents disposed	683	–
Net assets disposed	3,378	13,696

Disposal of subsidiary companies for the current period mainly related to the disposal of the Group's former subsidiary H3I and the disposal of subsidiary companies for comparative period mainly related to the disposal of interests in tower assets in Sweden and Italy. The gains on disposal were recognised in the consolidated income statement and were included in the line item titled "Other income and gains". See note 6(g).

Saved as disclosed for the effect arising from the gains on disposal, the effect on the Group's results from the subsidiaries disposed during the period are not material for the periods ended 30 June 2022 and 2021.

The current and comparative period amounts are included in "Purchase of and advances to associated companies and joint ventures" and "Proceeds from disposal of subsidiary companies, net of cash disposed" in the consolidated statement of cash flows, respectively.

31 Notes to condensed consolidated statement of cash flows (continued)

(e) Changes in liabilities arising from financing activities

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

	Bank and other debts	Lease liabilities	Interest bearing loans from non- controlling shareholders	Interest free loans from non- controlling shareholders	Liabilities relating to the economic benefits agreements	Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
At 1 January 2022	325,799	85,079	759	427	2,166	414,230
Financing cash flows						
New borrowings	29,981	–	–	–	–	29,981
Repayment of borrowings	(60,890)	–	–	–	–	(60,890)
Principal elements of lease payments	–	(7,417)	–	–	–	(7,417)
Net loans from non-controlling shareholders	–	–	2,057	45	–	2,102
Other changes						
Amortisation of loan facilities fees and premiums or discounts relating to debts (see note 7)	127	–	–	–	–	127
Gains arising on adjustment for hedged items in a designated fair value hedge	(3)	–	–	–	–	(3)
Amortisation of bank and other debts' fair value adjustments arising from acquisitions (see note 7(a))	(248)	–	–	–	–	(248)
Increase in lease liabilities from entering into new leases during the period (see note 12(a))	–	5,047	–	–	–	5,047
Interest on lease liabilities (see note 7)	–	1,184	–	–	–	1,184
Interest element of lease liabilities paid (included in "net cash from operating activities")	–	(1,094)	–	–	–	(1,094)
Remeasurement / write off of lease liabilities						
Rent concessions (see note 6(e))	–	(112)	–	–	–	(112)
Others	–	1,353	–	–	–	1,353
Relating to subsidiaries disposed (see note 31(d))	(356)	(8,824)	–	–	–	(9,180)
Exchange translation differences	(9,301)	(3,820)	(192)	–	–	(13,313)
At 30 June 2022	285,109	71,396	2,624	472	2,166	361,767

31 Notes to condensed consolidated statement of cash flows (continued)

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

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

	Bank and other debts HK\$ million	Lease liabilities HK\$ million	Interest bearing loans from non- controlling shareholders HK\$ million	Interest free loan from non- controlling shareholders HK\$ million	Liabilities relating to the economic benefits agreements HK\$ million	Total HK\$ million
At 1 January 2021	349,071	94,265	798	380	2,166	446,680
Financing cash flows						
New borrowings	43,215	–	–	–	–	43,215
Repayment of borrowings	(37,621)	–	–	–	–	(37,621)
Principal elements of lease payments	–	(9,351)	–	–	–	(9,351)
Other changes						
Amortisation of loan facilities fees and premiums or discounts relating to debts (see note 7)	167	–	–	–	–	167
Gains arising on adjustment for hedged items in a designated fair value hedge	(52)	–	–	–	–	(52)
Amortisation of bank and other debts' fair value adjustments arising from acquisitions (see note 7(a))	(359)	–	–	–	–	(359)
Increase in lease liabilities from entering into new leases during the period (see note 12(a))	–	9,995	–	–	–	9,995
Interest on lease liabilities (see note 7)	–	1,879	–	–	–	1,879
Interest element of lease liabilities paid (included in "net cash from operating activities")	–	(2,083)	–	–	–	(2,083)
Remeasurement / write off of lease liabilities						
Rent concessions (see note 6(e))	–	(260)	–	–	–	(260)
Others	–	(376)	–	–	–	(376)
Relating to subsidiaries acquired (see note 31(c))	–	442	–	–	–	442
Relating to subsidiaries disposed (see note 31(d))	–	(4,389)	–	–	–	(4,389)
Exchange translation differences	(3,095)	(1,448)	(19)	47	–	(4,515)
At 30 June 2021	351,326	88,674	779	427	2,166	443,372

32 Contingent liabilities and guarantees

At 30 June 2022, CK Hutchison Holdings Limited, and its subsidiaries provide guarantees in respect of bank and other borrowing facilities to its associated companies and joint ventures of HK\$4,920 million (31 December 2021: HK\$5,058 million).

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

	30 June 2022 HK\$ million	31 December 2021 HK\$ million
To associated companies	3,418	3,367
To joint ventures	1,161	1,235

At 30 June 2022, the Group had provided performance and other guarantees of HK\$8,102 million (31 December 2021: HK\$8,353 million).

33 Commitments

There have been no material changes in the total amount of capital commitments since 31 December 2021 except for the amounts taken up during the period in the normal course of business.

34 Related parties transactions

There have been no material changes in the total amount of outstanding balances with associated companies and joint ventures since 31 December 2021.

Transactions between the Company and its subsidiaries have been eliminated on consolidation. Saved as disclosed elsewhere in the Interim Financial Statements, transactions between the Group and other related parties during the period are not significant to the Group. No transactions have been entered with the directors of the Company (being the key management personnel) during the period other than the emoluments paid to them (being the key management personnel compensation).

35 Legal proceedings

At 30 June 2022 and 31 December 2021, the Group is not engaged in any material litigation or arbitration proceedings, and no material litigation or claim is known by the Group to be pending or threatened against it.

36 Fair value measurements

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

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

	Note	Classification under HKFRS 9	30 June 2022		31 December 2021	
			Carrying amounts HK\$ million	Fair values HK\$ million	Carrying amounts HK\$ million	Fair values HK\$ million
Financial assets						
Liquid funds and other listed investments						
Cash and cash equivalents (included in Managed funds)	19	Amortised cost	46	46	41	41
Listed equity securities, Hong Kong	19	FVOCI	627	627	701	701
Listed equity securities, outside Hong Kong	19	FVOCI	465	465	557	557
Listed equity securities (included in Managed funds)	19	FVOCI	34	34	260	260
Listed debt securities (included in Managed funds)	19	FVOCI	6,431	6,431	6,668	6,668
Unlisted investments						
Unlisted equity securities	20	FVOCI	2,621	2,621	2,506	2,506
Unlisted equity securities	20	FVPL	2,405	2,405	2,648	2,648
Unlisted debt securities	20	FVPL	406	406	165	165
Derivative financial instruments						
Fair value hedges – Interest rate swaps	22	Fair value – hedges	–	–	4	4
Cash flow hedges						
Interest rate swaps	20 & 22	Fair value – hedges	256	256	42	42
Cross currency interest rate swaps	20 & 22	Fair value – hedges	729	729	175	175
Forward foreign exchange contracts	22	Fair value – hedges	3	3	2	2
Other contracts	20 & 22	Fair value – hedges	1,164	1,164	771	771
Net investment hedges						
Forward foreign exchange contracts	22	Fair value – hedges	1,704	1,704	555	555
Cross currency swaps	20 & 22	Fair value – hedges	1,782	1,782	654	654
Other derivative financial instruments	20	FVPL	249	249	37	37
Lease receivables	20	Amortised cost	208	208	232	232
Cash and cash equivalents	21	Amortised cost	112,315	112,315	153,133	153,133
Trade receivables	22	Amortised cost	14,720	14,720	16,697	16,697
Other receivables	22	Amortised cost	15,574	15,574	15,123	15,123
Amount due from associated companies		Amortised cost	3,650	3,650	3,734	3,734
Amount due from joint ventures		Amortised cost	37,862	37,862	37,616	37,616
			203,251	203,251	242,321	242,321

36 Fair value measurements (continued)

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

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

	Note	Classification under HKFRS 9	30 June 2022		31 December 2021	
			Carrying amounts HK\$ million	Fair values HK\$ million	Carrying amounts HK\$ million	Fair values HK\$ million
Financial liabilities						
Bank and other debts ⁽ⁱ⁾	23	Amortised cost	285,109	272,948	325,799	336,283
Trade payables	24	Amortised cost	23,495	23,495	23,382	23,382
Derivative financial instruments						
Cash flow hedges						
Interest rate swaps	24 & 28	Fair value – hedges	60	60	210	210
Cross currency interest rate swaps	28	Fair value – hedges	–	–	399	399
Net investment hedges						
Forward foreign exchange contracts	24	Fair value – hedges	–	–	68	68
Cross currency swaps	24 & 28	Fair value – hedges	23	23	48	48
Other derivative financial instruments	24 & 28	FVPL	296	296	119	119
Interest free loans from non-controlling shareholders	24	Amortised cost	472	472	427	427
Expenses and other accruals	24	Amortised cost	35,472	35,472	40,636	40,636
Other payables	24	Amortised cost	17,913	17,913	17,775	17,775
Lease liabilities	12	Amortised cost	71,396	71,396	85,079	85,079
Interest bearing loans from non-controlling shareholders		Amortised cost	2,624	2,624	759	759
Obligations for telecommunications licences and other rights	24 & 28	Amortised cost	6,892	6,892	11,558	11,558
Liabilities relating to the economic benefits agreements	28	Amortised cost	2,166	2,166	2,166	2,166
Amount due to associated companies		Amortised cost	568	568	567	567
Amount due to joint ventures		Amortised cost	474	474	381	381
			446,960	434,799	509,373	519,857

- (i) The fair values of the bank and other debts are based on market quotes or estimated using discounted cash flow calculations based upon the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued.

	30 June 2022		31 December 2021	
	Carrying amounts HK\$ million	Fair values HK\$ million	Carrying amounts HK\$ million	Fair values HK\$ million
Representing:				
Financial assets measured at				
Amortised cost	184,375	184,375	226,576	226,576
FVOCI	10,178	10,178	10,692	10,692
FVPL	3,060	3,060	2,850	2,850
Fair value – hedges	5,638	5,638	2,203	2,203
	203,251	203,251	242,321	242,321
Financial liabilities measured at				
Amortised cost	446,581	434,420	508,529	519,013
FVPL	296	296	119	119
Fair value – hedges	83	83	725	725
	446,960	434,799	509,373	519,857

36 Fair value measurements (continued)

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

Fair value hierarchy

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

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

	Note	30 June 2022				31 December 2021			
		Level 1 HK\$ million	Level 2 HK\$ million	Level 3 HK\$ million	Total HK\$ million	Level 1 HK\$ million	Level 2 HK\$ million	Level 3 HK\$ million	Total HK\$ million
Financial assets									
Liquid funds and other listed investments									
Listed equity securities, Hong Kong	19	627	-	-	627	701	-	-	701
Listed equity securities, outside Hong Kong	19	465	-	-	465	557	-	-	557
Listed equity securities (included in Managed funds)	19	34	-	-	34	260	-	-	260
Listed debt securities (included in Managed funds)	19	6,431	-	-	6,431	6,668	-	-	6,668
Unlisted investments									
Unlisted equity securities – FVOCI	20	-	-	2,621	2,621	-	-	2,506	2,506
Unlisted equity securities – FVPL	20	-	2,032	373	2,405	-	2,262	386	2,648
Unlisted debt securities	20	-	-	406	406	-	-	165	165
Derivative financial instruments									
Fair value hedges – Interest rate swaps									
	22	-	-	-	-	-	4	-	4
Cash flow hedges									
Interest rate swaps	20 & 22	-	256	-	256	-	42	-	42
Cross currency interest rate swaps	20 & 22	-	729	-	729	-	175	-	175
Forward foreign exchange contracts	22	-	3	-	3	-	2	-	2
Other contracts	20 & 22	-	1,164	-	1,164	-	771	-	771
Net investment hedges									
Forward foreign exchange contracts	22	-	1,704	-	1,704	-	555	-	555
Cross currency swaps	20 & 22	-	1,782	-	1,782	-	654	-	654
Other derivative financial instruments	20	-	249	-	249	-	37	-	37
		7,557	7,919	3,400	18,876	8,186	4,502	3,057	15,745
Financial liabilities									
Derivative financial instruments									
Cash flow hedges									
Interest rate swaps	24 & 28	-	60	-	60	-	210	-	210
Cross currency interest rate swaps	28	-	-	-	-	-	399	-	399
Net investment hedges									
Forward foreign exchange contracts	24	-	-	-	-	-	68	-	68
Cross currency swaps	24 & 28	-	23	-	23	-	48	-	48
Other derivative financial instruments	24 & 28	-	296	-	296	-	119	-	119
		-	379	-	379	-	844	-	844

36 Fair value measurements (continued)

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

Fair value hierarchy (continued)

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

During the six months ended 30 June 2022 and 2021, there were no transfers between the Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 from or to Level 1 or Level 2 fair value measurements.

Level 3 fair values

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

	Six months ended 30 June	
	2022 HK\$ million	2021 HK\$ million
At 1 January	3,057	3,003
Total losses recognised in other comprehensive income	(5)	(10)
Additions	384	51
Exchange translation differences	(36)	8
At 30 June	3,400	3,052
Total gains recognised in income statement relating to those financial assets and financial liabilities held at the end of the reporting period	-	-

The fair value of financial assets and financial liabilities that are grouped under Level 3 is determined by using valuation techniques including discounted cash flow analysis. In determining fair value, specific valuation techniques are used with reference to inputs such as dividend stream and other specific input relevant to those particular financial assets and financial liabilities.

Changing unobservable inputs used in Level 3 valuation to reasonable alternative assumptions would not have significant impact on the Group's profit or loss.

37 US dollar equivalents

Amounts in these financial statements are stated in Hong Kong dollars (HK\$), the functional currency of the Company. The translation into US dollars (US\$) of these financial statements as of, and for the six months ended, 30 June 2022, is for convenience only and has been made at the rate of HK\$7.8 to US\$1. This translation should not be construed as a representation that the Hong Kong dollar amounts actually represented have been, or could be, converted into US dollars at this or any other rate.

38 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest million currency units unless otherwise stated.

39 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those adopted in the 2021 Annual Financial Statements, except for the adoption of the amended standards became effective as of 1 January 2022.

The following amended standards apply for the first time in 2022:

(a) Reference to the Conceptual Framework – Amendments to HKFRS 3 “Business Combinations”

The amendments replace a reference to a previous version of the Conceptual Framework for Financial Reporting with a reference to the current version issued in June 2018 without significantly changing its requirements. Minor amendments were made to HKFRS 3 to update the references to the Conceptual Framework and to add an exception for the recognition of liabilities and contingent liabilities within the scope of HKAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

(b) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to HKAS 16 “Property, Plant and Equipment”

The amendments to HKAS 16 prohibit entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

(c) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets”

The amendments to HKAS 37 clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

(d) Annual Improvements to HKFRS Standards 2018–2020

- (i) HKFRS 9 “Financial Instruments” – clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- (ii) HKFRS 16 “Leases” – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- (iii) HKFRS 1 “First-time Adoption of Hong Kong Financial Reporting Standards” – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent’s books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same HKFRS 1 exemption.
- (iv) HKAS 41 “Agriculture” – removes the requirement in paragraph 22 of HKAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of HKAS 41.

The adoption of these amended standards and improvements did not have an impact on the Interim Financial Statements. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Information for Shareholders

Listing	The Company's ordinary shares are listed on The Stock Exchange of Hong Kong Limited
Stock Codes	The Stock Exchange of Hong Kong Limited: 1 Bloomberg: 1 HK Reuters: 1.HK
Public Float Capitalisation	Approximately HK\$140,707 million (approximately 69% of the issued share capital of the Company) as at 30 June 2022
Financial Calendar	Record Date for 2022 Interim Dividend: 6 September 2022 Payment of 2022 Interim Dividend: 16 September 2022
Registered Office	PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands
Principal Place of Business	48th Floor, Cheung Kong Center 2 Queen's Road Central, Hong Kong Telephone: +852 2128 1188 Facsimile: +852 2128 1705
Principal Share Registrar and Transfer Office	Maples Fund Services (Cayman) Limited PO Box 1093, Boundary Hall Cricket Square Grand Cayman, KY1-1102, Cayman Islands
Hong Kong Share Registrar and Transfer Office	Computershare Hong Kong Investor Services Limited Rooms 1712-1716, 17th Floor Hopewell Centre, 183 Queen's Road East Wanchai, Hong Kong Telephone: +852 2862 8628 Facsimile: +852 2865 0990
Investor Information	Corporate press releases, financial reports and other investor information on the Group are available on the website of the Company
Investor Relations Contact	Please direct enquiries to: Group Investor Relations 47th Floor, Cheung Kong Center 2 Queen's Road Central, Hong Kong Telephone: +852 2128 1188 Facsimile: +852 2128 1705 Email: ir@ckh.com.hk
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