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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 2024

GROWTH MOMENTUM CONTINUES ON STRONG SOLID FOUNDATION

CK Infrastructure Holdings Limited (“CKI”, the “Company” or the “Group”) achieved a stable performance during the first half of 2024. While underlying uncertainties stemming from weak economies, high interest rates and ongoing geopolitical tensions remain in the global markets, CKI continues to provide steady operating results from a diverse portfolio of infrastructure businesses.

For the six months ended 30th June, 2024, the Group recorded profit attributable to shareholders of HK\$4,311 million, representing an increase of 2% as compared with the same period last year.

During the period under review, two acquisitions in the United Kingdom were made. These meaningful additions further strengthen the Group’s portfolio.

DIVIDEND GROWTH

The Board of Directors of CKI (the “Board”) has declared an interim dividend for 2024 of HK\$0.72 per share (2023: HK\$0.71 per share), representing 1.4% growth over the corresponding period last year. The interim dividend will be paid on Wednesday, 25th September, 2024, to shareholders whose names appear on the Register of Members of the Company at the close of business on Friday, 13th September, 2024. As at the date hereof, the Company does not hold any treasury shares (whether in the Central Clearing and Settlement System, or otherwise).

BUSINESS REVIEW

Power Assets

Profit contribution from Power Assets was HK\$1,082 million, an increase of 2% as compared to the same period last year. Operational performance of businesses in Power Assets's portfolio continued to be resilient. In April, HK Electric entered into a contract to construct a new gas-fired generation unit, another step in advancing towards the phasing out of coal-fired generation by 2035.

United Kingdom Infrastructure Portfolio

Profit contribution from the United Kingdom was HK\$1,865 million, an increase of 17% as compared with the same period last year. (In local currency, the result was an increase of 14%.) This positive growth can be mainly attributed to higher revenue, lower finance charges borne by the portfolio's businesses, and higher foreign currency exchange between the Pound Sterling and the Hong Kong Dollar.

UK Power Networks ("UKPN") performed strongly despite the fact that results were negatively impacted by the commencement of the new regulatory period in April last year. During the period under review, UK Power Networks Services, the non-regulated arm of UKPN, acquired a 69MW renewable energy portfolio, comprising mainly solar assets. With 90% of the revenue underpinned by long-term agreements and renewable subsidies from the United Kingdom government, this additional business is poised to generate recurrent and stable returns and cashflows. It also expands the Group's renewable energy capacity – a much in demand commodity – in the country.

Northern Gas Networks and Wales & West Gas Networks reported solid earnings, benefitting from good operating performances and lower finance costs. Both companies are actively working on hydrogen-related projects as they make further inroads into contributing towards the country's net zero target.

In July 2024, Northumbrian Water received the draft determination for the regulatory period from 2025-2030, potentially providing for higher allowed returns and higher total expenditure allowances. The final determination will be announced at the end of the year. Possible investments over the next five-year period of more than £4.5 billion have been proposed by Northumbrian Water for upgrading the network to improve water quality, enhancing environmental performance, upgrading water treatment and monitoring, as well as ensuring reliable and resilient water supply.

UK Rails achieved a satisfactory performance in the first half of 2024. Upgrade and modification projects for a number of fleets are progressing smoothly as planned.

At the end of April 2024, CKI, alongside strategic partners CK Asset and Power Assets, completed the acquisition of Phoenix Energy, the largest gas distribution network in Northern Ireland. The enterprise value of the entire transaction was approximately HK\$7.4 billion. CKI owns 40% of the shareholding of this company. Phoenix Energy covers 78% of gas connections in Northern Ireland and serves 48% of the population there. Operating under a regulatory framework, Phoenix Energy provides CKI with stable cashflows, immediate yield and recurring profits.

Australian Infrastructure Portfolio

Profit contribution from the portfolio of infrastructure investments in Australia increased 5% over the previous period to HK\$864 million. (In local currency, the result was an increase of 7%). The increase is mainly attributed to higher revenues generated from the various businesses.

SA Power Networks is currently working on its draft proposal for the upcoming regulatory reset for the period 2025-2030 and will submit its proposal in December. In May, SA Power Networks became the first Australian electricity distribution network to receive certification from the Climate Bond Initiative.

Victoria Power Networks and United Energy, the Group's electricity distribution networks in the state of Victoria, implemented prompt remedial works after severe storms hit the state in January and February. Beon, the unregulated businesses of Victoria Power Networks, has been awarded a number of solar and battery projects amidst the country's ramp up on renewable energy construction.

Australian Gas Infrastructure Group (AGIG), which consists of Australian Gas Networks, Multinet Gas Networks and the Dampier Bunbury Pipeline, recorded good operational performance. AGIG is a leader in Australia's renewable hydrogen industry. In South Australia, Hydrogen Park South Australia ("HyP SA") is the largest operational electrolyser in the country. It supplies about 3,700 customers in southern Adelaide with a blend of up to 10% renewable hydrogen in the gas network – a first in Australia. Other renewable hydrogen projects being developed by AGIG include Hydrogen Park Gladstone ("HyP Gladstone"), which will soon commence blending renewable hydrogen into the network, and Hydrogen Park Murray Valley ("HyP MV"), of which the electrolyser is under construction.

Performance from Energy Developments (“EDL”) was stable. Expansion of the Agnew power station in Western Australia was completed in April, with increased gas generation complementing the solar, wind and battery facilities for the gold mine, yielding additional revenue to EDL.

Infrastructure Portfolio in Continental Europe

In Continental Europe, profit contribution was HK\$419 million, a slight decrease of 1%. (In local currency, the result was the same as last year.) During the period under review, ista achieved a stable performance. The reconstruction of Dutch Enviro Energy’s waste-to-energy plant in Rozenburg subsequent to the fire incident last year has progressed well.

Canadian Infrastructure Portfolio

Profit contribution from Canada was HK\$301 million, a decrease of 25% from the corresponding period last year. (In local currency, the result was a decrease of 25%). The performance was mainly impacted by lower contribution from Canadian Power due to the absence of last year same period’s particularly high energy prices. Canadian Midstream Assets recorded a solid performance, Reliance Home Comfort satisfactory operations, while Park’N Fly saw strong demand in its key markets of Toronto and Montreal, boosting revenues.

New Zealand Portfolio

Net profit contribution from New Zealand increased 11% to HK\$80 million during the first half. (In local currency, the result was an increase of 13%.) A strong performance was realised from Enviro NZ, while the Draft Decision for the regulatory period commencing April 2025 for Wellington Electricity was released in May with the Final Decision due in November.

Hong Kong and Mainland China Business

In Hong Kong and Mainland China, CKI’s portfolio recorded profit contribution of HK\$96 million, a decrease of 6%. The toll road operations in Mainland China saw low traffic volume, while both pricing and sales volume were low for the infrastructure materials manufacturing business in Mainland China.

STRONG FINANCIAL PLATFORM

CKI's financial position continued to be strong and robust. Cash on hand was HK\$9.2 billion. The net debt to net total capital ratio was a healthy 9.8% as at 30th June, 2024, and an industry low of 47.8% when sharing of net debt in infrastructure investment portfolio on a look-through basis. This sound underlying foundation provides the Group with the financial flexibility to weather any market uncertainties and form a solid backing for new acquisition opportunities.

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

CONTINUED PROGRESS IN ENVIRONMENTAL SUSTAINABILITY

CKI continues to make encouraging progress and achievements in the areas of sustainability and decarbonisation. The electricity distribution networks are making investments in systems to support their local communities towards achieving net zero with initiatives such as smart grid, EV charging facilities and integration systems with solar, wind and battery. The gas distribution networks in the United Kingdom and Australia continue to work on clean hydrogen and biomethane projects, while EDL's sustainable energy production from landfill gas is making good headway. Other notable initiatives include UK Rails's battery trains, Dutch Enviro Energy's carbon capture project, Canadian Power's Okanagan wind farms, HK Electric's gas-fired generation unit, and UK Power Networks Services's newly added renewables portfolio, which consists of 70 renewable generation assets including 65 solar photovoltaic, four onshore wind and one hydro generation assets.

CKI will also continue to study new investment opportunities that arise from this global decarbonisation journey as part of the overall business development strategy.

SUBSEQUENT EVENT

On 14th August, 2024, it was announced that a consortium comprising CKI, CK Asset and Power Assets, which will own 40%, 40% and 20% interests in the portfolio, respectively, had entered into an agreement to acquire a portfolio of operating onshore wind farms in the United Kingdom for a purchase price of approximately £350 million (approximately HK\$3.5 billion). This marks CKI's third acquisition in 2024. The transaction is expected to be completed in September. The portfolio comprises of 32 wind farms located in England, Scotland and Wales, totalling 175 MW in installed capacity and 137 MW in net attributable capacity. The portfolio will provide immediate returns, stable cashflows and recurring profit contributions. Revenues are generated from (i) government subsidies, which are inflation-linked; and (ii) power revenue, including from power purchase agreements as well as from selling power to the market.

OUTLOOK

Market uncertainties persist around the world as interest rates remain high and geopolitical tensions pervade headlines. With strong recurring income and predictable cashflow, CKI has shown its resilience during difficult financial times.

Despite the challenging backdrop, CKI is in an advantageous position to explore new acquisitions with its strategic partners within the CK Group, including CK Asset and Power Assets, who also have very solid financials. Given the higher interest rate environment and tightened liquidity, the barriers to entry in the infrastructure sector are expected to be heightening, benefitting existing players with operational experience and financial strength like ourselves.

As we broaden the diversity of our infrastructure portfolio in terms of industry sector and geographic location, the Group is also focused on driving organic growth, nurturing more synergies within our business units, and pursuing other meaningful growth opportunities that arise from the ever-changing environment.

As always, we can never overstate our emphasis on fiscal responsibility. By carefully offsetting continued earnings growth with a comfortable gearing position, we strive to capture the optimum balance between stability and growth. In addition, there is no “must win” mantra when it comes to our acquisition bids.

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

VICTOR T K LI

Chairman

14th August, 2024

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, 2024, cash and bank deposits on hand amounted to HK\$9,180 million and the total borrowings of the Group amounted to HK\$23,400 million, which included Hong Kong dollar borrowings of HK\$2,673 million and foreign currency borrowings of HK\$20,727 million. Of the total borrowings, 35 per cent were repayable in 2024, 65 per cent were repayable between 2025 and 2028. The Group has secured loan facilities with certain banks for borrowings to be refinanced in 2024. 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 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, 2024, the Group maintained a net debt position with a net debt to net total capital ratio of 9.8 per cent. This was based on HK\$14,220 million of net debt and HK\$145,574 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 7.7 per cent at the year end of 2023. This change was mainly due to the fund utilised for the investment in a gas distribution network operator in Northern Ireland during the period.

The net debt to net total capital ratio would be 47.8 per cent by sharing of net debt in infrastructure investment portfolio on a look-through basis, which was based on HK\$120,115 million of net debt and HK\$251,469 million of net total capital. This ratio was slightly higher than that of 46.4 per cent at the year end of 2023.

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, 2024, the notional amounts of these derivative instruments amounted to HK\$52,690 million.

Charge on Group Assets

As at 30th June, 2024, certain assets were pledged to secure bank borrowings totalling HK\$1,580 million granted to the Group.

Contingent Liabilities

As at 30th June, 2024, the Group was subject to the following contingent liabilities:

HK\$ million

Other guarantees given in respect of an affiliated company	68
Performance bond indemnities	168
Sub-contractor warranties	24
Total	260

Employees

The Group, including its subsidiaries but excluding affiliated companies, employs a total of 2,408 employees. Employees' cost (excluding directors' emoluments) amounted to HK\$521 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, 2024, 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 at the Company and its subsidiaries. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholder value. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders.

The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Corporate Governance Code (“CG Code”) as set out in Appendix C1 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, 2024.

The Group adheres to high corporate governance standards and conducts its businesses with ethics and integrity. The Group’s vision, values and strategy are inextricably linked to its purpose and business operations. In compliance with the CG Code, the Company has adopted, and regularly reviews its comprehensive set of corporate governance policies such as Anti-Fraud and Anti-Bribery Policy, Anti-Money Laundering Policy, Employee Code of Conduct, Policy on Handling of Confidential Information, Information Disclosure, and Securities Dealing, and Whistleblowing Policy - Procedures for Reporting Possible Improprieties. The Group maintains a robust corporate governance framework and internal control systems to uphold its accountability with support from internal and external auditors and other professional advisors.

Audit Committee

The Audit Committee comprises four members, all of whom are Independent Non-executive Director. The Audit Committee is chaired by Mr. Paul Joseph Tighe with Mr. Cheong Ying Chew, Henry, Mrs. Sng Sow-mei alias Poon Sow Mei and Mr. Lan Hong Tsung, David as members.

The Group's interim results for the six months ended 30th June, 2024 have been reviewed by the Audit Committee.

Remuneration Committee

A majority of the members of the Company's Remuneration Committee are Independent Non-executive Directors. The Remuneration Committee is chaired by Mr. Cheong Ying Chew, Henry, an Independent Non-executive Director, with another Independent Non-executive Director, Mrs. Sng Sow-mei alias Poon Sow Mei and the Chairman of the Board, Mr. Victor T K Li as members.

Nomination Committee

A majority of the members of the Company's Nomination Committee are Independent Non-executive Directors. The Nomination Committee is chaired by Mrs. Kwok Eva Lee, an Independent Non-executive Director, with another Independent Non-executive Director, Mr. Cheong Ying Chew, Henry and the Chairman of the Board, Mr. Victor T K Li as members.

Sustainability Committee

The Sustainability Committee comprises three Directors, a majority of whom are Independent Non-executive Directors, and the Company Secretary. The Sustainability Committee is chaired by Mr. Ip Tak Chuen, Edmond, Deputy Chairman. Other members include two Independent Non-executive Directors, Mr. Lan Hong Tsung, David and Mr. Paul Joseph Tighe, and the Company Secretary, Ms. Eirene Yeung.



CK Infrastructure Holdings Limited

長江基建集團有限公司

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NOTICE OF PAYMENT OF INTERIM DIVIDEND, 2024

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, 2024 amounted to HK\$4,311 million which represents earnings of HK\$1.71 per share. The Directors have resolved to pay an interim dividend for 2024 of HK\$0.72 per share to shareholders whose names appear on the Register of Members of the Company at the close of business on Friday, 13th September, 2024, 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 Friday, 13th September, 2024. The dividend will be paid on Wednesday, 25th September, 2024.

By Order of the Board

CK INFRASTRUCTURE HOLDINGS LIMITED

Eirene Yeung

Company Secretary

14th August, 2024

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. LAN Hong Tsung, David (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 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	2024	Unaudited 2023
Turnover	2	19,090	19,534
Sales and interest income			
from infrastructure investments	2	2,478	3,180
Other income	3	347	387
Operating costs	4	(1,918)	(2,107)
Finance costs		(415)	(370)
Exchange gain		108	133
Share of results of associates		1,351	1,239
Share of results of joint ventures		2,626	2,047
Profit before taxation		4,577	4,509
Taxation	5	(53)	(50)
Profit for the period	6	4,524	4,459
Attributable to:			
Shareholders of the Company		4,311	4,239
Owners of perpetual capital securities		219	219
Non-controlling interests		(6)	1
		4,524	4,459
Earnings per share	7	HK\$1.71	HK\$1.68

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30th June

HK\$ million	Unaudited	
	2024	2023
Profit for the period	4,524	4,459
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
(Loss) / Gain from fair value changes of derivatives designated as effective cash flow hedges	(15)	10
Gain / (Loss) from fair value changes of derivatives designated as effective net investment hedges	617	(1,233)
Exchange differences on translation of financial statements of foreign operations	(1,339)	3,424
Share of other comprehensive income of associates	16	1,053
Share of other comprehensive income of joint ventures	425	796
Income tax relating to components of other comprehensive income	(158)	(256)
	(454)	3,794
Items that will not be reclassified to profit or loss:		
Share of other comprehensive (expense) / income of associates	(286)	22
Share of other comprehensive (expense) / income of joint ventures	(1,153)	134
Income tax relating to components of other comprehensive income	335	(41)
	(1,104)	115
Other comprehensive (expense) / income for the period	(1,558)	3,909
Total comprehensive income for the period	2,966	8,368
Attributable to:		
Shareholders of the Company	2,755	8,151
Owners of perpetual capital securities	219	219
Non-controlling interests	(8)	(2)
	2,966	8,368

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

HK\$ million	Notes	Unaudited 30/6/2024	Audited 31/12/2023
Property, plant and equipment		3,113	3,079
Investment properties		408	408
Interests in associates		38,440	39,240
Interests in joint ventures		104,690	104,093
Other financial assets		1,541	1,542
Derivative financial instruments		770	624
Goodwill and intangible assets		2,219	2,299
Deferred tax assets		-	1
Total non-current assets		151,181	151,286
Inventories		177	178
Derivative financial instruments		685	536
Debtors and prepayments	9	772	796
Bank balances and deposits		9,180	13,077
Total current assets		10,814	14,587
Bank and other loans		13,165	9,024
Derivative financial instruments		43	1,072
Creditors, accruals and others	10	5,958	5,902
Taxation		47	101
Total current liabilities		19,213	16,099
Net current liabilities		(8,399)	(1,512)
Total assets less current liabilities		142,782	149,774
Bank and other loans		10,235	15,173
Derivative financial instruments		353	465
Deferred tax liabilities		499	505
Other non-current liabilities		341	360
Total non-current liabilities		11,428	16,503
Net assets		131,354	133,271
Representing:			
Share capital	11	2,520	2,520
Reserves		118,867	120,773
Equity attributable to shareholders of the Company		121,387	123,293
Perpetual capital securities		9,885	9,885
Non-controlling interests		82	93
Total equity		131,354	133,271

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30th June, 2024

HK\$ million	Attributable to shareholders of the Company								Perpetual capital securities	Non-controlling interests	Total
	Share capital	Share premium	Contributed surplus	Property revaluation reserve	Hedging reserve	Exchange translation reserve	Retained profits	Sub-total			
At 1st January, 2024 (audited)	2,520	16,185	6,062	68	1,620	(7,011)	103,849	123,293	9,885	93	133,271
Profit for the period	-	-	-	-	-	-	4,311	4,311	219	(6)	4,524
Loss from fair value changes of derivatives designated as effective cash flow hedges	-	-	-	-	(15)	-	-	(15)	-	-	(15)
Gain from fair value changes of derivatives designated as effective net investment hedges	-	-	-	-	-	617	-	617	-	-	617
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	(1,337)	-	(1,337)	-	(2)	(1,339)
Share of other comprehensive income / (expense) of associates	-	-	-	-	186	(170)	(286)	(270)	-	-	(270)
Share of other comprehensive income / (expense) of joint ventures	-	-	-	-	425	-	(1,153)	(728)	-	-	(728)
Income tax relating to components of other comprehensive income	-	-	-	-	(158)	-	335	177	-	-	177
Total comprehensive income / (expense) for the period	-	-	-	-	438	(890)	3,207	2,755	219	(8)	2,966
Dividend paid	-	-	-	-	-	-	(4,661)	(4,661)	-	(3)	(4,664)
Distribution paid on perpetual capital securities	-	-	-	-	-	-	-	-	(219)	-	(219)
At 30th June, 2024 (unaudited)	2,520	16,185	6,062	68	2,058	(7,901)	102,395	121,387	9,885	82	131,354

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

for the six months ended 30th June, 2023

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30th June

HK\$ million	Note	Unaudited	
		2024	2023
Net cash from operating activities	12	641	1,686
Net cash from investing activities		443	38
Net cash utilised in financing activities		(4,981)	(7,716)
Net decrease in cash and cash equivalents		(3,897)	(5,992)
Cash and cash equivalents at 1st January		13,077	18,045
Cash and cash equivalents at 30th June		9,180	12,053

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which is identical to the International Accounting Standard 34 “Interim Financial Reporting” issued by International Accounting Standards Board (“IASB”), and Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”).

The accounting policies adopted for the preparation of the consolidated interim financial statements are consistent with those set out in the Group’s consolidated annual financial statements for the year ended 31st December, 2023, except for adoption of the amendments to Hong Kong Financial Reporting Standards (“HKFRS”) issued by the HKICPA and International Financial Reporting Standards (“IFRS”) issued by the IASB, which are effective to the Group for accounting periods beginning on 1st January, 2024. The adoption of those amendments to HKFRSs and IFRSs 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	
	2024	2023
Sales of infrastructure materials	751	981
Interest income from loans granted to associates	52	136
Interest income from loans granted to joint ventures	698	1,076
Sales of waste management services	977	987
Sales and interest income from infrastructure investments	2,478	3,180
Share of turnover of joint ventures	16,612	16,354
Turnover	19,090	19,534

3. OTHER INCOME

Other income includes the following:

HK\$ million	Six months ended 30th June	
	2024	2023
Bank interest income	303	350

4. OPERATING COSTS

Operating costs include the following:

HK\$ million	Six months ended 30th June	
	2024	2023
Cost of inventories sold	702	907
Cost of services provided	580	599
Depreciation of property, plant and equipment	149	149
Amortisation of intangible assets	9	16

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	
	2024	2023
Current taxation - Hong Kong	1	1
Current taxation - outside Hong Kong	33	25
Deferred taxation	19	24
Total	53	50

6. PROFIT FOR THE PERIOD AND SEGMENT INFORMATION

for the six months ended 30th June

HK\$ million	Infrastructure Investments																			
	Investment in Power Assets		United Kingdom		Australia		Continental Europe		Hong Kong and Mainland China		Canada		New Zealand		Total before unallocated items		Unallocated items		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Turnover	-	-	9,094	9,185	3,507	3,308	2,361	2,514	1,477	1,696	1,410	1,580	1,241	1,251	19,090	19,534	-	-	19,090	19,534
Sales and interest income from infrastructure investments	-	-	212	579	327	410	110	107	751	981	101	116	977	987	2,478	3,180	-	-	2,478	3,180
Bank interest income	-	-	-	-	-	-	-	-	33	27	-	-	2	1	35	28	268	322	303	350
Other income	-	-	-	-	-	-	-	-	24	35	-	-	3	2	27	37	17	-	44	37
Change in fair value of other financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5)	-	(5)
Depreciation and amortisation	-	-	-	-	-	-	-	-	(51)	(53)	-	-	(106)	(112)	(157)	(165)	(1)	-	(158)	(165)
Other operating expenses	-	-	-	-	-	-	-	-	(766)	(980)	-	-	(782)	(796)	(1,548)	(1,776)	(212)	(161)	(1,760)	(1,937)
Finance costs	-	-	-	-	-	-	-	-	-	-	-	-	(54)	(50)	(54)	(50)	(361)	(320)	(415)	(370)
Exchange (loss) / gain	-	-	-	-	-	-	-	-	(4)	(9)	-	-	-	-	(4)	(9)	112	142	108	133
Share of results of associates and joint ventures	1,082	1,066	1,653	1,013	537	416	309	317	105	105	242	322	49	47	3,977	3,286	-	-	3,977	3,286
Profit / (Loss) before taxation	1,082	1,066	1,865	1,592	864	826	419	424	92	106	343	438	89	79	4,754	4,531	(177)	(22)	4,577	4,509
Taxation	-	-	-	-	-	-	-	-	(2)	(3)	(42)	(36)	(9)	(7)	(53)	(46)	-	(4)	(53)	(50)
Profit / (Loss) for the period	1,082	1,066	1,865	1,592	864	826	419	424	90	103	301	402	80	72	4,701	4,485	(177)	(26)	4,524	4,459
Attributable to:																				
Shareholders of the Company	1,082	1,066	1,865	1,592	864	826	419	424	96	102	301	402	80	72	4,707	4,484	(396)	(245)	4,311	4,239
Owners of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	219	219	219	219
Non-controlling interests	-	-	-	-	-	-	-	-	(6)	1	-	-	-	-	(6)	1	-	-	(6)	1
	1,082	1,066	1,865	1,592	864	826	419	424	90	103	301	402	80	72	4,701	4,485	(177)	(26)	4,524	4,459

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\$4,311 million (2023: HK\$4,239 million) and on 2,519,610,945 shares (2023: 2,519,610,945 shares) in issue during the interim period.

8. INTERIM DIVIDEND

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

HK\$ million	Six months ended 30th June	
	2024	2023
Interim dividend of HK\$0.72 per share (2023: HK\$0.71 per share)	1,814	1,789

9. DEBTORS AND PREPAYMENTS

Included in debtors and prepayments are trade debtors of HK\$287 million (HK\$363 million at 31st December, 2023) and their aging analysis is as follows:

HK\$ million	30/6/2024	31/12/2023
Less than 1 month	211	199
1 to 3 months	45	102
More than 3 months but less than 12 months	23	54
More than 12 months	18	18
Gross total	297	373
Loss allowance	(10)	(10)
Total after allowance	287	363

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\$250 million (HK\$329 million at 31st December, 2023) and their aging analysis is as follows:

HK\$ million	30/6/2024	31/12/2023
Current	130	211
1 month	64	42
2 to 3 months	27	39
Over 3 months	29	37
Total	250	329

11. SHARE CAPITAL

There were no movements in the share capital of the Company in the six months ended 30th June, 2024.

12. NOTE TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

HK\$ million	Six months ended 30th June	
	2024	2023
Net cash from operating activities	641	1,686
Dividends received from associates	1,566	1,660
Dividends received from joint ventures	1,126	691
Funds from operations*	3,333	4,037

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

13. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Except for certain investments in securities which are stated at cost, the carrying values of all financial assets and financial liabilities approximate to their fair values.

The fair value of the Group's financial instruments and non-financial instruments are grouped into Level 1 to 3 with reference to the observability and significance of the inputs used in the valuation technique as follows:

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

At 30th June, 2024, investment properties amounting to HK\$408 million (HK\$408 million at 31st December, 2023) and unlisted investment in securities amounting to HK\$352 million (HK\$353 million at 31st December, 2023) were measured at fair value based on value inputs, other than quoted prices, that are observable either directly or indirectly. Other investments amounting to HK\$1,189 million (HK\$1,189 million at 31st December, 2023) were measured at fair value based on value inputs that are not observable market data but change of these value inputs to reasonable possible alternatives would not have material effect on the Group's results and financial position.

Derivative financial instruments were measured at fair value based on value inputs, other than quoted prices, that are observable either directly or indirectly.

14. COMMITMENTS

The Group's capital commitments outstanding at 30th June, 2024 and not provided for in the consolidated interim financial statements are as follows:

HK\$ million	Contracted but not provided for	
	30/6/2024	31/12/2023
Investments in joint ventures	1	3
Plant and machinery	180	131
Other financial assets	128	139
Total	309	273

15. CONTINGENT LIABILITIES

The contingent liabilities of the Group are as follows:

HK\$ million	30/6/2024	31/12/2023
Other guarantee given in respect of a joint venture	68	142
Performance bond indemnities	168	174
Sub-contractor warranties	24	22
Total	260	338

16. EVENT AFTER THE REPORTING PERIOD

In August 2024, a consortium comprising CKI, CK Asset Holdings Limited and Power Assets Holdings Limited, which will own 40%, 40% and 20% interests in the portfolio, have entered into an agreement to acquire a portfolio of operating onshore wind farms in the United Kingdom for approximately £350 million (approximately HK\$3.5 billion), subject to certain closing adjustments. The portfolio comprises of 32 wind farms located in England, Scotland and Wales, totalling 175 MW in installed capacity and 137 MW in net attributable capacity. The transaction is expected to be completed in September.

17. ADDITIONAL INFORMATION

The Company includes the consolidated statement of comprehensive income, consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months ended 30 June for each financial year in its interim report. To provide shareholders with additional information for the six months ended 30 June 2024, the Company has included the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the condensed consolidated statement of cash flows and certain notes to the consolidated interim financial statements for such period in this interim results announcement.

18. REVIEW OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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