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Cheung Kong Infrastructure Holdings Limited **長江基建集團有限公司**

(Incorporated in Bermuda with limited liability)
(Stock Code: 1038)

THE CHAIRMAN'S LETTER FOR 2016

For the year ended 31st December, 2016, Cheung Kong Infrastructure Holdings Limited (“CKI”, the “Company” or the “Group”) recorded profit attributable to shareholders of HK\$9,636 million. This represented a 14% decrease compared to 2015.

The Group faced many challenges during the year, including volatile exchange rates (particularly British pounds), and rising interest rates. Despite these influences, the Group's operations round the world performed well, with total profit contribution in Hong Kong dollars at a similar level as last year. The 14% reduction in attributable profit was mainly due to a smaller UK deferred tax credit in 2016 compared to 2015, and the 2015 reversal of provisions and expenses made earlier for non-operational matters.

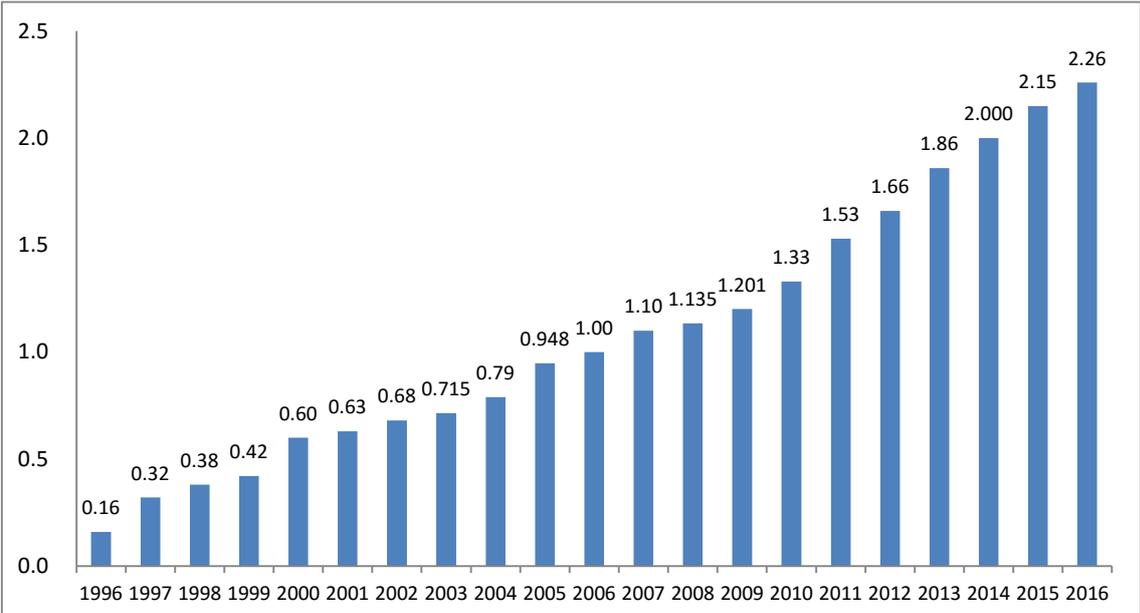
With the exception of Power Assets and Infrastructure Materials, profit contribution from all infrastructure business portfolios of the Group recorded growth in local currency in 2016.

20 Years of Continuous Dividend Growth

The Board of Directors of CKI (the “Board”) has recommended a final dividend of HK\$1.63 per share. Together with the interim dividend of HK\$0.63 per share, this will bring the total dividend for the year to HK\$2.26, a 5.1% increase over the previous year.

This is the 20th consecutive year of dividend growth since the Group’s listing in 1996. The proposed dividend will be paid on Friday, 26th May, 2017, following approval at the 2017 Annual General Meeting to those shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 16th May, 2017.

Dividends per Share since Listing
(HK\$)



New Investment Made in Husky Midstream

During the year under review, CKI, together with Power Assets, acquired 65% of Husky Midstream Limited Partnership (“Husky Midstream”), with CKI holding a 16.25% interest. This company comprises 1,900 km of oil pipelines, two storage facilities and ancillary assets in Canada. The transaction was completed in July 2016. This is CKI’s first investment in oil pipelines and storage. The project is expected to generate secure and predictable returns for the Group.

Power Assets

Profit contribution from Power Assets was HK\$2,494 million for the year, a decrease of 17% as compared to 2015. This was mainly due to (a) lower UK deferred tax credits; (b) reversal of provisions and expenses in 2015; (c) British pounds weakness which affected the results of its UK investments when converted into Hong Kong dollars; and (d) lower contribution from HK Electric Investments.

UK Portfolio

Profit contribution from the UK portfolio amounted to £603 million, an increase of 6% compared to last year.

During the year under review, lower deferred tax credits were recorded as compared to last year, as the reduction in corporate tax rate in 2016 was less than that in 2015. This affected the Group's profit contribution from UK during the year. Barring this tax credit effect, profit contribution from the UK portfolio would have increased 14% year-on-year.

UK Power Networks is the largest asset in the UK portfolio, accounting for half of the UK's contribution. During the year, it won the "Utility of the Year" award again - this is the second time in a row that UK Power Networks won the Award and the third time in five years; such accomplishment is unprecedented amongst UK utilities.

Similar to UK Power Networks, CKI's other regulated businesses in UK, namely Northumbrian Water, Northern Gas Networks and Wales & West Gas Networks all reported satisfactory performance, exceeding budget targets. They are all operating in the early and middle parts of their regulatory regimes. This offers a high predictability of income in the coming years.

During the year under review, UK Rails made its first full year contribution to the Group. Since acquisition, the performance of this business has been pleasing and approximately £1 billion of new build opportunities has been secured at attractive leasing rates.

Brexit Impact Negligible on Business Fundamentals

The result of the referendum on Brexit in June 2016 caused uncertainty for the global economy and has put significant pressure on the British pounds.

The fundamentals of CKI's UK businesses are not affected as our portfolio comprises regulated and contracted businesses characterised by stable and predictable returns. Nevertheless, the depreciation of the British pounds has had a translation impact on our reported profit contribution in 2016.

Other than the translation impact on reported earnings, Brexit has had little effect on CKI's UK businesses.

Australian Portfolio

In Australia, healthy growth in operations as well as a capital gain on the sale of a non-core investment led to a year-on-year 71% increase in profit contribution, amounting to A\$336 million.

SA Power Networks, Victoria Power Networks, as well as the South Australia and Queensland operations of Australian Gas Networks have entered into new five-year regulatory periods. These new regulatory regimes are expected to provide a stable and predictable framework in the coming years.

Infrastructure Businesses in Other Geographic Area

Profit contribution from the Mainland China portfolio was HK\$347 million, a small increase as compared to 2015.

New Zealand's profit contribution was NZ\$34 million, a year-on-year increase of 10%. Good growth was reported by EnviroNZ and Wellington Electricity.

The Canadian portfolio recorded a 38% increase in profit contribution to C\$32 million. In addition to the sound performance of Canadian Power and Park'N Fly, Husky Midstream made its first profit contribution to the Group during the year.

In Continental Europe, Dutch Enviro Energy generated a profit contribution of €20 million, a 8% year-on-year increase. In Portugal, Portugal Renewable Energy reported its first full year contribution in 2016 at €12 million.

Materials Businesses

Profit contribution from CKI's materials businesses was HK\$353 million, a decrease of 9% over the previous year. This was mainly caused by the weakened concrete and Mainland China markets.

Strong Financial Position

As at 31st December, 2016, CKI had cash on hand of HK\$12 billion and a net debt to net total capital ratio of 4.5%. The Group is in a strong financial position for future organic expansion and new acquisitions.

Standard & Poor's continues to reaffirm the Group's credit rating of "A-/Stable".

As an international infrastructure investor, CKI adopts a prudent strategy of foreign currency management. Our operating companies borrow in their respective local currency, or otherwise hedge any foreign currency borrowings back into local currency. With regards to equity investments, CKI generally hedges them against currency movements at the time of acquisition. Such protection, though not reflected in the Consolidated Income Statement, has its value embedded in reserves and will crystallise when the equity investments are monetised.

Outlook

The uncertainty and volatility experienced in 2016 is expected to continue in 2017. For CKI, this may provide opportunities to expand. With our strong financial position and extensive experience, CKI is well-positioned to capture attractive opportunities in the markets and industries we currently operate in, as well as in new businesses or geographic areas which may arise.

The Group has a good track record of organic growth, well-priced acquisitions, and prudent financial management. Our unwavering commitment in adhering to our investment criteria has also underpinned our success. We will continue to maintain our discipline of not approaching any new investments with a "must-win" mentality.

With a portfolio of prime assets which we have built in the past 20 years, and an experienced management team which excels in maximising business growth in existing and newly acquired businesses, we look forward to providing continuous steady recurring returns and growth for our shareholders.

I would like to take this opportunity to thank the Board, management and staff for their continued efforts, as well as our shareholders for their support.

LI TZAR KUOI, VICTOR

Chairman

Hong Kong, 21st March, 2017

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, syndicated loans, notes, share placement and other project loans.

As at 31st December, 2016, cash and bank deposits on hand amounted to HK\$11,790 million and the total borrowings of the Group amounted to HK\$16,845 million, which included Hong Kong dollar notes of HK\$260 million and foreign currency borrowings of HK\$16,585 million. Of the total borrowings, 59 per cent were repayable in 2017, 33 per cent were repayable between 2018 and 2021 and 8 per cent were repayable beyond 2021. To refinance the borrowings repayable in 2017, 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 pounds, Canadian dollars, Euro 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 31st December, 2016, the Group maintained a net debt position with a net debt to net total capital ratio of 4.5 per cent, which was based on its net debt of HK\$5,055 million and net total capital, which represents the total borrowings plus total equity net of cash and bank deposits, of HK\$111,242 million. This ratio was lower than the net debt to net total capital ratio of 7.7 per cent at the year end of 2015. This change was mainly due to the funds raised in an issue of US\$1.2 billion perpetual capital securities and the sales proceeds from disposal of investment in securities, which were partially utilised for the redemption of US\$1 billion perpetual capital securities issued in 2010 and the investment in an oil pipelines and storage business in Canada during the year.

The fluctuations in currencies and in particular, the devaluation of the British pounds arising from the United Kingdom referendum vote to leave the European Union had an impact on all businesses in the market that have exposure in the United Kingdom and/or to British pounds. While the Group is not immune from such impact, there is no material change beyond market expectation.

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 31st December, 2016, the notional amounts of these derivative instruments amounted to HK\$39,524 million.

Charge on Group Assets

As at 31st December, 2016:

- the Group's obligations under finance leases totalling HK\$34 million were secured by charges over the leased assets with carrying value of HK\$32 million; and
- the shares of a subsidiary were pledged to secure bank borrowings totalling HK\$1,154 million granted to the Group.

Contingent Liabilities

As at 31st December, 2016, the Group was subject to the following contingent liabilities:

HK\$ million

Guarantee in respect of bank loan drawn by affiliated companies	1,225
Other guarantee given in respect of an affiliated company	724
Performance bond indemnities	101
Sub-contractor warranties	6
Total	2,056

Employees

The Group, including its subsidiaries but excluding affiliated companies, employs a total of 2,011 employees. Employees' cost (excluding directors' emoluments) amounted to HK\$724 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 year ended 31st December, 2016, 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.

Save as disclosed below, 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 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the year ended 31st December, 2016. In respect of code provisions A.5.1 to A.5.4 of the CG Code, the Company does not have a nomination committee. At present, the full Board is responsible for reviewing the structure, size and composition of the Board and the appointment of new Directors from time to time to ensure that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company, and the Board as a whole is also responsible for reviewing the succession plan for the Directors, in particular the Chairman of the Board and the Group Managing Director.

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 Audit Committee of the Company has established the Procedures for Reporting Possible Improprieties in Matters of Financial Reporting, Internal Control or Other Matters. In addition, the Company has established the Policy on Handling of Confidential Information, Information Disclosure, and Securities Dealing for compliance by the Company's employees.

Audit Committee

The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Company established an audit committee (“Audit Committee”) in 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 five Independent Non-executive Directors, namely, Mr. Colin Stevens Russel (Chairman of the Audit Committee), Mr. Cheong Ying Chew, Henry, Mrs. Kwok Eva Lee, Mrs. Sng Sow-mei alias Poon Sow Mei and Mr. Lan Hong Tsung, David. The principal duties of the Audit Committee include the review and supervision of the Group’s financial reporting system, risk management and internal control systems, review of the Group’s financial information, review of the relationship with the external auditor of the Company and performance of the corporate governance functions delegated by the Board.

The Group’s annual results for the year ended 31st December, 2016 have been reviewed by the Audit Committee and audited by the independent auditor of the Company, Deloitte Touche Tohmatsu.

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 the Chairman of the Board, Mr. Li Tzar Kuoi, Victor, and two Independent Non-executive Directors, namely, Mr. Cheong Ying Chew, Henry (Chairman of the Remuneration Committee) and Mr. Colin Stevens Russel.

Annual General Meeting

The 2017 Annual General Meeting of the shareholders of the Company will be held at the Grand Ballroom, 1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Wednesday, 10th May, 2017 at 2:45 p.m. and the Notice of Annual General Meeting will be published and despatched to the shareholders in the manner as required by the Listing Rules in due course.

Closure of Register of Members

The Register of Members of the Company will be closed from Friday, 5th May, 2017 to Wednesday, 10th May, 2017, both days inclusive, during which period no transfer of shares will be effected. In order to determine the entitlement to attend and vote at the 2017 Annual General Meeting, 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 Thursday, 4th May, 2017.

The final dividend is payable to shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 16th May, 2017, being the record date for determination of entitlement to the final dividend. In order to qualify for the proposed final 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 Tuesday, 16th May, 2017.

As at the date of this document, 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. Andrew John HUNTER (Deputy Managing Director), Mr. CHAN Loi Shun (Chief Financial Officer), Ms. CHEN Tsien Hua and Mr. Frank John SIXT; 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), 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 year ended 31st December

HK\$ million	Notes	2016	2015
Turnover	2	27,346	28,537
Sales and interest income			
from infrastructure investments	2	5,321	5,557
Other income	3	580	537
Operating costs	4	(3,972)	(2,865)
Finance costs		(560)	(726)
Exchange loss		(698)	(326)
Gain on disposal of investment in securities		781	-
Share of results of associates		2,861	3,275
Share of results of joint ventures		5,887	6,198
Profit before taxation		10,200	11,650
Taxation	5	8	8
Profit for the year	6	10,208	11,658
Attributable to:			
Shareholders of the Company		9,636	11,162
Owners of perpetual capital securities		584	517
Non-controlling interests		(12)	(21)
		10,208	11,658
Earnings per share	7	HK\$3.82	HK\$4.44

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31st December

HK\$ million	Notes	2016	2015
Property, plant and equipment		2,404	2,379
Investment properties		344	334
Interests in associates		52,177	54,004
Interests in joint ventures		53,973	60,988
Investments in securities		648	1,985
Derivative financial instruments		2,178	571
Goodwill and intangible assets		2,554	2,525
Deferred tax assets		29	21
Other non-current assets		64	17
Total non-current assets		114,371	122,824
Inventories		139	165
Derivative financial instruments		982	423
Debtors and prepayments	9	628	793
Bank balances and deposits		11,790	7,897
Total current assets		13,539	9,278
Bank and other loans		9,901	15
Derivative financial instruments		3	121
Creditors and accruals	10	3,837	3,432
Taxation		96	113
Total current liabilities		13,837	3,681
Net current (liabilities) / assets		(298)	5,597
Total assets less current liabilities		114,073	128,421
Bank and other loans		6,944	17,162
Derivative financial instruments		422	175
Deferred tax liabilities		481	488
Other non-current liabilities		39	37
Total non-current liabilities		7,886	17,862
Net assets		106,187	110,559
Representing:			
Share capital		2,651	2,520
Reserves		93,954	100,051
Equity attributable to shareholders of the Company		96,605	102,571
Perpetual capital securities		9,544	7,933
Non-controlling interests		38	55
Total equity		106,187	110,559

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has adopted a number of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants that are effective to the Group for accounting periods beginning on or after 1st January, 2016. The adoption of those HKFRSs has no material impact on the Group’s results and financial position for the current or prior years 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, interest income from investments in securities classified as infrastructure investments, sales of water supply and share of turnover of joint ventures.

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

HK\$ million	2016	2015
Sales of infrastructure materials	1,980	2,161
Interest income from loans granted to associates	364	378
Interest income from loans granted to joint ventures	1,631	1,714
Sales of waste management services	1,322	1,225
Interest income from investments in securities	24	46
Sales of water supply	-	33
Sales and interest income		
from infrastructure investments	5,321	5,557
Share of turnover of joint ventures	22,025	22,980
Turnover	27,346	28,537

3. OTHER INCOME

Other income includes the following:

HK\$ million	2016	2015
Bank and other interest income	114	89
Gain on disposal of a joint venture	-	34
Change in fair values of investment properties	10	29

4. OPERATING COSTS

Operating costs include the following:

HK\$ million	2016	2015
Depreciation of property, plant and equipment	193	215
Amortisation of intangible assets	33	28
Cost of inventories sold	1,700	1,916
Cost of services provided	727	674

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	2016	2015
Current taxation – Hong Kong	(4)	(1)
Current taxation – outside Hong Kong	69	39
Deferred taxation	(73)	(46)
Total	(8)	(8)

6. PROFIT FOR THE YEAR AND SEGMENT INFORMATION

for the year ended 31st December

HK\$ million	Infrastructure Investments																					
	Investment in Power Assets*		United Kingdom				Australia		Mainland China		New Zealand		Canada and Continental Europe		Infrastructure related business		Total before unallocated items		Unallocated items		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015		
Turnover	-	-	17,747	19,214	1,872	1,993	430	545	1,938	1,823	2,409	1,469	2,950	3,493	27,346	28,537	-	-	27,346	28,537		
Sales and interest income																						
from infrastructure investments	-	-	1,367	1,556	388	424	-	-	1,376	1,279	210	137	1,980	2,161	5,321	5,557	-	-	5,321	5,557		
Bank and other interest income	-	-	-	-	-	-	1	1	-	-	-	-	31	33	32	34	82	55	114	89		
Other income	-	-	53	28	-	-	139	163	1	1	-	-	62	68	255	260	211	109	466	369		
Change in fair value of derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(124)	45	(124)	45		
Depreciation and amortisation	-	-	-	(5)	-	-	-	-	(143)	(142)	-	-	(82)	(95)	(225)	(242)	(1)	(1)	(226)	(243)		
Other operating expenses	-	-	-	(41)	-	-	-	(46)	(974)	(897)	-	-	(1,813)	(2,002)	(2,787)	(2,986)	(835)	364	(3,622)	(2,622)		
Finance costs	-	-	-	(1)	-	-	-	-	(62)	(68)	-	-	-	-	(62)	(69)	(498)	(657)	(560)	(726)		
Exchange gain / (loss)	-	-	-	-	-	-	-	-	-	-	-	-	1	2	1	2	(699)	(328)	(698)	(326)		
Gain on disposal of a joint venture	-	-	-	-	-	-	-	34	-	-	-	-	-	-	-	34	-	-	-	34		
Gain on disposal of investment in securities	-	-	-	-	781	-	-	-	-	-	-	-	-	-	781	-	-	-	781	-		
Share of results of associates and joint ventures	2,494	3,005	4,848	5,172	769	720	219	205	11	4	250	163	157	204	8,748	9,473	-	-	8,748	9,473		
Profit / (Loss) before taxation	2,494	3,005	6,268	6,709	1,938	1,144	359	357	209	177	460	300	336	371	12,064	12,063	(1,864)	(413)	10,200	11,650		
Taxation	-	-	58	56	-	-	(12)	(11)	(23)	(8)	-	(1)	5	(2)	28	34	(20)	(26)	8	8		
Profit / (Loss) for the year	2,494	3,005	6,326	6,765	1,938	1,144	347	346	186	169	460	299	341	369	12,092	12,097	(1,884)	(439)	10,208	11,658		
Attributable to:																						
Shareholders of the Company	2,494	3,005	6,326	6,765	1,938	1,144	347	346	186	169	460	299	353	390	12,104	12,118	(2,468)	(956)	9,636	11,162		
Owners of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	584	517	584	517		
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(12)	(21)	(12)	(21)	-	-	(12)	(21)		
	2,494	3,005	6,326	6,765	1,938	1,144	347	346	186	169	460	299	341	369	12,092	12,097	(1,884)	(439)	10,208	11,658		

* During the year, the Group has a 38.87 per cent (2015: 38.87 per cent) equity interest in Power Assets Holdings Limited ("Power Assets"), which is listed on The Stock Exchange of Hong Kong Limited.

6. PROFIT FOR THE YEAR 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\$9,636 million (2015: HK\$11,162 million) and on the weighted average of 2,519,610,945 shares (2015: 2,513,035,603 shares) in issue during the year.

The 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.

8. DIVIDENDS

(a) HK\$ million	2016	2015
Interim dividend paid of HK\$0.63 per share (2015: HK\$0.6 per share)	1,587	1,512
Proposed final dividend of HK\$1.63 per share (2015: HK\$1.55 per share)	4,107	3,905
Total	5,694	5,417

During the year, dividends of HK\$5,694 million (2015: HK\$5,417 million) are stated after elimination of HK\$296 million (2015: HK\$203 million) paid / proposed for the shares issued in connection with the issue of perpetual capital securities in March 2016.

(b) HK\$ million	2016	2015
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$1.55 per share (2015: HK\$1.475 per share)	3,905	3,716

Final dividend in respect of the previous financial year, approved and paid during the year ended 31st December, 2016, is stated after elimination of HK\$203 million for the shares issued in connection with the issue of perpetual capital securities in March 2016.

9. DEBTORS AND PREPAYMENTS

Included in debtors and prepayments are trade debtors of HK\$308 million (2015: HK\$312 million) and their aging analysis is as follows:

HK\$ million	2016	2015
Current	191	203
Less than 1 month past due	96	81
1 to 3 months past due	20	30
More than 3 months but less than 12 months past due	4	15
More than 12 months past due	22	16
Amount past due	142	142
Allowance for doubtful debts	(25)	(33)
Total after allowance	308	312

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 AND ACCRUALS

Included in creditors and accruals are trade creditors of HK\$253 million (2015: HK\$190 million) and their aging analysis is as follows:

HK\$ million	2016	2015
Current	192	110
1 month	20	21
2 to 3 months	7	11
Over 3 months	34	48
Total	253	190

11. EVENT AFTER THE REPORTING PERIOD

In January 2017, the Company, Cheung Kong Property Holdings Limited (“CKPH”) and Power Assets jointly announced that they have entered into a consortium formation agreement on 14th January, 2017 for the formation of a joint venture to acquire 100% of DUET Group by way of schemes of arrangement in Australia, pursuant to which the Company will subscribe for a 40% interest in the joint venture, with its maximum financial commitment of the Company under the transaction being approximately AUD3,012 million (equivalent to approximately HK\$17 billion). The transaction was approved by the independent shareholders of the Company and the independent shareholders of CKPH in their respective independent shareholders’ meeting on 14th March, 2017.

DUET Group is an owner and operator of energy utility assets in Australia, the United States, the United Kingdom and Europe. It consists of four separate legal entities that are traded together as stapled securities which are listed on the Australian Securities Exchange. Completion of the acquisition is conditional upon fulfillment of certain conditions.

12. REVIEW OF ANNUAL RESULTS

The annual results have been reviewed by the Audit Committee.

13. SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group’s consolidated statement of financial position as at 31st December, 2016, consolidated income statement and the related notes thereto for the year then ended 31st December, 2016 as set out in the preliminary announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.