PRESS RELEASE 新聞稿

Cheung Kong Infrastructure Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1038)

INTERIM RESULTS FOR 2005

Highlights

- Unaudited profit attributable to shareholders reached HK$1,528 million, up 10%
- Interim dividend of HK$0.24 per share, up 9%
- Substantial profit contribution recorded from:
  - Hongkong Electric: HK$872 million
  - Australian portfolio: HK$612 million
  - Investments in Mainland China: HK$327 million
- Strong balance sheet and financial platform:
  - Cash on hand of HK$6,074 million
  - Net debt to equity ratio of 25%

Continuing Momentum of Strong Growth

Entering into its tenth year since listing, Cheung Kong Infrastructure Holdings Limited ("CKI" or the "Group") is pleased to report continued growth momentum for the period under review. Unaudited profit attributable to shareholders increased by a respectable 10 per cent. to HK$1,528 million for the six months ended 30th June, 2005 and earnings per share were HK$0.68.

The Board of Directors of CKI (the "Board") has declared an interim dividend for 2005 of HK$0.24 per share (2004: HK$0.22 per share), representing an increase of 9 per cent. The interim dividend will be paid on Friday, 30th September, 2005 to shareholders whose names appear on the Register of Members on Thursday, 29th September, 2005.

The Group's momentum has been fuelled by the engines of organic growth, acquisitions and asset divestments:

1. Strong Organic Growth Recorded

In Hong Kong, investment in Hongkong Electric Holdings Limited ("Hongkong Electric") continued to be a major revenue generator for CKI. Hongkong Electric reported a solid performance during the period under review and delivered HK$872 million in profit contribution to the Group.

CKI's portfolio of investments in Australia has been a key driving force for the Group and again provided substantial returns to CKI with a profit growth of 14 per cent. over the same period last year. Envestra Limited, ETSA Utilities, Powercor Australia Limited and CitiPower I Pty Ltd. all performed well and together accounted for a significant 33 per cent. of the Group's profit contribution.

During the first half, the United Kingdom became a substantive stream of revenue for the Group. Satisfactory returns were recorded by Cambridge Water PLC ("Cambridge Water") and 2005 will mark the asset's first full year of profit contribution. The acquisition of the North of England Gas Distribution Network ("North England Gas") was completed in June 2005 and revenue contribution has been booked since then.

The Group's investments in Mainland China maintained satisfactory profit levels. The Zhuhai Power Plant was in full operations for only four months of the period under review. After completing a scheduled two-month stoppage for maintenance of one of the two units in May and June 2005, the Zhuhai Power Plant has resumed operations to meet the strong electricity demand in Guangdong. In terms of transport investments, the Group's toll roads continued to generate good returns. In particular, the Guangzhou East-South-West Ring Road reported a strong performance for the period under review as traffic volume grew by approximately 30 per cent.

The continuing low levels of demand in the construction industry have resulted in low volume contracts and these have adversely affected the Group's cement, concrete, aggregates and asphalt businesses.

2. Expansion Through Acquisition

CKI recently signed a RMB 6 billion joint venture contract with its local partner to take a 45 per cent. shareholding in the expansion of the installed capacity of the Zhuhai Power Plant from 1,400 MW to 2,600 MW. As demand for electricity in the Pearl River Delta surges to new highs, the Group will be well-placed to increase its power generating capacity.

3. Asset Divestment

During the first half, the Group booked two divestment gains: (1) Net premium of HK$64 million was recorded from the sale of 9.9 per cent. of the North England Gas; and (2) HK$14 million in profit was generated by the local partner's buyback of the Jiangmen Jianghe Highway in Mainland China.

Strong Financial Resources for Future Growth

CKI possesses strong financial resources for future investments and business expansion with cash on hand of HK$6,074 million and a net debt to equity ratio of 25 per cent. Interest coverage is approximately 7 times. Shareholders' equity reached HK$29,911 million and bank loans totalled HK$13,496 million. The Group's credit rating of "A-" from Standard & Poor's has been maintained since July 1997.

Significant Sustainable Growth Expected

Looking forward, the Group is confident that the second half of the year will be another period of growth and the outlook is promising. Continued strong organic growth can be expected from operations in Australia and Mainland China. At the same time, CKI's new acquisitions are poised to boost overall growth for the fiscal year. Returns have been posted by North England Gas since the beginning of June and recurring profits will be booked for the full period of the second half of the year. The opening of the Sydney Cross City Tunnel later in the year will start bringing in revenue for the Group.

CKI has a proven track record in making astute acquisitions that meet its stringent investment criteria. The Group will continue to explore investment opportunities around the globe to expand its portfolio of quality infrastructure investments. At the moment, the Group is closely looking at a number of investment projects in Canada, Europe, the Middle East, Mainland China and Australia. In addition to its acquisition strategy, alternative corporate finance channels and asset divestments are also being explored to maximise financial returns.

Entering into its tenth year since listing, considerable achievements have been made by CKI. The Group is pleased to have reported continuous growth during the period and has emerged as a well-respected player in the global infrastructure arena. From being primarily focused on infrastructure in China, CKI now has substantial investments in Hong Kong, Mainland China, Australia and the United Kingdom. The Group's asset base has increased by approximately three times to HK$45 billion since listing. Market capitalisation has more than tripled, from HK$17 billion to HK$52 billion as at 30th June, 2005, while CKI has outperformed the Hang Seng Index by approximately 50 per cent. during the same period. Capitalising on its strong balance sheet, management expertise and the opportunities in the global infrastructure sector, the Group aims to continue this momentum of sustained growth in the coming years.

I would like to take this opportunity to thank the Board, management and staff for their hard work and dedication, as well as our shareholders for the support and confidence in the Group.

Li Tzar Kuoi, Victor
Chairman

Hong Kong, 18th August, 2005

FINANCIAL REVIEW

Financial Resources, Treasury Activities and Gearing Ratio

The Group's capital expenditure and investments were funded from cash in hand, internal cash generation, syndicated loans, notes issued and other project loans.

As at 30th June, 2005, total borrowings of the Group amounted to HK$13,496 million, which included Hong Kong dollar syndicated loan of HK$3.8 billion, foreign currency borrowings of HK$9,188 million and RMB bank loans of HK$508 million. Of the total borrowings, 81 per cent. were repayable in 2006 to 2009 and 19 per cent. repayable beyond 2009. 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 or Australian dollars. The Group's liquidity and financing requirements are reviewed regularly. The Group will consider new financing while maintaining an appropriate level of gearing in anticipation of new investments or maturity of bank loans.

As at 30th June, 2005, the Group maintained a gearing ratio of 25 per cent. which was based on its net debt of HK$7,422 million and shareholders' equity of HK$29,911 million. This ratio was higher than the gearing ratio of 14 per cent. at the year end of 2004 mainly due to the acquisition of the North of England Gas Distribution Network funded from cash on hand in June 2005.

To minimise currency risk exposure in respect of its investments in other countries, the Group generally hedges those investments with the appropriate level of borrowings denominated in the local currencies of those countries. The Group also entered into certain interest rate and currency swaps to mitigate interest rate and other currency exposure risks. As at 30th June, 2005, the contractual notional amounts of these derivative instruments amounted to HK$10,342 million.

Adoption of New and Revised Financial Reporting Standards

Due to the requirement to adopt the new and revised Hong Kong Financial Reporting Standards on 1st January, 2005, the Group has incorporated prior year and opening adjustments in its 2005 Interim Financial Statements, mainly related to change in accounting policy in respect of interests in associates, restatement of certain assets at fair values and recognition of derivative financial instruments at market values. These adjustments have resulted in a restating of the shareholders' equity on 1st January, 2005 to HK$29,670 million, which does not have any impact on the Group's cashflow position. Further details of the implications have been provided in notes 2 and 3 to the 2005 Interim Financial Statements of the Group.

Charge on Group Assets

As at 30th June, 2005, the Group's interests in an affiliated company with carrying value of HK$2,070 million were pledged as part of the security to secure bank borrowings totalling HK$3,504 million granted to the affiliated company. Moreover, the Group's obligations under finance leases totalling HK$41 million were secured by charge over the leased assets with carrying value of HK$208 million.

Contingent Liabilities

As at 30th June, 2005, the Group has granted guarantees totalling HK$1,952 million in respect of certain bank loans drawn by its affiliated companies.

Employees

The Group, including its subsidiaries but excluding affiliated companies, employs a total of 1,227 employees. Employees' cost (excluding directors' emoluments) amounted to HK$129 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 SHARES

The Company has not redeemed any of its shares during the six months ended 30th June, 2005. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during this period.

CORPORATE GOVERNANCE

The Company is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasise a quality board, sound internal control, 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 Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Code on CG Practices") throughout the six months ended 30th June, 2005.

AUDIT COMMITTEE

The Company established an audit committee ("Audit Committee") in December 1998 and has formulated its written terms of reference in accordance with the provisions set out in the Code on CG Practices. The existing Audit Committee of the Company comprises five members all of whom are Independent Non-executive Directors, namely, Mr. Cheong Ying Chew, Henry (Chairman of the Audit Committee), Mrs. Kwok Eva Lee, Mrs. Sng Sow-Mei (Phoon Sui Moy, alias Poon Sow Mei), Mr. Colin Stevens Russel 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 and internal control procedures, review of the Group's financial information and review of the relationship with the external auditors of the Company.

The Group's interim results for the period ended 30th June, 2005 has been reviewed by the Audit Committee.

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NOTICE OF PAYMENT OF INTERIM DIVIDEND, 2005

The Board of Directors of Cheung Kong Infrastructure Holdings Limited announces that the Group's unaudited profit attributable to shareholders for the six months ended 30th June, 2005 amounted to HK$1,528 million which represents earnings of HK$0.68 per share. The Directors have resolved to pay an interim dividend for 2005 of HK$0.24 per share to shareholders whose names appear on the Register of Members of the Company on Thursday, 29th September, 2005. The dividend will be paid on Friday, 30th September, 2005.

The Register of Members of the Company will be closed from Thursday, 22nd September, 2005 to Thursday, 29th September, 2005, both days inclusive, during which period no transfer of shares will be effected. 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 Registrars, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Wednesday, 21st September, 2005.

By Order of the Board
Eirene Yeung
Company Secretary

Hong Kong, 18th August, 2005

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. George Colin MAGNUS (Deputy Chairman), Mr. IP Tak Chuen, Edmond (Deputy Chairman), Mr. FOK Kin Ning, Canning (Deputy Chairman), Mr. KWAN Bing Sing, Eric (Deputy Managing Director), Mrs. CHOW WOO Mo Fong, Susan, Mr. Frank John SIXT and Mr. TSO Kai Sum; and 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 (PHOON Sui Moy, 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), Mrs. LEE Pui Ling, Angelina and Mr. Barrie COOK.