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CK Infrastructure Holdings Limited

長江基建集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1038)

INTERIM RESULTS FOR 2022

SOUND FUNDAMENTALS UNDERPIN GROWTH TRAJECTORY

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

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

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

DIVIDEND GROWTH

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

BUSINESS REVIEW

Power Assets

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

United Kingdom Infrastructure Portfolio

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

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

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

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

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

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

Australian Infrastructure Portfolio

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

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

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

Infrastructure Portfolio in Continental Europe

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

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

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

Canadian Infrastructure Portfolio

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

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

New Zealand Portfolio

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

Hong Kong and Mainland China Business

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

SOLID FINANCIAL FOUNDATION PLATFORM

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

Standard & Poor’s has reaffirmed the Group’s credit rating of “A/Stable”.

COMMITMENT TO ENVIRONMENTAL SUSTAINABILITY

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

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

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

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

SUBSEQUENT EVENT

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

OUTLOOK

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

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

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

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

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

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

VICTOR T K LI

Chairman

3rd August, 2022

FINANCIAL REVIEW

Financial Resources, Treasury Activities and Gearing Ratio

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

As at 30th June, 2022, cash and bank deposits on hand amounted to HK\$9,591 million and the total borrowings of the Group amounted to HK\$28,621 million, which included Hong Kong dollar borrowings of HK\$2,673 million and foreign currency borrowings of HK\$25,948 million. Of the total borrowings, 74 per cent were repayable between 2023 and 2026 and 26 per cent were repayable beyond 2026. The Group's financing activities continue to be well received and fully supported by its bankers.

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

As at 30th June, 2022, the Group maintained a net debt position with a net debt to net total capital ratio of 12.9 per cent. This was based on HK\$19,030 million of net debt and HK\$147,350 million of net total capital, which represents the total borrowings plus total equity net of cash and bank deposits. This ratio was lower than that of 14.7 per cent at the year end of 2021, mainly attributable to the cash inflows from the investment portfolios.

To minimise currency risk exposure in respect of its investments in other countries, the Group generally hedges those investments with (i) currency swaps and (ii) the appropriate level of borrowings denominated in the local currencies. The Group also entered into certain interest rate swaps to mitigate interest rate risks. As at 30th June, 2022, the notional amounts of these derivative instruments amounted to HK\$58,707 million.

Charge on Group Assets

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

Contingent Liabilities

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

HK\$ million

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

Employees

The Group, including its subsidiaries but excluding affiliated companies, employs a total of 2,352 employees. Employees' cost (excluding directors' emoluments) amounted to HK\$490 million. The Group ensures that the pay levels of its employees are competitive and that its employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system.

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

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30th June, 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Corporate Governance Code

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

The Company had applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the six months ended 30th June, 2022.

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

Audit Committee

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

The Group's interim results for the six months ended 30th June, 2022 have been reviewed by the Audit Committee.

Remuneration Committee

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

Nomination Committee

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

Sustainability Committee

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



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NOTICE OF PAYMENT OF INTERIM DIVIDEND, 2022

The Board of Directors of CK Infrastructure Holdings Limited announces that the Group's unaudited profit attributable to shareholders for the six months ended 30th June, 2022 amounted to HK\$4,409 million which represents earnings of HK\$1.75 per share. The Directors have resolved to pay an interim dividend for 2022 of HK\$0.70 per share to shareholders whose names appear on the Register of Members of the Company at the close of business on Monday, 5th September, 2022, being the record date for determination of entitlement to the interim dividend. In order to qualify for the interim dividend, all share certificates with completed transfer forms, either overleaf or separately, must be lodged with the Company's Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Monday, 5th September, 2022. The dividend will be paid on Thursday, 15th September, 2022.

By Order of the Board

CK INFRASTRUCTURE HOLDINGS LIMITED

Eirene Yeung

Company Secretary

3rd August, 2022

As at the date hereof, the Executive Directors of the Company are Mr. LI Tzar Kuoi, Victor (Chairman), Mr. KAM Hing Lam (Group Managing Director), Mr. IP Tak Chuen, Edmond (Deputy Chairman), Mr. FOK Kin Ning, Canning (Deputy Chairman), Mr. Frank John SIXT, Mr. Andrew John HUNTER (Deputy Managing Director), Mr. CHAN Loi Shun (Chief Financial Officer) and Ms. CHEN Tsien Hua; the Non-executive Directors are Mr. CHEONG Ying Chew, Henry (Independent Non-executive Director), Mrs. KWOK Eva Lee (Independent Non-executive Director), Mrs. SNG Sow-mei alias POON Sow Mei (Independent Non-executive Director), Mr. Colin Stevens RUSSEL (Independent Non-executive Director), Mr. LAN Hong Tsung, David (Independent Non-executive Director), Mr. Barrie COOK (Independent Non-executive Director), Mr. Paul Joseph TIGHE (Independent Non-executive Director), Mrs. LEE Pui Ling, Angelina and Mr. George Colin MAGNUS; and the Alternate Directors are Mrs. CHOW WOO Mo Fong, Susan (Alternate Director to Mr. FOK Kin Ning, Canning), Mr. MAN Ka Keung, Simon (Alternate Director to Mr. IP Tak Chuen, Edmond) and Ms. Eirene Yeung (Alternate Director to Mr. KAM Hing Lam).

CONSOLIDATED INCOME STATEMENT

for the six months ended 30th June

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The accounting policies adopted for the preparation of the consolidated interim financial statements are consistent with those set out in the Group's consolidated annual financial statements for the year ended 31st December, 2021, except for adoption of amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are effective to the Group for accounting periods beginning on or after 1st January, 2022. The adoption of those amendments to HKFRSs has no material impact on the Group's results and financial position for the current or prior periods and does not result in any significant change in accounting policies of the Group.

2. TURNOVER

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

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

HK\$ million	Six months ended 30th June	
	2022	2021
Sales of infrastructure materials	1,118	1,177
Interest income from loans granted to associates	149	158
Interest income from loans granted to joint ventures	1,177	1,371
Sales of waste management services	937	882
Sales and interest income from infrastructure investments	3,381	3,588
Share of turnover of joint ventures	16,698	16,678
Turnover	20,079	20,266

3. OTHER INCOME

Other income includes the following:

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

4. OPERATING COSTS

Operating costs include the following:

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

5. TAXATION

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

HK\$ million	Six months ended 30th June	
	2022	2021
Current taxation - Hong Kong	1	1
Current taxation - outside Hong Kong	22	68
Deferred taxation	30	13
Total	53	82

6. PROFIT FOR THE PERIOD AND SEGMENT INFORMATION

for the six months ended 30th June

HK\$ million	Infrastructure Investments																			
	Investment in Power Assets Holdings Limited		United Kingdom		Australia		Continental Europe		Hong Kong and Mainland China		Canada		New Zealand		Total before unallocated items		Unallocated items		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Turnover	-	-	9,835	10,308	3,258	3,194	2,565	2,599	1,779	1,779	1,423	1,230	1,219	1,156	20,079	20,266	-	-	20,079	20,266
Sales and interest income from infrastructure investments	-	-	604	777	299	303	296	322	1,118	1,177	127	127	937	882	3,381	3,588	-	-	3,381	3,588
Bank interest income	-	-	-	-	-	-	-	-	20	15	-	-	1	1	21	16	18	7	39	23
Other income	-	-	-	-	-	-	-	-	30	35	-	-	3	4	33	39	1	-	34	39
Depreciation and amortisation	-	-	-	-	-	-	-	-	(56)	(54)	-	-	(125)	(112)	(181)	(166)	-	-	(181)	(166)
Other operating expenses	-	-	-	-	-	-	-	-	(1,075)	(994)	-	-	(744)	(681)	(1,819)	(1,675)	(116)	(121)	(1,935)	(1,796)
Finance costs	-	-	-	-	-	-	-	-	-	-	-	-	(28)	(23)	(28)	(23)	(209)	(163)	(237)	(186)
Exchange (loss)/ gain	-	-	-	-	-	-	-	-	(10)	-	-	-	-	-	(10)	-	291	161	281	161
Share of results of associates and joint ventures	1,032	902	1,075	(251)	705	616	133	121	105	102	211	140	42	35	3,303	1,665	-	-	3,303	1,665
Profit / (Loss) before taxation	1,032	902	1,679	526	1,004	919	429	443	132	281	338	267	86	106	4,700	3,444	(15)	(116)	4,685	3,328
Taxation	-	-	-	-	-	-	-	-	(11)	(48)	(32)	(19)	(10)	(15)	(53)	(82)	-	-	(53)	(82)
Profit / (Loss) for the period	1,032	902	1,679	526	1,004	919	429	443	121	233	306	248	76	91	4,647	3,362	(15)	(116)	4,632	3,246
Attributable to:																				
Shareholders of the Company	1,032	902	1,679	526	1,004	919	429	443	117	221	306	248	76	91	4,643	3,350	(234)	(339)	4,409	3,011
Owners of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	219	223	219	223
Non-controlling interests	-	-	-	-	-	-	-	-	4	12	-	-	-	-	4	12	-	-	4	12
	1,032	902	1,679	526	1,004	919	429	443	121	233	306	248	76	91	4,647	3,362	(15)	(116)	4,632	3,246

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

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

7. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to shareholders of the Company of HK\$4,409 million (2021: HK\$3,011 million) and on 2,519,610,945 shares (2021: 2,519,610,945 shares) in issue during the interim period.

The 131,065,097 shares issued in connection with the issue of perpetual capital securities in March 2016, which were cancelled in December 2021, were excluded from the calculation of earnings per share for the six months ended 30th June, 2021 since these shares are disregarded for the purpose of determining the number of shares held by the public.

8. INTERIM DIVIDEND

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

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

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

9. DEBTORS AND PREPAYMENTS

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

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

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

10. CREDITORS, ACCRUALS AND OTHERS

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

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

11. EVENT AFTER THE REPORTING PERIOD

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

12. REVIEW OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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