CK Infrastructure Holdings Limited
長江基建集團有限公司

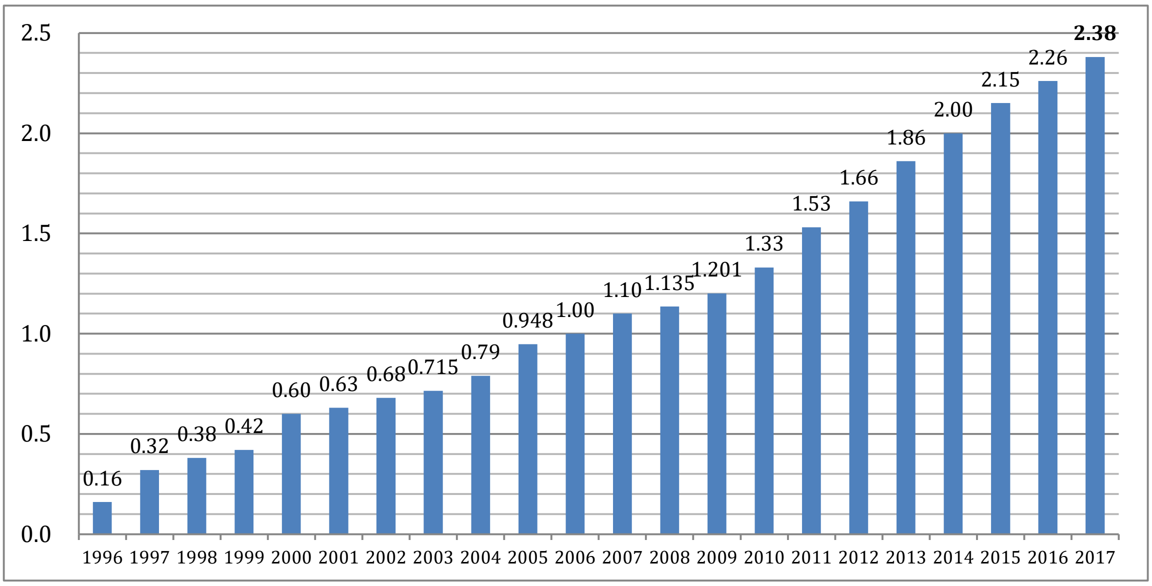
(Incorporated in Bermuda with limited liability)
(Stock Code: 1038)

THE CHAIRMAN'S LETTER FOR 2017

For the year ended 31st December, 2017, CK Infrastructure Holdings Limited ("CKI" or the "Group") recorded profit attributable to shareholders of HK$10,256 million, an increase of 6% over the previous year.

21 Years of Continued Dividend Growth

Dividends per Share since Listing
(HK$)



The Board of Directors of CKI ("the Board") has recommended a final dividend of HK$1.71 per share. Together with the interim dividend of HK$0.67 per share, this will bring the total dividend for the year to HK$2.38, an 5.3% increase over the previous year.

This represents the 21st consecutive year of dividend growth since CKI was listed in 1996. The proposed dividend will be paid on Wednesday, 30th May, 2018, following approval at the 2018 Annual General Meeting to those shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 15th May, 2018.

A Notable Year For New Acquisitions

2017 was a milestone year for acquisitions. CKI made three sizeable acquisitions, involving about HK$56 billion. They have further diversified the Group's businesses and extended the geographic reach, widening the earnings base.

All three newly acquired businesses have a track record of solid performance, and they all generate steady recurrent cash flows.

DUET

During the year under review, CKI together with CK Asset and Power Assets acquired DUET, a company which was previously listed on the Australian Securities Exchange. The enterprise value of the business at acquisition was approximately A$13 billion. CKI holds a 40% interest in the company.

DUET's businesses comprise electricity distribution, gas transmission and distribution as well as the provision of electricity generation solutions for remote customers.

Reliance Home Comfort

Together with CK Asset, CKI acquired Reliance Home Comfort of Canada. The enterprise value of the business is approximately C$4.6 billion. CKI holds a 25% stake in the company.

Reliance Home Comfort is in the building equipment services business providing water heaters, HVAC (heating, ventilation and air conditioning) equipment, and comfort protection plans to homeowners in Canada.

ista

The Group also formed a joint venture with CK Asset and acquired ista for EUR4.5 billion. CKI holds a 35% stake in the business.

ista is a fully integrated energy management services provider with the main market being Germany.

Operational Performance Across Global Portfolio

Power Assets

Profit contribution from Power Assets was HK$3,214 million, a 29% increase compared to last year. Attributable factors of the result include (i) profit contribution from the newly acquired DUET; (ii) a one-off disposal gain generated from two properties in Hong Kong; and (iii) foreign exchange gain from treasury investments.

In addition to profit contribution, a disposal gain of HK$383 million was also recorded by CKI from the sale of a 0.86% interest in Power Assets.

UK Portfolio

Profit contribution from the United Kingdom portfolio amounted to HK$5,283 million, a decrease of 16% as compared to the previous year. The impact is mainly caused by: (i) the one-off deferred tax gains arising from changes in the corporate tax rate in 2016; and (ii) a weaker pound sterling in 2017 on a full-year comparison.

Overall, operational performance of the businesses was sound. UK Power Networks continued to be the safest and most reliable electricity network in the UK, while Northumbrian Water won the “Utility of the Year” accolade in 2017. Northern Gas Networks maintained the status of being the top performing gas distributor meeting the Guaranteed Standards of Performance of Office of Gas and Electricity Markets (“Ofgem”), and Wales & West Gas Networks, UK Rails as well as Seabank’s performance were in line with expectations.

Australian Portfolio

Profit contribution from Australia was HK$1,945 million, similar to last year. Excluding the one-off gain of HK$781 million generated from the disposal of Spark Infrastructure in 2016, profit contribution in 2017 would have increased 68%.

The performance of both SA Power Networks and Victoria Power Networks was satisfactory during the year.

Australian Gas Networks continued to perform well. The gas networks in Victoria and New South Wales received final determinations for the 2018-2022 regulatory periods, providing predictable income for the next few years.

The businesses of DUET have been smoothly amalgamated into CKI's existing portfolio in Australia, and made its first contribution to the Group in 2017.

Continental Europe Portfolio

The Continental Europe portfolio consists of Dutch Enviro Energy, Portugal Renewable Energy and the newly acquired ista. Profit contribution was HK$412 million, an increase of 52% over last year.

The increase is mainly due to a 2.5 months of contribution by ista as well as the good performance of Dutch Enviro Energy and Portugal Renewable Energy.

Canadian Portfolio

Profit contribution from businesses in Canada amounted to HK$245 million, a 30% increase as compared to last year.

This result can be attributed to approximately 4 months of contribution from the newly acquired Reliance Home Comfort, and the first full year of contribution from Canadian Midstream Assets.

Other Infrastructure and Materials Businesses

Profit contribution from Mainland China was HK$288 million, a 17% decline as compared to the previous year. Toll revenues were affected due to traffic diversion.

For New Zealand, profit contribution was HK$171 million, a decrease of 8% as compared to last year. The results of EnviroNZ and Wellington Electricity were negatively impacted by the newly introduced withholding tax regime.

Profit contribution for the Group's materials business declined by 48% to HK$185 million. The impact was mainly caused by increased competition in the Hong Kong market.

Strong Financial Position

As at 31st December, 2017, CKI had cash on hand of HK$9,781 million and Standard & Poor's rating was "A-/Positive". The Group is in a robust financial position, with ample capacity for future expansion. While CKI will focus on growing its investment portfolio through the acquisition of quality assets, a prudent approach will be maintained to ensure the financial position is not compromised.

During the year, CKI issued US$650 million Perpetual Capital Securities with a fixed rate of 4.85% per annum. This initiative is in line with the Group's strategy of maintaining good fiscal management.

In December 2017, CKI also issued a EUR600 million 1% guaranteed bond, due in 2024, to match its recent investment in ista. This follows the Group's "matching principle" strategy adopted for foreign currency management. CKI generally hedges equity investments against currency movements at the time of acquisition while the operating companies of the Group borrow in their respective local currency, or otherwise hedge any foreign currency borrowings back into local currency.

Outlook

Against a backdrop of uncertainties in the macro-economic landscape – rising interest rates, continuing Brexit saga and global political unrest, among others – CKI is confident of maintaining the business momentum.

The Group will continue to nurture organic growth of existing businesses and maximise synergies within the global portfolio.

We will also study acquisition opportunities – in existing business areas and in new areas as well as existing geographic markets and new ones. The Group will work closely with our strategic partners within the CK Group – CK Asset and Power Assets – who are characterised by robust financial positions and ample cash on hand, in seizing new and, in particular, sizeable investment opportunities. Nonetheless, we will keep our discipline of not approaching new investments with a "must-win" mentality.

As evidenced by the Group's track record of achieving earnings growth while maintaining a comfortable gearing position, CKI has mastered the balance between financial stability and profit growth to maximise long-term returns for our shareholders.

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

LI TZAR KUOI, VICTOR
Chairman

16th March, 2018

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, bonds, share placement and other project loans.

As at 31st December, 2017, cash and bank deposits on hand amounted to HK$9,781 million and the total borrowings of the Group amounted to HK$35,036 million, which included Hong Kong dollar notes of HK$260 million and foreign currency borrowings of HK$34,776 million. Of the total borrowings, 31 per cent were repayable in 2018, 49 per cent were repayable between 2019 and 2022 and 20 per cent were repayable beyond 2022. Part of the borrowings repayable in 2018 has been refinanced in January 2018. To refinance the remaining borrowings repayable in 2018, 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 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, 2017, the Group maintained a net debt position with a net debt to net total capital ratio of 17.6 per cent, which was based on its net debt of HK$25,255 million and net total capital, which represents the total borrowings plus total equity net of cash and bank deposits, of HK$143,447 million. This ratio was higher than the net debt to net total capital ratio of 4.5 per cent at the year end of 2016. This change was mainly due to the funds utilised for the investments in a business that owns and operates energy utility assets in Australia, the United States, the United Kingdom and Europe, a business engaged in building equipment services in Canada and the United States, and an energy management services provider in Europe, which were partially compensated by the funds raised in the issues of perpetual capital securities during the year.

The fluctuations in currencies and in particular, the devaluation of the British pound 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 pound. 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, 2017, the notional amounts of these derivative instruments amounted to HK$65,227 million.

Charge on Group Assets

As at 31st December, 2017:

- the Group's obligations under finance leases totalling HK$24 million were secured by charges over the leased assets with carrying value of HK$23 million; and

- the shares of a subsidiary were pledged to secure bank borrowings totalling HK$1,284 million granted to the Group.

Contingent Liabilities

As at 31st December, 2017, the Group was subject to the following contingent liabilities:

HK$ million	
Guarantee in respect of bank loan drawn by affiliated companies	1,312
Other guarantee given in respect of an affiliated company	760
Performance bond indemnities	92
Total	2,164

Employees

The Group, including its subsidiaries but excluding affiliated companies, employs a total of 2,042 employees. Employees' cost (excluding directors' emoluments) amounted to HK$770 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, 2017, 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, 2017. 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. In respect of code provision A.6.7 of the CG Code, an Independent Non-executive Director did not attend the special general meetings of the Company held on 14th March, 2017 (“March SGM”) and 11th October, 2017 (“October SGM”) respectively both due to overseas commitments and an Independent Non-executive Director, and three Independent Non-executive Directors and two Non-executive Directors, attended the March SGM and the October SGM respectively via telephone conference.

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 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 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, 2017 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 2018 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, 9th May, 2018 at 10:30 a.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, 4th May, 2018 to Wednesday, 9th May, 2018, 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 2018 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, 3rd May, 2018.

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, 15th May, 2018, 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, 15th May, 2018.

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), 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	**2017**	2016
Turnover	2	**31,642**	27,346
Sales and interest income from infrastructure investments	2	**6,016**	5,321
Other income	3	**792**	580
Operating costs	4	**(4,083)**	(3,972)
Finance costs		**(648)**	(560)
Exchange gain / (loss)		**120**	(698)
Gain on disposal of investment in securities		**-**	781
Share of results of associates		**3,693**	2,861
Share of results of joint ventures		**5,038**	5,887
Profit before taxation		**10,928**	10,200
Taxation	5	**(72)**	8
Profit for the year	6	**10,856**	10,208
Attributable to:			
Shareholders of the Company		**10,256**	9,636
Owners of perpetual capital securities		**626**	584
Non-controlling interests		**(26)**	(12)
		10,856	10,208
Earnings per share	7	**HK$4.07**	HK$3.82

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31st December

HK$ million	Notes	**2017**	2016
Property, plant and equipment		**2,462**	2,404
Investment properties		**360**	344
Interests in associates		**43,108**	52,177
Interests in joint ventures		**98,462**	53,973
Investments in securities		**702**	648
Derivative financial instruments		**1,253**	2,178
Goodwill and intangible assets		**2,569**	2,554
Deferred tax assets		**7**	29
Other non-current assets		**136**	64
Total non-current assets		**149,059**	114,371
Inventories		**170**	139
Derivative financial instruments		**-**	982
Debtors and prepayments	9	**804**	628
Bank balances and deposits		**9,781**	11,790
Total current assets		**10,755**	13,539
Bank and other loans		**10,896**	9,901
Derivative financial instruments		**417**	3
Creditors and accruals	10	**4,242**	3,837
Taxation		**114**	96
Total current liabilities		**15,669**	13,837
Net current liabilities		**(4,914)**	(298)
Total assets less current liabilities		**144,145**	114,073
Bank and other loans		**24,140**	6,944
Derivative financial instruments		**1,287**	422
Deferred tax liabilities		**468**	481
Other non-current liabilities		**58**	39
Total non-current liabilities		**25,953**	7,886
Net assets		**118,192**	106,187
Representing:			
Share capital		**2,651**	2,651
Reserves		**100,822**	93,954
Equity attributable to shareholders of the Company		**103,473**	96,605
Perpetual capital securities		**14,701**	9,544
Non-controlling interests		**18**	38
Total equity		**118,192**	106,187

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, 2017. 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. Nevertheless, disclosure on reconciliation between the opening and closing balances for liabilities arising from financial activities is added to the consolidated financial statements in compliance with Amendments to HKAS 7 "Statement of Cash Flows: Disclosure Initiative".

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 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	**2017**	2016
Sales of infrastructure materials	**1,985**	1,980
Interest income from loans granted to associates	**377**	364
Interest income from loans granted to joint ventures	**2,204**	1,631
Sales of waste management services	**1,450**	1,322
Interest income from investments in securities	**-**	24
Sales and interest income from infrastructure investments	**6,016**	5,321
Share of turnover of joint ventures	**25,626**	22,025
Turnover	**31,642**	27,346

3. OTHER INCOME

Other income includes the following:

HK$ million	**2017**	2016
Gain on disposal of an associate	**383**	-
Bank interest income	**97**	114
Change in fair values of investment properties	**16**	10

4. OPERATING COSTS

Operating costs include the following:

HK$ million	**2017**	2016
Depreciation of property, plant and equipment	**202**	193
Amortisation of intangible assets	**29**	33
Cost of inventories sold	**1,790**	1,700
Cost of services provided	**824**	727

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	**2017**	2016
Current taxation – Hong Kong	**-**	(4)
Current taxation – outside Hong Kong	**71**	69
Deferred taxation	**1**	(73)
Total	**72**	(8)

6. PROFIT FOR THE YEAR AND SEGMENT INFORMATION

for the year ended 31st December

	Investment in Power Assets Holdings Limited		Infrastructure Investments: United Kingdom		Infrastructure Investments: Australia		Infrastructure Investments: Continental Europe		Infrastructure Investments: Mainland China		Infrastructure Investments: Canada and United States		Infrastructure Investments: New Zealand		Infrastructure related business		Total before unallocated items		Unallocated items		Consolidated	
HK$ million	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Turnover	**-**	-	**17,484**	17,747	**5,028**	1,872	**2,368**	1,630	**398**	430	**1,376**	779	**2,098**	1,938	**2,890**	2,950	**31,642**	27,346	**-**	-	**31,642**	27,346
Sales and interest income from infrastructure investments	**-**	-	**1,464**	1,367	**658**	388	**274**	145	**-**	-	**130**	65	**1,505**	1,376	**1,985**	1,980	**6,016**	5,321	**-**	-	**6,016**	5,321
Bank interest income	**-**	-	**1**	-	**-**	-	**-**	-	**1**	1	**-**	-	**1**	-	**37**	31	**40**	32	**57**	82	**97**	114
Other income	**-**	-	**25**	53	**62**	-	**-**	-	**137**	139	**-**	-	**2**	1	**45**	62	**271**	255	**18**	211	**289**	466
Change in fair value of derivative financial instruments	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(10)**	(124)	**(10)**	(124)
Depreciation and amortisation	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(146)**	(143)	**(84)**	(82)	**(230)**	(225)	**(1)**	(1)	**(231)**	(226)
Other operating expenses	**-**	-	**-**	-	**-**	-	**-**	-	**(3)**	-	**-**	-	**(1,100)**	(974)	**(1,912)**	(1,813)	**(3,015)**	(2,787)	**(827)**	(835)	**(3,842)**	(3,622)
Finance costs	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(71)**	(62)	**-**	-	**(71)**	(62)	**(577)**	(498)	**(648)**	(560)
Exchange (loss) / gain	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(12)**	1	**(12)**	1	**132**	(699)	**120**	(698)
Gain on disposal of an associate	**383**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**383**	-	**-**	-	**383**	-
Gain on disposal of a joint venture	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**23**	-	**23**	-	**-**	-	**23**	-
Gain on disposal of investment in securities	**-**	-	**-**	-	**-**	781	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	781	**-**	-	**-**	781
Share of results of associates and joint ventures	**3,214**	2,494	**3,782**	4,848	**1,225**	769	**138**	126	**161**	219	**119**	124	**3**	11	**89**	157	**8,731**	8,748	**-**	-	**8,731**	8,748
Profit / (Loss) before taxation	**3,597**	2,494	**5,272**	6,268	**1,945**	1,938	**412**	271	**296**	359	**249**	189	**194**	209	**171**	336	**12,136**	12,064	**(1,208)**	(1,864)	**10,928**	10,200
Taxation	**-**	-	**11**	58	**-**	-	**-**	-	**(8)**	(12)	**(24)**	-	**(23)**	(23)	**(12)**	5	**(56)**	28	**(16)**	(20)	**(72)**	8
Profit / (Loss) for the year	**3,597**	2,494	**5,283**	6,326	**1,945**	1,938	**412**	271	**288**	347	**225**	189	**171**	186	**159**	341	**12,080**	12,092	**(1,224)**	(1,884)	**10,856**	10,208
Attributable to:																						
Shareholders of the Company	**3,597**	2,494	**5,283**	6,326	**1,945**	1,938	**412**	271	**288**	347	**225**	189	**171**	186	**185**	353	**12,106**	12,104	**(1,850)**	(2,468)	**10,256**	9,636
Owners of perpetual capital securities	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**626**	584	**626**	584
Non-controlling interests	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(26)**	(12)	**(26)**	(12)	**-**	-	**(26)**	(12)
	3,597	2,494	**5,283**	6,326	**1,945**	1,938	**412**	271	**288**	347	**225**	189	**171**	186	**159**	341	**12,080**	12,092	**(1,224)**	(1,884)	**10,856**	10,208

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$10,256 million (2016: HK$9,636 million) and on the weighted average of 2,519,610,945 shares (2016: 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.

8. DIVIDENDS

(a)

HK$ million	**2017**	2016
Interim dividend paid of HK$0.67 per share (2016: HK$0.63 per share)	**1,688**	1,587
Proposed final dividend of HK$1.71 per share (2016: HK$1.63 per share)	**4,309**	4,107
Total	**5,997**	5,694

During the year, dividends of HK$5,997 million (2016: HK$5,694 million) are stated after elimination of HK$312 million (2016: HK$296 million) paid / proposed for the shares issued in connection with the issue of perpetual capital securities.

(b)

HK$ million	**2017**	2016
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$1.63 per share (2016: HK$1.55 per share)	**4,107**	3,905

Final dividend in respect of the previous financial year, approved and paid during the year ended 31st December, 2017, is stated after elimination of HK$214 million (2016: HK$203 million) for the shares issued in connection with the issue of perpetual capital securities.

9. DEBTORS AND PREPAYMENTS

Included in debtors and prepayments are trade debtors of HK$286 million (2016: HK$308 million) and their aging analysis is as follows:

HK$ million	**2017**	2016
Current	**178**	191
Less than 1 month past due	**85**	96
1 to 3 months past due	**13**	20
More than 3 months but less than 12 months past due	**14**	4
More than 12 months past due	**21**	22
Amount past due	**133**	142
Allowance for doubtful debts	**(25)**	(25)
Total after allowance	**286**	308

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$211 million (2016: HK$253 million) and their aging analysis is as follows:

HK$ million	**2017**	2016
Current	**142**	192
1 month	**30**	20
2 to 3 months	**9**	7
Over 3 months	**30**	34
Total	**211**	253

11. REVIEW OF ANNUAL RESULTS

The annual results have been reviewed by the Audit Committee.

12. 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, 2017, consolidated income statement and the related notes thereto for the year then ended 31st December, 2017 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.