CK 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 2019

For the year ended 31st December, 2019, CK Infrastructure Holdings Limited (“CKI”, the “Company” or the “Group”) recorded profit attributable to shareholders of HK$10,506 million, an increase of 1% from the previous year. The result was negatively affected by foreign exchange translation; without this impact, profit attributable to shareholders would have increased by 6%.

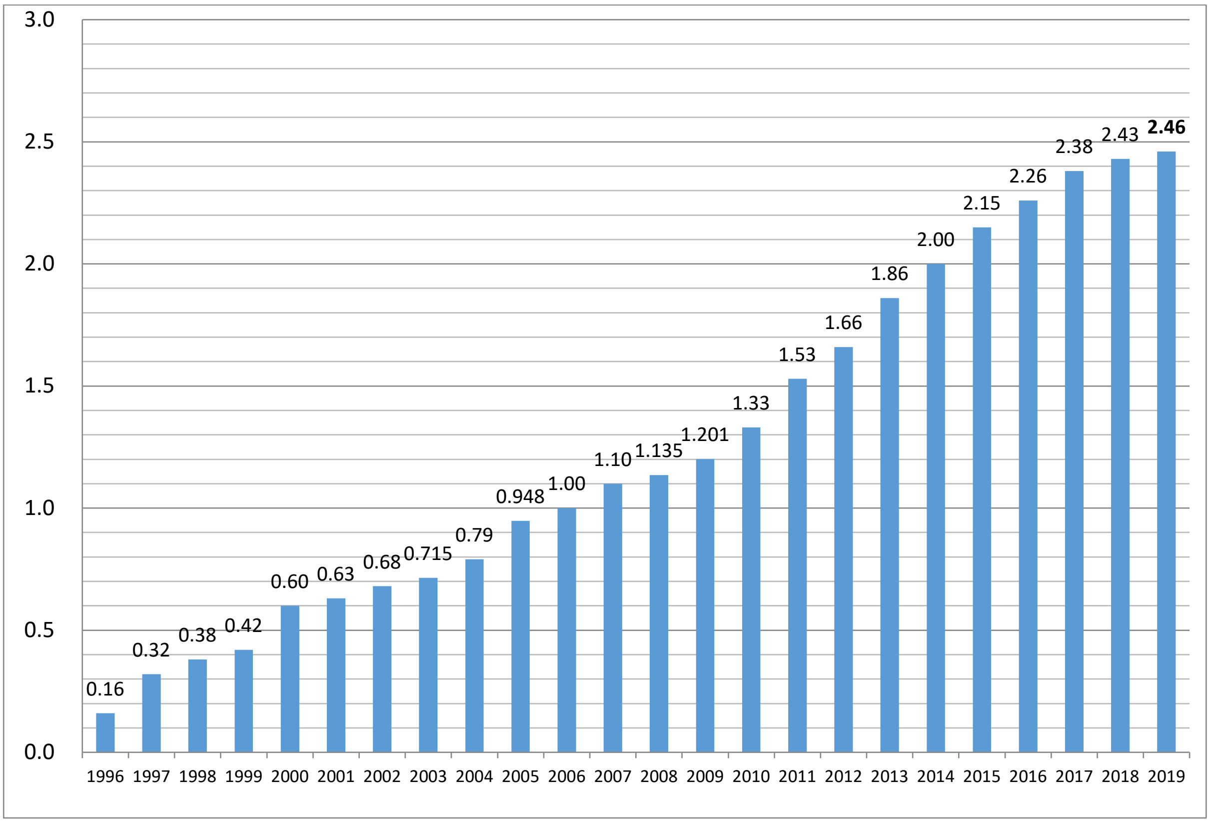
This result has been achieved amidst a challenging global backdrop, punctuated by numerous political and macroeconomic events, such as the continuing trade tensions between the U.S. and China, Brexit, unrest in Hong Kong and bushfires in Australia.

23 YEARS OF CONTINUED DIVIDEND GROWTH

The Board of Directors of CKI (the “Board”) has recommended a final dividend of HK$1.78 per share. Together with the interim dividend of HK$0.68 per share, this will bring the total dividend for the year to HK$2.46, a 1% increase over the previous year. This represents the 23rd consecutive year of dividend growth since CKI was listed in 1996. The proposed dividend will be paid on Friday, 29th May, 2020, subject to approval at the 2020 Annual General Meeting to those shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 19th May, 2020.

Dividends per Share since Listing

(HK$)



BUSINESS REVIEW

Power Assets

Profit contribution from Power Assets was HK$2,564 million, a decline of 12% compared to last year. This was mainly due to the lower contribution arising from the disposal of a 2.05% interest in Power Assets in January 2019, a decline in contribution from the UK portfolio, the weak currency rates against the Hong Kong dollar, and the reduced returns from the Hong Kong business under the new Scheme of Control.

The new Scheme of Control, which regulates returns of HK Electric's business in Hong Kong until 2033, commenced on 1st January, 2019. While featuring a lower rate of return than previously, this framework provides predictable and steady returns on investment as well as asset-based growth opportunities during the regulatory period.

United Kingdom Infrastructure Portfolio

Profit contribution from the United Kingdom portfolio was HK$4,630 million, a decrease of 12%. This is attributable to lower reported earnings from UK Power Networks, which ceased to recognise certain non-cash revenue commencing 2019, and a weaker pound sterling relative to the Hong Kong dollar compared to the prior year. Excluding these items, profit contribution from the UK increased by approximately 8% year-on-year.

A significant proportion of the Group's businesses in the United Kingdom consist of regulated assets that generate predictable returns. The regulatory resets for these businesses will take place between 2020 and 2023. Northumbrian Water will be the first to enter into a new regulatory period, which will commence on 1st April, 2020. The terms of the determination as set by the regulator for the new regulatory period are significantly more stringent than in previous periods. The final outcome will be dependent upon the upcoming appeal.

The underlying operations of UK Power Networks recorded steady growth. The current regulatory regime will remain in place until March 2023, allowing predictable and steady returns in the near term. During the year, UK Power Networks won the industry acclaimed 2019 Edison Electric Institute International Edison Award for its innovative approach to facilitate Britain's low carbon transition.

The operation of the Group's gas distribution networks – Northern Gas Networks and Wales & West Gas Networks – performed well. Both businesses will receive the regulator's determinations for the next regulatory period at the end of this year.

During 2019, UK Rails delivered a number of new trains to its customers as well as completed several major upgrades of its existing fleets.

Australian Infrastructure Portfolio

In Australia, profit contribution increased 1% year-on-year to HK$2,083 million. The results were impacted by a weak Australian dollar. In local currency terms, profit contribution from the Australian portfolio increased by 7%.

A number of CKI's regulated businesses in Australia will also go through regulatory resets in 2020-2021. These businesses include the power and gas networks in South Australia, the three power distribution networks in Victoria, and the gas transmission network in Western Australia. While the resets may prove to be challenging, the Group will endeavor to maximise its regulated income streams by engaging with stakeholders, improving service levels and enhancing operational efficiency. SA Power Networks will be the first to enter into a new regulatory period, which will commence on 1st July, 2020.

The Group's power distribution networks in Australia – CitiPower, United Energy, SA Power Networks and Powercor – were ranked first, second, third and fourth in terms of productivity performance in the Australian Energy Regulator's Annual Benchmarking Report dated November 2019.

Australian Gas Networks, Multinet Gas and Dampier Bunbury Pipeline all provided operating profit growth during the year. As a result of the synergies brought by Australian Gas Networks and Multinet Gas since acquisition, the credit rating of Dampier Bunbury Pipeline was upgraded by Moody's from Baa3 to Baa2 with a stable outlook.

Energy Developments showed momentum in achieving earnings growth. The company acquired Broadrock Renewables, an owner and operator of two landfill gas-to-energy assets located in California and Rhode Island in the United States.

Infrastructure Portfolio in Continental Europe

In Continental Europe, net profit declined by 10% to HK$785 million. In local currency terms, the profit contribution from Continental Europe dropped 4% year-on-year. This is mainly due to a one-off deferred tax credit arising from the reduction in the tax rate of ista in France and Belgium which was recorded in 2018.

Dutch Enviro Energy's CO_2 capture plant at Duiven started supplying CO_2 to horticultural greenhouses during the year. The facility, which enables the reuse of 60,000 tons of CO_2 generated from residual waste processing, is the first waste facility of its kind in Europe. Portugal Renewable Energy experienced a recovery in wind power generation in the second half of 2019, offsetting the negative impact arising from the cancellation of a renewable energy tax exemption.

Canadian Infrastructure Portfolio

Profit contribution from Canada was flat at HK$335 million. In local currency terms, profit contribution from Canada increased by 2% compared to the previous year.

In 2019, Reliance Home Comfort continued its efforts in market expansion through acquisitions, extending its businesses in Saskatchewan, Ontario and British Columbia.

Canadian Midstream Assets commenced the construction of two projects, one in Hardisty and another in the Onion Lake area, both backed by long term contracts.

Park'N Fly built a new 6,650-square feet valet facility in Toronto. The additional facility offers separate pick-up and drop-off centres providing an enhanced experience and smoother process for customers.

New Zealand Infrastructure Portfolio

The New Zealand portfolio reported profit contribution of HK$174 million, a 1% growth. In local currency terms, the result was an increase of 7% year-on-year.

EnviroNZ and Wellington Electricity both performed soundly. Subsequent to EnviroNZ winning a 10-year contract to provide collection and disposal services for Hamilton City, the company commenced the building of a new material recovery facility that uses mechanical and manual sorting processes to sort recyclables.

Wellington Electricity has completed half of the upgrading work for the three-year Earthquake Readiness Programme.

Hong Kong and Mainland China Businesses

In Hong Kong and Mainland China, CKI's portfolio showed a decline of 5% in net profit to HK$371 million. This was caused by lower traffic revenue from the toll road business. Profit contribution from the material businesses was stable.

VERY HEALTHY FINANCIAL POSITION

Prudent financial management continues to be the bedrock of CKI. While always diligent in studying opportunities to expand and diversify, the Group's risk management approach has also been conservative. The underlying financial position of the Company is very healthy.

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

With more than HK$12 billion cash on hand and a net debt to net total capital ratio of 13.5% as at 31st December, 2019, CKI is well-positioned to weather any uncertainties in the global markets as well as to actively pursue expansion opportunities.

OUTLOOK

As we enter into 2020, the macro-economic environment continues to be challenging with the looming threat of global trade tensions, political disruptions, natural disasters and infectious diseases.

Of particular challenge to CKI will be the series of regulatory resets which will be coming up in 2020 and over the next few years. Lower allowed returns resulting from ultra-low interest rates globally and tough stances by regulators will inevitably result in lower revenues.

On business development and expansion, CKI will continue to study acquisitions that will add value to the Group's portfolio. The Group's strategy is to target sizeable acquisitions that demand large capital investment. With CKI's extensive experience and knowledge, the Group has an edge in investing in complex deals and in maximising synergies with the existing portfolio. Its flexibility in forming alliances with other members of the CK Group, namely CK Asset and Power Assets, further strengthen its strategic advantage.

Our mantra has always been to preserve an optimal balance between continued earnings growth and a comfortable gearing position. This will remain a priority for CKI going forward. In pursuing new expansion opportunities, we will also continue to adhere to our strict investment discipline and will not pursue any acquisitions with a "must-win" mentality.

Looking ahead, in this age of uncertainty and low interest rates, the value of CKI's quality assets is even more to be appreciated.

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

Victor T K Li
Chairman

18th March, 2020

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 31st December, 2019, cash and bank deposits on hand amounted to HK$12,077 million and the total borrowings of the Group amounted to HK$31,742 million, which included Hong Kong dollar borrowings of HK$4,620 million and foreign currency borrowings of HK$27,122 million. Of the total borrowings, 14 per cent were repayable in 2020, 82 per cent were repayable between 2021 and 2024 and 4 per cent were repayable beyond 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 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 31st December, 2019, the Group maintained a net debt position with a net debt to net total capital ratio of 13.5 per cent. This was based on HK$19,665 million of net debt and HK$146,039 million of net total capital, which represents the total borrowings plus total equity net of cash and bank deposits. This ratio was lower than that of 16.5 per cent at the year end of 2018, attributable to the cash inflows from the investment portfolios together with the sale proceeds from the partial disposal of interest in an associate.

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) 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, 2019, the notional amounts of these derivative instruments amounted to HK$60,039 million.

Charge on Group Assets

As at 31st December, 2019:

- leased assets with carrying value of HK$11 million were pledged to secure certain lease liabilities; and

- Certain assets were pledged to secure bank borrowings totalling HK$1,272 million granted to the Group.

Contingent Liabilities

As at 31st December, 2019, the Group was subject to the following contingent liabilities:

HK$ million	
Guarantee in respect of bank loan drawn by an affiliated company	1,161
Other guarantee given in respect of an affiliated company	493
Performance bond indemnities	103
Total	1,757

Employees

The Group, including its subsidiaries but excluding affiliated companies, employs a total of 2,137 employees. Employees' cost (excluding directors' emoluments) amounted to HK$810 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, 2019, 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 (except as stated below) 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, 2019.

In accordance with code provision A.5.1 of the CG Code, the Company established its nomination committee ("Nomination Committee") on 1st January, 2019 which is chaired by the Chairman of the Board. When the need to select, nominate or re-elect Directors arises, the Nomination Committee will establish a sub-committee comprising a majority of Independent Non-executive Directors that is chaired by the Chairman of the Board in compliance with the requirements under the Listing Rules in relation to the composition of the nomination committee to consider and if appropriate, recommend the nomination of Director to be appointed or re-elected. While the Nomination Committee comprises all Directors of the Company, this is consistent with the established approach of the Company that the full Board as a whole is responsible for reviewing the selection and appointment of Directors.

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 ("Audit Committee") has established the Procedures for Reporting Possible Improprieties in Matters of Financial Reporting, Internal Control or Other Matters. 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 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 the 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 five Independent Non-executive Directors, namely, Mr. Colin Stevens Russel (Chairman of the Audit Committee), Mr. Cheong Ying Chew, Henry, Mrs. Sng Sow-mei alias Poon Sow Mei, 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 annual results for the year ended 31st December, 2019 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, Mr. Victor T K Li, and two Independent Non-executive Directors, namely, Mr. Cheong Ying Chew, Henry (Chairman of the Remuneration Committee) and Mr. Colin Stevens Russel.

Nomination Committee

The Company established its Nomination Committee on 1st January, 2019. It comprises all Directors of the Company, and the Chairman of the Board is the Chairman of the Nomination Committee. When the need to select, nominate or re-elect Directors arises, a sub-committee comprising a majority of Independent Non-executive Directors will be established in compliance with the requirements under the Listing Rules in relation to the composition of the nomination committee.

Annual General Meeting

The 2020 Annual General Meeting of the shareholders of the Company is currently scheduled to be held at 1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Wednesday, 13th May, 2020 at 10:00 a.m. subject to any contingency measures which may be announced as appropriate. The Notice of Annual General Meeting will be published and despatched to the shareholders in accordance with the Listing Rules in due course.

Closure of Register of Members

The Register of Members of the Company will be closed from Friday, 8th May, 2020 to Wednesday, 13th May, 2020, 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 2020 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, 7th May, 2020.

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, 19th May, 2020, 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, 19th May, 2020.

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. 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 year ended 31st December

HK$ million	Notes	**2019**	2018
Turnover	3	**36,125**	37,923
Sales and interest income from infrastructure investments	3	**6,733**	7,149
Other income	4	**1,271**	386
Operating costs	5	**(3,665)**	(3,923)
Finance costs		**(332)**	(502)
Exchange loss		**(26)**	(51)
Share of results of associates		**3,033**	3,405
Share of results of joint ventures		**4,459**	4,894
Profit before taxation		**11,473**	11,358
Taxation	6	**(129)**	(105)
Profit for the year	7	**11,344**	11,253
Attributable to:			
Shareholders of the Company		**10,506**	10,443
Owners of perpetual capital securities		**796**	796
Non-controlling interests		**42**	14
		11,344	11,253
Earnings per share	8	**HK$4.17**	HK$4.14

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31st December

HK$ million	Notes	**2019**	2018
Property, plant and equipment		**2,805**	2,508
Investment properties		**398**	382
Interests in associates		**36,814**	38,191
Interests in joint ventures		**104,952**	95,892
Other financial assets		**1,871**	7,821
Derivative financial instruments		**1,107**	2,448
Goodwill and intangible assets		**2,486**	2,556
Deferred tax assets		**3**	12
Total non-current assets		**150,436**	149,810
Inventories		**137**	170
Derivative financial instruments		**1,452**	567
Debtors and prepayments	10	**1,082**	1,133
Bank balances and deposits		**12,077**	6,090
Total current assets		**14,748**	7,960
Bank and other loans		**4,447**	1,442
Derivative financial instruments		**345**	14
Creditors, accruals and others	11	**5,361**	4,703
Taxation		**150**	128
Total current liabilities		**10,303**	6,287
Net current assets		**4,445**	1,673
Total assets less current liabilities		**154,881**	151,483
Bank and other loans		**27,295**	28,697
Derivative financial instruments		**547**	396
Deferred tax liabilities		**450**	463
Other non-current liabilities		**215**	23
Total non-current liabilities		**28,507**	29,579
Net assets		**126,374**	121,904
Representing:			
Share capital		**2,651**	2,651
Reserves		**108,953**	104,522
Equity attributable to shareholders of the Company		**111,604**	107,173
Perpetual capital securities		**14,701**	14,701
Non-controlling interests		**69**	30
Total equity		**126,374**	121,904

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has adopted a number of revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective to the Group for accounting periods beginning on or after 1st January, 2019. Apart from the changes in accounting policies are set out below, the adoption of those revised 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.

HKFRS 16 "Leases"

In the current year, the Group has adopted HKFRS 16 "Leases". HKFRS 16 is effective for the accounting periods beginning on or after 1st January, 2019. The Group has applied HKFRS 16 using the modified retrospective approach without restating comparative information retrospectively. Upon initial application, the additional lease liabilities were recognised and right-of-use assets were measured at the carrying amounts as if HKFRS 16 had been applied since commencement dates, which were discounted using the incremental borrowing rates at the date of initial application. The impact of the initial application is recognised in the opening balance of equity as at 1st January, 2019. HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees.

Prior to 1st January, 2019, lease contracts were classified as operating leases or finance leases. From 1st January, 2019 onwards, HKFRS 16 distinguishes lease contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low-value assets. For short-term leases and leases of low-value assets, the Group recognises lease expense on a straight-line basis as permitted by HKFRS 16. This expense is presented within operating costs in the consolidated income statement.

Right-of-use assets are initially measured at cost and subsequently carried at cost less accumulated depreciation and impairment losses. Lease liabilities are initially measured at the present value of the remaining lease payments discounted using the incremental borrowing rate of the lessee. Subsequently, lease liabilities are adjusted by interest accretion and lease payments. Lease payments are separated into principal portion and interest portion and presented within financing activities in the consolidated statement of cash flows.

2. SUMMARY OF EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

At the date of initial application of HKFRS 16, the reconciliation from the operating lease commitments to the lease liabilities recognised is as follows:

HK$ million	
Operating lease commitments at 31st December, 2018 as disclosed in the consolidated financial statements	296
Operating lease commitments at 31st December, 2018, discounted using the incremental borrowing rate at 1st January, 2019	221
Finance lease liabilities as at 31st December, 2018	14
Recognition exemption for short-term leases and leases of low-value assets	(91)
Extension options reasonably certain to be exercised	92
Lease liabilities as at 1st January, 2019	**236**

HK$ million	
Portion classified as:	
Current liabilities	23
Non-current liabilities	213
	236

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. The turnover 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	**2019**	2018
Sales of infrastructure materials	**2,172**	2,272
Interest income from loans granted to associates	**289**	332
Interest income from loans granted to joint ventures	**2,784**	3,045
Sales of waste management services	**1,488**	1,500
Sales and interest income from infrastructure investments	**6,733**	7,149
Share of turnover of joint ventures	**29,392**	30,774
Turnover	**36,125**	37,923

4. OTHER INCOME

Other income includes the following:

HK$ million	**2019**	2018
Gain on disposal of an associate	**427**	-
Gain on disposal of joint ventures	**88**	-
Bank interest income	**196**	136
Change in fair values of investment properties	**16**	22

5. OPERATING COSTS

Operating costs include the following:

HK$ million	**2019**	2018
Depreciation of property, plant and equipment	**220**	195
Amortisation of intangible assets	**81**	32
Cost of inventories sold	**1,742**	1,943
Cost of services provided	**860**	873

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.

HK$ million	**2019**	2018
Current taxation – Hong Kong	**1**	-
Current taxation – outside Hong Kong	**111**	95
Deferred taxation	**17**	10
Total	**129**	105

7. PROFIT FOR THE YEAR AND SEGMENT INFORMATION

for the year ended 31st December

			Infrastructure Investments										
	Investment in Power Assets Holdings Limited		United Kingdom		Australia		Continental Europe		Hong Kong and Mainland China		Canada		
HK$ million	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	
Turnover	-	-	17,401	18,405	6,387	6,741	5,033	5,238	3,148	3,319	2,101	2,093	
Sales and interest income from infrastructure investments	-	-	1,474	1,562	681	789	680	731	2,172	2,272	238	243	
Bank interest income	-	-	-	-	-	-	-	-	50	33	-	-	
Other income	-	-	-	-	22	-	-	-	56	144	-	-	
Change in fair value of derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	
Depreciation and amortisation	-	-	-	-	-	-	-	-	(136)	(81)	-	-	
Other operating costs	-	-	-	-	(1)	(2)	-	-	(1,863)	(2,057)	-	-	
Finance costs	-	-	-	-	-	-	-	-	-	-	-	-	
Exchange gain / (loss)	-	-	-	-	-	-	-	-	-	1	-	-	
Gain on disposal of an associate	427	-	-	-	-	-	-	-	-	-	-	-	
Gain on disposal of joint ventures	-	-	-	-	-	-	-	-	88	-	-	-	
Share of results of associates and joint ventures	2,564	2,903	3,161	3,713	1,381	1,279	105	139	115	151	98	100	
Profit / (Loss) before taxation	2,991	2,903	4,635	5,275	2,083	2,066	785	870	482	463	336	343	
Taxation	-	-	(5)	-	-	-	-	-	(69)	(60)	(1)	(8)	
Profit / (Loss) for the year	2,991	2,903	4,630	5,275	2,083	2,066	785	870	413	403	335	335	
Attributable to:													
Shareholders of the Company	2,991	2,903	4,630	5,275	2,083	2,066	785	870	371	389	335	335	
Owners of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	-	
Non-controlling interests	-	-	-	-	-	-	-	-	42	14	-	-	
	2,991	2,903	4,630	5,275	2,083	2,066	785	870	413	403	335	335	

	Infrastructure Investments							
	New Zealand		Total before unallocated items		Unallocated items		Consolidated	
HK$ million	2019	2018	2019	2018	2019	2018	2019	2018
Turnover	2,055	2,127	36,125	37,923	-	-	36,125	37,923
Sales and interest income from infrastructure investments	1,488	1,552	6,733	7,149	-	-	6,733	7,149
Bank interest income	1	1	51	34	145	102	196	136
Other income	2	6	80	150	480	100	560	250
Change in fair value of derivative financial instruments	-	-	-	-	-	10	-	10
Depreciation and amortisation	(164)	(145)	(300)	(226)	(1)	(1)	(301)	(227)
Other operating costs	(1,128)	(1,168)	(2,992)	(3,227)	(372)	(479)	(3,364)	(3,706)
Finance costs	(57)	(70)	(57)	(70)	(275)	(432)	(332)	(502)
Exchange gain / (loss)	-	-	-	1	(26)	(52)	(26)	(51)
Gain on disposal of an associate	-	-	427	-	-	-	427	-
Gain on disposal of joint ventures	-	-	88	-	-	-	88	-
Share of results of associates and joint ventures	68	14	7,492	8,299	-	-	7,492	8,299
Profit / (Loss) before taxation	210	190	11,522	12,110	(49)	(752)	11,473	11,358
Taxation	(36)	(18)	(111)	(86)	(18)	(19)	(129)	(105)
Profit / (Loss) for the year	174	172	11,411	12,024	(67)	(771)	11,344	11,253
Attributable to:								
Shareholders of the Company	174	172	11,369	12,010	(863)	(1,567)	10,506	10,443
Owners of perpetual capital securities	-	-	-	-	796	796	796	796
Non-controlling interests	-	-	42	14	-	-	42	14
	174	172	11,411	12,024	(67)	(771)	11,344	11,253

7. 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.

8. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to shareholders of the Company of HK$10,506 million (2018: HK$10,443 million) and on 2,519,610,945 shares (2018: 2,519,610,945 shares) in issue during the year.

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. DIVIDENDS

(a)

HK$ million	**2019**	2018
Interim dividend paid of HK$0.68 per share (2018: HK$0.68 per share)	**1,713**	1,713
Proposed final dividend of HK$1.78 per share (2018: HK$1.75 per share)	**4,485**	4,410
Total	**6,198**	6,123

During the year, dividends of HK$6,198 million (2018: HK$6,123 million) are stated after elimination of HK$322 million (2018: HK$318 million) paid / proposed for the shares issued in connection with the issue of perpetual capital securities.

(b)

HK$ million	**2019**	2018
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$1.75 per share (2018: HK$1.71 per share)	**4,410**	4,309

Final dividend in respect of the previous financial year, approved and paid during the year ended 31st December, 2019, is stated after elimination of HK$229 million (2018: HK$224 million) for the shares issued in connection with the issue of perpetual capital securities.

10. DEBTORS AND PREPAYMENTS

Included in debtors and prepayments are trade debtors of HK$263 million (2018: HK$274 million) and their aging analysis is as follows:

HK$ million	**2019**	2018
Current	**171**	173
Less than 1 month past due	**70**	81
1 to 3 months past due	**17**	15
More than 3 months but less than 12 months past due	**10**	10
More than 12 months past due	**7**	8
Amount past due	**104**	114
Loss allowance	**(12)**	(13)
Total after allowance	**263**	274

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$248 million (2018: HK$228 million) and their aging analysis is as follows:

HK$ million	**2019**	2018
Current	**194**	171
1 month	**26**	32
2 to 3 months	**7**	7
Over 3 months	**21**	18
Total	**248**	228

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, 2019, consolidated income statement and the related notes thereto for the year ended 31st December, 2019 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.