

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.



Cheung Kong Infrastructure Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1038)

THE CHAIRMAN'S LETTER FOR 2008

Summary of Results

- Profit contribution from operations increased by 14% to HK\$6,075 million
 - HK Electric - increased by 9% to HK\$3,120 million
 - China portfolio - down 14% to HK\$1,329 million
 - Australia portfolio - increased by 194% to HK\$850 million
 - UK portfolio - increased by 20% to HK\$550 million
 - Materials business - decreased by 11% to HK\$127 million
 - Canadian investment recorded first full year of contribution; new investment in New Zealand started contributing to profit

- Profit attributable to shareholders was HK\$4,423 million, a decrease of 7.3%

- Total dividend for 2008 of HK\$1.135 per share, up 3.2% (12th consecutive year of dividend growth)

- Share price outperformed Hang Seng Index

- Strong balance sheet, cash and deposits totalling HK\$5,481 million at 2008 year end

- Financial capabilities will be further strengthened upon completion of divestment of three power plants in Mainland China to HK Electric

2008 represented an extraordinary year in the world's financial history. The current economic crisis, which started as a result of the subprime mortgage issue in the United States, has reverberated all around the globe. In spite of the financial instability and uncertainty in the macro-backdrop, Cheung Kong Infrastructure Holdings Limited ("CKI" or the "Group") delivered a steady performance in 2008 and CKI's share price outperformed the Hang Seng Index.

For the year ended 31st December, 2008, CKI's group turnover and its share of turnover of jointly controlled entities was HK\$7,486 million. Profit contribution from operations for 2008 was HK\$6,075 million, an increase of 14 per cent over the preceding year. The financial results were negatively impacted by mark-to-market adjustments arising from fluctuations in currency and financial markets. The audited profit attributable to shareholders was HK\$4,423 million in 2008 compared to HK\$4,772 million in 2007. Earnings per share were HK\$1.96.

The Board of Directors of CKI (the "Board") has recommended a final dividend of HK\$0.838 per share. Together with the interim dividend of HK\$0.297 per share, this will bring the total dividend for the year to HK\$1.135, a 3.2 per cent increase over last year. This represents the 12th consecutive year of dividend growth since listing. The proposed dividend will be paid on 19th May, 2009 following approval at the Annual General Meeting, to shareholders whose names appear on the Register of Members of the Company on 14th May, 2009.

2008 Business Review

Across CKI's well-diversified portfolio of infrastructure investments, 2008 represented a year of operational growth.

HK Electric

Profit from Hongkong Electric Holdings Limited ("HK Electric") amounted to HK\$3,120 million in 2008, a 9 per cent increase over that recorded in 2007. This increase was attributable to a solid performance from HK Electric's operations in Hong Kong and strong growth in its overseas investments. HK Electric's Hong Kong results benefited from a deferred tax adjustment of HK\$310 million arising from the reduction in corporate tax rate.

Infrastructure Investments

Mainland China

Investments in Mainland China generated a profit contribution of HK\$1,329 million in 2008; this included a HK\$112 million gain from the disposal of Fushun Power Plant. This represents a decrease of 14 per cent as compared to 2007, the year in which a HK\$815 million one-off gain was included. After adjusting for the one-off gains in both years, the performance of the China portfolio in 2008 grew 66 per cent in terms of profit contribution. The strong operational performance of the China portfolio can be attributed to well-managed power assets and toll road investments.

Zhuhai Power Plant recorded another year of good performance and Jinwan Phase 1 Power Plant project delivered a strong income stream with the first full year of contribution in 2008.

Steady increases in both traffic and toll revenue were recorded by CKI's toll road portfolio during the year.

Australia

Profit contribution from the Group's Australian businesses was HK\$850 million in 2008, an increase of 194 per cent over last year. This significant increase was largely attributable to the impairment provision recorded in 2007 with respect to the Lane Cove Tunnel.

The regulated and non-regulated businesses of ETSA Utilities, CitiPower I Pty Ltd. and Powercor Australia Limited performed in line with expectations.

United Kingdom

Total profit contribution from CKI's gas and water businesses in the United Kingdom increased by 20 per cent to HK\$550 million.

A good performance was generated by Northern Gas Networks Limited during the year under review. The 5-year price re-set which commenced in April 2008 is expected to bring in secure returns to the Group for the next 5 years.

Satisfactory results were also recorded from our water investments. Southern Water delivered its first full year of profit contribution to the Group, while Cambridge Water PLC provided stable cashflow.

Canada

In 2008, we also saw the first full year of contribution from Stanley Power Inc., which amounted to HK\$64 million. These electricity generation operations in Canada have provided the Group with steady returns.

New Zealand

In 2008, CKI and HK Electric made their first investment in New Zealand through the acquisition of the Wellington Electricity Distribution Network on a 50/50 basis. The Wellington Electricity Distribution Network supplies electricity to the city of Wellington, the capital of New Zealand, and the Porirua and Hutt Valley regions of New Zealand. The project has generated profit returns to the Group since it was acquired in July 2008.

Materials Business

The Group's materials business achieved a profit contribution of HK\$127 million in 2008. This represents an 11 per cent decrease as compared to last year due to high fuel prices and rising freight charges.

With a number of new major infrastructure projects being announced by The Government of the Hong Kong Special Administrative Region, demand for cement, concrete and aggregates is expected to increase in the near term. As the impact of fuel prices and freight charges declines, a more promising outlook for the Group's materials business is anticipated.

Financial Management and Treasury Activities

Underpinned by strong recurring cashflow from regulated businesses, CKI continues to maintain a strong balance sheet. Cash and deposits totalled HK\$5,481 million, while debt was HK\$6,743 million as at 31st December, 2008, resulting in a comfortable 3 per cent net debt to equity ratio. The Group's "A-" rating from Standard & Poor's was reaffirmed, a rating which has been consistently maintained since shortly after listing in 1996.

The global financial crisis has touched almost all markets and industries in the world and the Group has felt its effects as well. A loss arising on treasury activities was recorded by the Group in 2008. A significant proportion of this loss resulted from a sizeable currency fluctuation of HK\$631 million, which was mostly comprised of unrealised mark-to-market adjustments arising from a 30-year Yen borrowing and other foreign currency deposits. These fair value changes have no immediate cashflow impact on CKI.

Subsequent Event – Divestment of Three Power Plants in Mainland China

In February 2009, CKI announced the divestment of three power plants in Mainland China to HK Electric which, subject to completion, will generate a one-off gain of approximately HK\$1,348 million to be booked in the first half of 2009.

Through the divestment of the three power plants, CKI will realise the value of some of the mature projects in its portfolio. It will also further enhance the Group's capacity to take advantage of acquisition opportunities in the near future, while still maintaining an indirect interest in the three power plants through our 38.87 per cent shareholding in HK Electric.

This transaction underscores the value of our asset portfolio and demonstrates our ability to unlock the value of some of our mature assets.

Prospects

In spite of the global economic crisis, CKI is cautiously optimistic about our future prospects. With our solid financial foundation and strong income base, we are well-placed to face the current challenges in the market.

As a result of the worsening global recession and tightening credit situation, some of the major issues now facing the infrastructure industry are refinancing and over-gearing. However, these issues also give rise to a lot of investment opportunities.

Upon the completion of the divestment of our three power plants in Mainland China, we will have cash and deposits totalling over HK\$11 billion. This cash-rich situation should place CKI in a very unique position to support any refinancing needs and to aggressively pursue acquisition opportunities. While we will be vigorously studying new acquisition targets, we will apply stringent investment criteria in order to maximise our advantage in today's market conditions.

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

Li Tzar Kuoi, Victor

Chairman

Hong Kong, 19th March, 2009

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 issued and other project loans.

As at 31st December, 2008, total borrowings of the Group amounted to HK\$6,743 million, which were all denominated in foreign currencies. Of the total borrowings, 24 per cent were repayable in 2009, 39 per cent were repayable between 2010 and 2013 and 37 per cent repayable beyond 2013. 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 or Pounds Sterling. 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, 2008, the Group has changed to a net debt position with a gearing ratio of 3 per cent, which was based on its net debt of HK\$1,262 million and shareholders' equity of HK\$36,675 million, from the net cash position at the year end of 2007. Such change was mainly due to cash outflows for investments in two energy projects in New Zealand and Canada during the current year.

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 31st December, 2008, the notional amounts of these derivative instruments amounted to HK\$8,753 million.

Charge on Group Assets

As at 31st December, 2008:

- the Group's interests in an affiliated company with carrying value of HK\$1,902 million were pledged as part of the security to secure bank borrowings totalling HK\$1,721 million granted to the affiliated company;
- the Group's cash deposit of HK\$1,113 million was pledged to secure bank borrowing of HK\$1,113 million granted to the Group;
- the Group's obligations under finance leases totalling HK\$31 million were secured by charge over the leased assets with carrying value of HK\$193 million; and
- certain plant and machinery of the Group with carrying value of HK\$50 million were pledged to secure bank borrowings totalling HK\$32 million granted to the Group.

Contingent Liabilities

As at 31st December, 2008, the Group was subject to the following contingent liability:

HK\$ million

Guarantee in respect of a bank loan drawn by an affiliated company	871
--	-----

Employees

The Group, including its subsidiaries but excluding affiliated companies, employs a total of 1,037 employees. Employees' cost (excluding directors' emoluments) amounted to HK\$278 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

During the year ended 31st December, 2008, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Code on Corporate Governance Practices

The Company is committed to the maintenance 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 ("Code on CG Practices") 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, 2008.

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 in accordance with the provisions set out in the Code on CG Practices.

The Audit Committee comprises five members all of whom are 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 and internal control procedures, review of the Group's financial information and review of the relationship with the external auditor of the Company.

The Group's annual results for the year ended 31st December, 2008 have been reviewed by the Audit Committee.

Remuneration Committee

According to the Code on CG Practices, the Company established its remuneration committee (“Remuneration Committee”) on 1st January, 2005 with a majority of the members being Independent Non-executive Directors. The Remuneration Committee comprises the Chairman of the Board, Mr. Li Tzar Kuoi, Victor (Chairman of the Remuneration Committee), and two Independent Non-executive Directors, namely, Mr. Colin Stevens Russel and Mr. Cheong Ying Chew, Henry.

Annual General Meeting

The 2009 Annual General Meeting of the shareholders of the Company will be held at the Ballroom, 1st Floor, Harbour Plaza Hong Kong, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Thursday, 14th May, 2009 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 Thursday, 7th May, 2009 to Thursday, 14th May, 2009, both days inclusive, during which period no transfer of shares will be effected. 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 Registrars, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 6th May, 2009.

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. Andrew John HUNTER, Mrs. CHOW WOO Mo Fong, Susan (also Alternate Director to Mr. FOK Kin Ning, Canning and Mr. Frank John SIXT), Mr. Frank John SIXT and Mr. TSO Kai Sum; 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), Mrs. LEE Pui Ling, Angelina, Mr. Barrie COOK 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 year ended 31st December

HK\$ million	Notes	2008	2007
Group turnover	2	2,445	1,865
Share of turnover of jointly controlled entities	2	5,041	4,024
		7,486	5,889
Group turnover		2,445	1,865
Other income	3	948	928
Operating costs	4	(2,253)	(1,951)
Finance costs		(481)	(560)
Exchange (loss) / gain		(631)	88
Gain on disposal of a jointly controlled entity	5	-	815
Impairment losses	6	(427)	(654)
Share of results of associates		3,864	3,554
Share of results of jointly controlled entities		978	700
Profit before taxation		4,443	4,785
Taxation	7	(13)	(6)
Profit for the year	8	4,430	4,779
Attributable to:			
Shareholders of the Company		4,423	4,772
Minority interests		7	7
		4,430	4,779
Earnings per share	9	HK\$1.96	HK\$2.12
Dividends			
Interim dividend paid		670	609
Proposed final dividend		1,889	1,871
		2,559	2,480
Dividends per share			
Interim		HK\$0.297	HK\$0.27
Proposed final		HK\$0.838	HK\$0.83
		HK\$1.135	HK\$1.10

CONSOLIDATED BALANCE SHEET

as at 31st December

HK\$ million	Notes	2008	2007
Property, plant and equipment		904	1,121
Investment properties		164	160
Leasehold land		281	292
Interests in associates		29,067	30,389
Interests in jointly controlled entities		3,361	3,176
Interests in infrastructure project investments		477	377
Investments in securities		2,597	4,187
Derivative financial instruments		624	55
Goodwill		143	209
Pledged bank deposit		1,113	-
Deferred tax assets		11	5
Other non-current assets		-	19
Total non-current assets		38,742	39,990
Inventories		140	75
Interests in infrastructure project investments		152	125
Derivative financial instruments		304	428
Debtors and prepayments	10	1,303	607
Bank balances and deposits		4,368	8,217
Total current assets		6,267	9,452
Bank and other loans		1,628	2,972
Derivative financial instruments		1	417
Creditors and accruals	11	1,149	1,292
Taxation		109	121
Total current liabilities		2,887	4,802
Net current assets		3,380	4,650
Total assets less current liabilities		42,122	44,640
Bank and other loans		5,115	4,607
Derivative financial instruments		50	187
Deferred tax liabilities		201	373
Other non-current liabilities		26	16
Total non-current liabilities		5,392	5,183
Net assets		36,730	39,457
Representing:			
Share capital		2,254	2,254
Reserves		34,421	37,155
Equity attributable to shareholders of the Company		36,675	39,409
Minority interests		55	48
Total equity		36,730	39,457

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, 2008. 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 changes in the accounting policies of the Group.

2. GROUP TURNOVER AND SHARE OF TURNOVER OF JOINTLY CONTROLLED ENTITIES

Group turnover represents net sales of infrastructure materials, income from the supply of water, return from infrastructure project investments, interest income from loans granted to associates, and distribution from investments in securities classified as infrastructure investments.

In addition, the Group presents its proportionate share of turnover of jointly controlled entities. Turnover of associates is not included.

The Group turnover and share of turnover of jointly controlled entities for the current year is analysed as follows:

HK\$ million	2008	2007
Sales of infrastructure materials	1,132	896
Income from the supply of water	278	292
Return from infrastructure project investments	344	139
Interest income from loans granted to associates	522	432
Distribution from investments in securities	169	106
Group turnover	2,445	1,865
Share of turnover of jointly controlled entities	5,041	4,024
	7,486	5,889

3. OTHER INCOME

Other income includes the following:

HK\$ million	2008	2007
Interest income from banks	429	538
Gain on disposal of a subsidiary	108	-
Gain on disposals of infrastructure project investments	112	-
Gain on disposals of listed securities	3	80
Gain on disposals of interests in an associate	-	79
Change in fair values of investment properties	-	25

4. OPERATING COSTS

Operating costs include the following:

HK\$ million	2008	2007
Depreciation of property, plant and equipment	52	51
Amortisation of prepayment for leasehold land	9	9
Change in fair values of investments in securities	491	35
Change in fair values of derivative financial instruments	(112)	247
Change in fair values of investment properties	7	-
Cost of inventories sold	1,124	896

5. GAIN ON DISPOSAL OF A JOINTLY CONTROLLED ENTITY

HK\$ million	2008	2007
Disposal of 44.4% interests in Guangzhou E-S-W Ring Road Company Limited	-	815

6. IMPAIRMENT LOSSES

During the current year, the Group recognised impairment losses of the following assets:

HK\$ million	2008	2007
Investments in securities	427	623
Interests in a jointly controlled entity	-	31
Total	427	654

7. TAXATION

Hong Kong Profits Tax is provided for at the rate of 16.5 per cent (2007: 17.5 per cent) on the estimated assessable profits less available tax losses. Overseas tax is provided for at the applicable tax rate on the estimated assessable profits less available tax losses.

HK\$ million	2008	2007
Current taxation		
- Hong Kong Profits Tax	-	3
- Overseas tax	5	22
Deferred taxation	8	(19)
Total	13	6

8. SEGMENT INFORMATION

By business segment

for the year ended 31st December

HK\$ million	Investment in Hongkong Electric*		Infrastructure investments		Infrastructure related business		Unallocated items		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Group turnover	-	-	1,313	969	1,132	896	-	-	2,445	1,865
Share of turnover of jointly controlled entities	-	-	4,195	3,447	846	577	-	-	5,041	4,024
	-	-	5,508	4,416	1,978	1,473	-	-	7,486	5,889
Segment revenue										
Group turnover	-	-	1,313	969	1,132	896	-	-	2,445	1,865
Others	-	-	29	69	41	57	-	-	70	126
	-	-	1,342	1,038	1,173	953	-	-	2,515	1,991
Segment result										
Group turnover	-	-	1,289	762	(105)	(41)	-	-	1,184	721
Gain on disposal of a subsidiary	-	-	-	-	108	-	-	-	108	-
Gain on disposals of interests in an associate	-	-	-	79	-	-	-	-	-	79
Gain on disposal of a jointly controlled entity	-	-	-	815	-	-	-	-	-	815
Gain on disposals of infrastructure project investment and listed securities	-	-	112	13	3	-	-	67	115	80
Change in fair values of investments in securities and derivative financial instruments	-	-	-	-	(29)	(5)	(350)	(277)	(379)	(282)
Interest income	-	-	76	55	109	140	244	343	429	538
Finance costs	-	-	(111)	(83)	-	-	(370)	(477)	(481)	(560)
Exchange gain / (loss)	-	-	231	-	(3)	-	(859)	88	(631)	88
Impairment losses	-	-	(427)	(654)	-	-	-	-	(427)	(654)
Corporate overheads and others	-	-	-	-	-	-	(317)	(294)	(317)	(294)
Share of results of associates and jointly controlled entities	3,120	2,864	1,675	1,335	47	55	-	-	4,842	4,254
Profit/(loss) before taxation	3,120	2,864	2,845	2,322	130	149	(1,652)	(550)	4,443	4,785
Taxation	-	-	(17)	(4)	4	1	-	(3)	(13)	(6)
Profit/(loss) for the year	3,120	2,864	2,828	2,318	134	150	(1,652)	(553)	4,430	4,779
Attributable to:										
Shareholders of the Company	3,120	2,864	2,828	2,318	127	143	(1,652)	(553)	4,423	4,772
Minority interests	-	-	-	-	7	7	-	-	7	7
	3,120	2,864	2,828	2,318	134	150	(1,652)	(553)	4,430	4,779

* During the year, the Group has a 38.87 per cent equity interest in Hongkong Electric Holdings Limited ("Hongkong Electric"), which is listed on Hong Kong Stock Exchange.

8. SEGMENT INFORMATION (Cont'd)

By geographic region

for the year ended 31st December

HK\$ million	Hong Kong		Mainland China		Australia		United Kingdom		Canada, New Zealand and others		Unallocated items		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Group turnover	771	652	686	380	525	538	357	292	106	3	-	-	2,445	1,865
Share of turnover of jointly controlled entities	481	441	4,560	3,583	-	-	-	-	-	-	-	-	5,041	4,024
	1,252	1,093	5,246	3,963	525	538	357	292	106	3	-	-	7,486	5,889
Segment revenue														
Group turnover	771	652	686	380	525	538	357	292	106	3	-	-	2,445	1,865
Others	21	12	25	70	-	-	20	43	4	1	-	-	70	126
	792	664	711	450	525	538	377	335	110	4	-	-	2,515	1,991
Segment result														
Group turnover	(104)	(66)	306	177	730	538	148	94	104	(22)	-	-	1,184	721
Gain on disposal of a subsidiary	-	-	108	-	-	-	-	-	-	-	-	-	108	-
Gain on disposals of interests in an associate	-	-	-	-	-	79	-	-	-	-	-	-	-	79
Gain on disposal of a jointly controlled entity	-	-	-	815	-	-	-	-	-	-	-	-	-	815
Gain on disposals of infrastructure project investment and listed securities	-	-	112	-	-	13	-	-	3	-	-	67	115	80
Change in fair values of investments in securities and derivative financial instruments	-	-	-	-	(23)	-	-	-	(6)	(5)	(350)	(277)	(379)	(282)
Interest income	109	140	-	-	-	-	76	55	-	-	244	343	429	538
Finance costs	-	-	-	-	-	-	(111)	(83)	-	-	(370)	(477)	(481)	(560)
Exchange (loss) / gain	(3)	-	-	-	231	-	-	-	-	-	(859)	88	(631)	88
Impairment losses	-	-	-	(31)	(427)	(623)	-	-	-	-	-	-	(427)	(654)
Corporate overheads and others	-	-	-	-	-	-	-	-	-	-	(317)	(294)	(317)	(294)
Share of results of associates and jointly controlled entities	3,173	2,939	927	643	316	282	425	392	1	(2)	-	-	4,842	4,254
Profit/(loss) before taxation														
	3,175	3,013	1,453	1,604	827	289	538	458	102	(29)	(1,652)	(550)	4,443	4,785
Taxation	4	1	(29)	(4)	-	-	12	-	-	-	-	(3)	(13)	(6)
Profit/(loss) for the year														
	3,179	3,014	1,424	1,600	827	289	550	458	102	(29)	(1,652)	(553)	4,430	4,779
Attributable to:														
Shareholders of the														
Company	3,179	3,014	1,417	1,593	827	289	550	458	102	(29)	(1,652)	(553)	4,423	4,772
Minority interests	-	-	7	7	-	-	-	-	-	-	-	-	7	7
	3,179	3,014	1,424	1,600	827	289	550	458	102	(29)	(1,652)	(553)	4,430	4,779

9. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to shareholders of the Company of HK\$4,423 million (2007: HK\$4,772 million) and on 2,254,209,945 shares (2007: 2,254,209,945 shares) in issue during the year.

10. DEBTORS AND PREPAYMENTS

Included in debtors and prepayments are trade debtors of HK\$243 million (2007: HK\$235 million) and their aging analysis is as follows:

HK\$ million	2008	2007
Current	139	144
Less than 1 month past due	52	55
1 to 3 months past due	38	24
More than 3 months but less than 12 months past due	25	24
More than 12 months past due	58	71
Amount past due	173	174
Allowance for doubtful debts	(69)	(83)
Total after allowance	243	235

Trade with customers for infrastructure materials is carried out largely on credit, except for new customers and customers with unsatisfactory payment records, where payment in advance is normally required. Trade with metered customers for water supply is carried out largely on credit and with unmetered customers largely by payment in advance. 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 AND ACCRUALS

Included in creditors and accruals are trade creditors of HK\$139 million (2007: HK\$131 million) and their aging analysis is as follows:

HK\$ million	2008	2007
Current	100	98
1 month	24	12
2 to 3 months	1	6
Over 3 months	14	15
Total	139	131

12. EVENT AFTER THE BALANCE SHEET DATE

On 5th February, 2009, the Company announced that it has entered into an agreement to procure the sale of the entire issued share capital of Outram Limited (“Outram”), a wholly-owned subsidiary of the Company, to Hongkong Electric or a wholly-owned subsidiary of Hongkong Electric, for a consideration of HK\$5,680 million. Outram holds 45 per cent equity interest in each of the joint ventures in the Mainland which own and operate three power plants, namely Zhuhai Power Plant in Zhuhai City, the neighbouring Jinwan Phase 1 Power Plant and Siping Cogen Power Plants in the Jilin Province. As the result of the transaction, it is expected that a realised gain of approximately HK\$1,348 million will be recorded in the Company’s consolidated income statement for the year ending 31st December, 2009, which is arrived at with reference to the proceeds and the estimated net book value at the date of completion with adjustment for unrealised gain because of its 38.87 per cent equity interest in Hongkong Electric.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year’s presentation.

14. REVIEW OF ANNUAL RESULTS

The annual results have been reviewed by the Audit Committee.

The figures in respect of the Group's consolidated balance sheet at 31st December, 2008, consolidated income statement and the related notes thereto for the year then ended 31st December, 2008 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.