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 2021

STRONG GROWTH OF FUNDS FROM OPERATIONS

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

For the six months ended 30th June, 2021, funds from operations of the Group were a record high[1] of HK$4,360 million, representing a 29% growth as compared to the corresponding period last year.

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

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

STABLE DIVIDEND GROWTH

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

BUSINESS REVIEW

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

Power Assets

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

United Kingdom Infrastructure Portfolio

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

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

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

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

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

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

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

Australian Infrastructure Portfolio

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

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

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

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

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

Infrastructure Portfolio in Continental Europe

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

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

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

Canadian Infrastructure Portfolio

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

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

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

New Zealand Portfolio

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

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

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

Hong Kong and Mainland China Business

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

FINANCIAL FOUNDATION REMAINS STRONG

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

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

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

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

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

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

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

OUTLOOK

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

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

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

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

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

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

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

VICTOR T K LI
Chairman

4th August, 2021

FINANCIAL REVIEW

Financial Resources, Treasury Activities and Gearing Ratio

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

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

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

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

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

Charge on Group Assets

As at 30th June, 2021:

- leased assets with carrying value of HK$4 million were pledged to secure certain lease liabilities; and

- certain assets were pledged to secure bank borrowings totalling HK$1,491 million granted to the Group.

Contingent Liabilities

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

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

Employees

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

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

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

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

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, 2021.

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

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, Mrs. Sng Sow-mei alias Poon Sow Mei (Chairperson of the Audit Committee), Mr. Cheong Ying Chew, Henry, Mr. Lan Hong Tsung, David and Mr. Paul Joseph Tighe. The principal duties of the Audit Committee include: the review and supervision of the Group's financial reporting system, risk management and internal control systems; review of the Group's financial information; review of the relationship with the external auditor of the Company; and performance of the corporate governance functions delegated by the Board.

The Group's interim results for the six months ended 30th June, 2021 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 which currently comprises a majority of Independent Non-executive Directors and is chaired by an Independent Non-executive Director. The Nomination Committee comprises an Independent Non-executive Director, Mrs. Kwok Eva Lee (Chairperson of the Nomination Committee), the Chairman of the Board, Mr. Victor T K Li, and an Independent Non-executive Director, Mr. Barrie Cook.

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, 2021

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, 2021 amounted to HK$3,011 million which represents earnings of HK$1.20 per share. The Directors have resolved to pay an interim dividend for 2021 of HK$0.69 per share to shareholders whose names appear on the Register of Members of the Company at the close of business on Monday, 6th September, 2021, 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, 6th September, 2021. The dividend will be paid on Wednesday, 15th September, 2021.

By Order of the Board
CK INFRASTRUCTURE HOLDINGS LIMITED
Eirene Yeung
Company Secretary

4th August, 2021

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

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, 2020, 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, 2021. Apart from the changes in accounting policies as set out in note 2 below, the adoption of those amendments to HKFRSs has no material impact on the Group's results and financial position for the current or prior periods and does not result in any significant change in accounting policies of the Group.

2. CHANGES IN ACCOUNTING POLICIES

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

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

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

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

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

3. TURNOVER

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

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

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

4. OTHER INCOME

Other income includes the following:

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

5. OPERATING COSTS

Operating costs include the following:

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

6. TAXATION

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

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

7. PROFIT FOR THE PERIOD AND SEGMENT INFORMATION

for the six months ended 30th June

	Investment in Power Assets Holdings Limited		Infrastructure Investments												Total before unallocated items		Unallocated items		Consolidated	
			United Kingdom		Australia		Continental Europe		Hong Kong and Mainland China		Canada		New Zealand							
HK$ million	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Turnover	**-**	-	**10,308**	9,268	**3,194**	2,968	**2,599**	2,658	**1,779**	1,499	**1,230**	980	**1,156**	868	**20,266**	18,241	**-**	-	**20,266**	18,241
Sales and interest income from infrastructure investments	**-**	-	**777**	743	**303**	284	**322**	337	**1,177**	1,055	**127**	114	**882**	625	**3,588**	3,158	**-**	-	**3,588**	3,158
Bank interest income	**-**	-	**-**	-	**-**	-	**-**	-	**15**	29	**-**	-	**1**	-	**16**	29	**7**	94	**23**	123
Other income	**-**	-	**-**	-	**-**	-	**-**	-	**35**	17	**-**	-	**4**	34	**39**	51	**-**	2	**39**	53
Depreciation and amortisation	**-**	-	**-**	-	**-**	-	**-**	-	**(54)**	(47)	**-**	-	**(112)**	(88)	**(166)**	(135)	**-**	-	**(166)**	(135)
Other operating expenses	**-**	-	**-**	-	**-**	-	**-**	-	**(994)**	(918)	**-**	-	**(681)**	(525)	**(1,675)**	(1,443)	**(121)**	(141)	**(1,796)**	(1,584)
Finance costs	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(23)**	(21)	**(23)**	(21)	**(163)**	(123)	**(186)**	(144)
Exchange gain/(loss)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**161**	(51)	**161**	(51)
Share of results of associates and joint ventures#	**902**	813	**(251)**	200	**616**	634	**121**	156	**102**	32	**140**	47	**35**	28	**1,665**	1,910	**-**	-	**1,665**	1,910
Profit / (Loss) before taxation	**902**	813	**526**	943	**919**	918	**443**	493	**281**	168	**267**	161	**106**	53	**3,444**	3,549	**(116)**	(219)	**3,328**	3,330
Taxation	**-**	-	**-**	-	**-**	-	**-**	-	**(48)**	(42)	**(19)**	(15)	**(15)**	-	**(82)**	(57)	**-**	-	**(82)**	(57)
Profit / (Loss) for the period	**902**	813	**526**	943	**919**	918	**443**	493	**233**	126	**248**	146	**91**	53	**3,362**	3,492	**(116)**	(219)	**3,246**	3,273
Attributable to:																				
Shareholders of the Company	**902**	813	**526**	943	**919**	918	**443**	493	**221**	111	**248**	146	**91**	53	**3,350**	3,477	**(339)**	(617)	**3,011**	2,860
Owners of perpetual capital securities	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**223**	398	**223**	398
Non-controlling interests	**-**	-	**-**	-	**-**	-	**-**	-	**12**	15	**-**	-	**-**	-	**12**	15	**-**	-	**12**	15
	902	813	**526**	943	**919**	918	**443**	493	**233**	126	**248**	146	**91**	53	**3,362**	3,492	**(116)**	(219)	**3,246**	3,273

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

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

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

8. EARNINGS PER SHARE

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

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

9. INTERIM DIVIDEND

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

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

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

10. DEBTORS AND PREPAYMENTS

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

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

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

11. CREDITORS, ACCRUALS AND OTHERS

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

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

12. REVIEW OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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