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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 2024

2024 was characterised by challenging operating environments across many sectors and industries around the world. Geopolitical tensions remain heightened, interest rate pressures persisted, and the world order continued to be volatile.

QUALITY ASSETS – STRONG 10% OPERATIONAL PROFIT GROWTH

Against the current challenging backdrop, CK Infrastructure Holdings Limited (“CKI”, the “Company” or the “Group”) has reported good performance, given most of the Group’s businesses are regulated, or are subject to long term contracts, or have long term loyal customers with very low churn. Profit contributions from operating businesses reported a strong 10% year-on-year growth. However, the net profit was impacted by treasury items, which included higher interest costs and lower exchange gains than in 2023. As a result, for the 12 months ended 31st December, 2024, CKI recorded net profit of HK\$8,115 million, a 1% increase over last year.

In 2024, a number of acquisitions were made. They are Phoenix Energy, a gas distribution network in Northern Ireland; UK Renewables Energy, a portfolio of operating onshore wind farms in the United Kingdom; as well as ones made by member companies, including Powerlink Renewable Assets, a renewable energy portfolio in the United Kingdom acquired by UK Power Networks Services. These projects have all started to deliver revenues immediately upon acquisition completion.

On 19th August, 2024, the Group launched its secondary listing on the London Stock Exchange. This further enhances the Group’s standing as one of the largest global infrastructure companies, and opens up additional channels for raising funds in the future when large scale acquisitions arise.

28TH CONSECUTIVE YEAR OF DIVIDEND GROWTH SINCE LISTING IN 1996

The Board of Directors of CKI (the “Board”) has recommended a final dividend of HK\$1.86 per share. Together with the interim dividend of HK\$0.72 per share, the total dividend for the year will amount to HK\$2.58 per share, representing a 0.8% increase over the prior year and the 28th consecutive year of dividend growth since the public listing of the Group in 1996. The proposed dividend will be paid on Wednesday, 11th June, 2025, subject to approval at the 2025 Annual General Meeting to those shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 27th May, 2025. As at the date hereof, the Company does not hold any treasury shares whether in the Central Clearing and Settlement System, or otherwise.

BUSINESS REVIEW

Despite the challenging macro environment around the globe, CKI’s businesses have in general performed well operationally.

Power Assets

Power Assets continued to generate substantial contribution to CKI. Profit contribution was HK\$2,203 million, representing year-on-year growth of 2%. The international infrastructure portfolio reported satisfactory operational growth, supported by sound underlying energy and utility-related businesses, while HK Electric recorded a slight decrease in profit contribution as there was a high deferred tax credit in the previous year (2023).

United Kingdom Infrastructure Portfolio

A strong performance was recorded by the United Kingdom portfolio, with a profit contribution of HK\$3,981 million in 2024, a 31% increase over the previous year (in local currency, profit increased by 27%).

All our regulated utility businesses – UK Power Networks (“UKPN”), Northumbrian Water (“NWG”), Northern Gas Networks (“NGN”) and Wales & West Utilities (“WWU”) – recorded good results. In addition, Phoenix Energy has provided an immediate profit contribution since joining the Group.

UKPN achieved excellent operating results. The company's standout performance earned the top spot among utilities in the UK Customer Satisfaction Index, as well as the Energy Network of the Year title at Utility Week's inaugural Flex Awards. UK Power Networks Services, the non-regulated arm of UKPN, acquired a 68.7 MW renewable energy portfolio comprising mainly solar assets in the United Kingdom. The portfolio is backed by long-term offtake agreements and renewable energy subsidies, and consequently provided immediate and secure returns upon completion of the transaction.

NGN achieved an average score of 9.26 out of 10 for overall customer satisfaction in the Ofgem (the Office of Gas and Electricity Markets) governed gas distribution network customer satisfaction survey. This high score reflects NGN's accomplishment in delivering high levels of customer satisfaction.

WWU's dedication to the highest safety standards earned it an 11th consecutive Gold RoSPA (Royal Society for the Prevention of Accidents) award.

Northumbrian Water has been named one of the World's Most Ethical Companies by the Ethisphere Institute for the 13th time, the only water company in the world to achieve this milestone. During the year, Northumbrian Water introduced the country's first smart sewer project, designed to reduce spills from storm overflows, as well as an innovative interactive digital Storm Overflow Map. These initiatives have led to a reduction in internal sewer flooding and have positioned Northumbrian Water as a leader in the country in flood prevention.

A satisfactory performance was achieved by UK Rails, with a number of train fleets continuing to be refurbished and upgraded.

In April 2024, CKI acquired 40% of Phoenix Energy alongside strategic partners CK Asset and Power Assets, who hold 40% and 20%, respectively. Phoenix Energy is Northern Ireland's largest natural gas distribution network, covering 78% of gas connections and serving 48% of the population. It operates under a supportive regulatory framework.

Australian Infrastructure Portfolio

Profit contribution from the Australian portfolio decreased by 4% over 2023 to HK\$1,784 million (in local currency, the result was a decrease of 3%). The decline is attributed to higher tax charges as a result of amendments to thin capitalisation rules introduced in 2024. Taking out this tax impact, profit contribution increased by 6%.

The operation of the Group’s electricity distribution networks – SA Power Networks (“SAPN”); Victoria Power Networks (“VPN”), which owns CitiPower and Powercor; and United Energy (“UE”) – continued to command strong standings in the most recent benchmarking report presented by the Australian Energy Regulator based on multilateral total factor productivity. Amongst the 13 electricity distribution networks in the country, SAPN ranked 1st, CitiPower 2nd, and United Energy 3rd.

In May 2024, SAPN became the first Australian electricity distributor to issue a certified green bond in the country, establishing a leadership position in sustainable financing. During the year, an upgrade programme has been undertaken to enhance network reliability and system security to cater for future electricity load growth in the Fleurieu Peninsula and Kangaroo Island.

As for CitiPower, the first phase of a major programme to upgrade Melbourne’s underground power network, which powers expanding parts of the city’s CBD, has commenced.

Powercor was granted a transmission license by the Essential Services Commission, allowing the company to design and build new terminal station infrastructure enabling Powercor to provide rapid and seamless power connections for major businesses and clean energy projects.

Australian Gas Infrastructure Group (AGIG) consists of Australian Gas Networks, Multinet Gas Networks and the Dampier Bunbury Pipeline (“DBP”). In 2024, Australian Gas Networks completed its two-decade infrastructure upgrade programme in Victoria. Its Melbourne network is now entirely made up of polyethylene and protected-steel mains, making the network compatible with the future delivery of 100% hydrogen with only minor incremental investments needed.

DBP’s construction of the third well for the Tubridgi Gas Storage Expansion project is progressing well. The commissioning date is expected to be in the first half of 2025.

During the year, Energy Developments (“EDL”) reported earnings lower than those in 2023 due to a significant year-on-year drop in merchant power prices, as well as the expiration of several contracts.

Infrastructure Portfolio in Continental Europe

In Continental Europe, profit contribution increased by 13% to HK\$607 million (in local currency terms, profit increased by 15%), due to a strong performance by ista, which reported record organic growth.

In 2024, ista launched an international rebranding campaign, expanded its footprint in the EV charging space by acquiring Chargemaker GmbH in Germany, and expanded its international presence by acquiring Alfred Aubort SA in Switzerland.

The reconstruction of AVR's Energy-from-Waste (EfW) facility at the Rozenburg unit, which was damaged by a fire in 2023, has made substantial progress and achieved a partial re-start as planned. All seven incineration lines are now operational as of January 2025.

Canadian Infrastructure Portfolio

In Canada, profit contribution decreased by 19% to HK\$524 million (in local currency terms, the result was a decrease of 18%), as a result of a significant drop in profit from Canadian Power as well as the new Excessive Interest and Financing Expenses Limitation (EIFEL) rule.

In 2024, Reliance Home Comfort continued to perform well and continues to deliver on its long term growth path strategy. The company was recognised for the eighth consecutive year as one of Canada's Most Admired Corporate Cultures by Waterstone Human Capital.

Canadian Power's year-on-year financial performance was lower as a result of merchant pool prices falling from the prior year's record highs. On the positive side, Canadian Power reached an agreement to extend the Meridian Cogeneration Plant power purchase agreement, under which Meridian will provide electricity to SaskPower and thermal energy to Cenovus until 2049.

Canadian Midstream Assets achieved increased throughput across its assets in 2024. Operational activity and performance were strong.

As global air travel continued its recovery from previous downturn, Park'N Fly saw solid revenue growth driven by rising demand in many of its key markets.

New Zealand Portfolio

In New Zealand, profit contribution was HK\$185 million, a 10% increase compared to last year (in local currency terms, profit increased by 12%). This is attributable to Enviro NZ's strong performance.

During the year, Enviro NZ was successful in retaining and winning multiple commercial contracts, including a major soil disposal project with one of New Zealand's largest listed companies; a significant construction waste disposal contract; a three-year hazardous waste disposal project with Air New Zealand; and a five-month contract with the New Zealand Government's Ministry of Health to process and recycle expired COVID-19 products.

In November 2024, Wellington Electricity commenced essential infrastructure services upgrades in eastern Porirua. This project is intended to enhance the resilience of the electricity network and ensure reliable power to support potential capacity expansions to accommodate housing growth in the area.

Hong Kong and Mainland China Business

In Hong Kong and Mainland China, profit contribution was HK\$132 million, a 13% increase over the previous year. A higher profit contribution from the Group's concrete business in Hong Kong was reported.

SOLID FINANCIAL FOUNDATION

CKI's financial platform continued to be solid with cash on hand at HK\$8 billion. The net debt to net total capital ratio was a healthy 7.8% as at 31st December, 2024, and an industry low of 47.0% when taking into account the net debt in the infrastructure investment portfolio on a look-through basis. This underlying financial position ensures that the Group has the capability to weather periods of volatility, while also arming it with ample resources for pursuing growth opportunities as they arise.

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

PROGRESSING ON THE SUSTAINABLE PATH

Good progress has been made in the areas of sustainability and decarbonisation across all businesses. The electricity distribution networks in the United Kingdom and Australia have introduced initiatives such as smart grid solutions, electric vehicle charging infrastructure, and seamless integration systems with renewable energy sources. Our gas distribution networks are actively pursuing projects to produce, store, transmit, and distribute renewable gases such as hydrogen and biomethane. EDL has established itself as one of the United States's leading generators of electricity from landfill gas, while Dutch Enviro Energy is one of the largest renewable district heating producers in the Netherlands. Enviro NZ, already one of New Zealand's leading environmental services companies, provides resource recovery and reuse services, captures and converts methane gas into electricity, as well as processes biofuel from wood waste. UK Rails's initiative in utilising green steam to cut freight train emissions and ista's development of a digital data application that promotes responsible heating practices are progressing well. Additionally, Canadian Power's Okanagan wind farms, the solar and wind energy assets in the United Kingdom, along with HK Electric's conversion of coal to gas-fired generation units, are all contributing to the respective communities in which they serve to move towards a more sustainable energy future.

The three United Kingdom acquisitions made in 2024 all bear environmental sustainability elements with two being renewable energy businesses, and one a proponent of biomethane and hydrogen. In addition, ista acquired an electric vehicle charging business, further enhancing the Group's sustainability and decarbonisation initiatives.

The Group will also continue to explore new investment projects in this market sector as opportunities emerge.

OUTLOOK

Global markets continue to be adversely affected by uncertainties and geopolitical tensions. The relatively high interest rate and inflationary landscape continue to persist. While volatility reigns, CKI stands firm as a secure and steady investment proposition.

Our large scale, comprehensive portfolio, strong financial performance, solid fundamentals and good track record have further strengthened us as one of the leading global infrastructure operators. Our businesses are synonymous with financial and operational resilience, good customer service, and innovative projects for the betterment of the communities we serve. We are cautiously optimistic about the prospects of our businesses in 2025 and the years ahead.

Against a challenging macro landscape, CKI and our strategic CK Group partners, CK Asset and Power Assets, who all command strong financials, are in a very strong position and have an edge in securing growth opportunities as they arise.

Fundamental to our growth strategy is financial prudence. We seek to uphold the optimum balance between stability and growth, as evidenced by our continued earnings growth in alignment with a comfortable gearing position. We also do not approach acquisitions with a “must win” mentality.

We are pleased with the satisfying growth which CKI has accomplished, especially amidst 2024’s volatile global environment. I would like to thank the Board for their ongoing support, our devoted staff for their contributions and our stakeholders for their continued commitment.

VICTOR T K LI

Chairman

19th March, 2025

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, 2024, cash and bank deposits on hand amounted to HK\$8,105 million and the total borrowings of the Group amounted to HK\$19,241 million, which included Hong Kong dollar notes of HK\$260 million and foreign currency borrowings of HK\$18,981 million. Of the total borrowings, 24 per cent were repayable in 2025 and 76 per cent were repayable between 2026 and 2029. To refinance certain borrowings repayable in 2025, the Group has obtained and is finalising loan facilities with certain banks. 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, Euros or Renminbi. The Group's liquidity and financing requirements are reviewed regularly. The Group will continue to maintain a strong capital structure when considering financing for new investments or maturity of bank loans.

As at 31st December, 2024, the Group maintained a net debt position with a net debt to net total capital ratio of 7.8 per cent. This was based on HK\$11,136 million of net debt and HK\$142,379 million of net total capital, which represents the total borrowings plus total equity net of cash and bank deposits. This ratio was 7.7 per cent at the year end of 2023.

The net debt to net total capital ratio would be 47.0 per cent by sharing of net debt in infrastructure investment portfolio on a look-through basis, which was based on HK\$116,582 million of net debt and HK\$247,825 million of net total capital. This ratio was 46.4 per cent at the year end of 2023.

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, 2024, the notional amounts of these derivative instruments amounted to HK\$51,014 million.

Charge on Group Assets

As at 31st December, 2024, certain assets were pledged to secure bank borrowings totalling HK\$1,388 million granted to the Group.

Contingent Liabilities

As at 31st December, 2024, the Group was subject to the following contingent liabilities:

HK\$ million

Performance bond indemnities	144
Sub-contractor warranties	24
Total	168

Employees

The Group, including its subsidiaries but excluding affiliated companies, employs a total of 2,358 employees. Employees' cost (excluding directors' emoluments) amounted to HK\$1,072 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, 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury share). As at 31st December, 2024, the Company and its subsidiaries did not hold any treasury shares whether in the Central Clearing and Settlement System, or otherwise.

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 at the Company and its subsidiaries. The Company acknowledges a good corporate governance framework is essential for effective management, a healthy corporate culture, business growth and shareholder value enhancement. The corporate governance principles of the Company emphasise a quality Board, sound internal controls, 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 Corporate Governance Code (“CG Code”) as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited throughout the year ended 31st December, 2024.

The Group adheres to high corporate governance standards and conducts its businesses with ethics and integrity. The Group’s vision, values and strategy are inextricably linked to its purpose and business operations. In compliance with the CG Code, the Company has adopted, and regularly reviews its comprehensive set of corporate governance policies such as Anti-Fraud and Anti-Bribery Policy, Anti-Money Laundering Policy, Employee Code of Conduct, Policy on Handling of Confidential Information, Information Disclosure, and Securities Dealing, and Whistleblowing Policy - Procedures for Reporting Possible Improprieties. The Group maintains a robust corporate governance framework and internal control systems to uphold its accountability with support from internal and external auditors and other professional advisors.

Audit Committee

The Audit Committee comprises four members, all of whom are Independent Non-executive Directors. The Audit Committee is chaired by Mr. Paul Joseph Tighe with Mr. Cheong Ying Chew, Henry, Mrs. Sng Sow-mei alias Poon Sow Mei and Mr. Lan Hong Tsung, David as members.

The Group's annual results for the year ended 31st December, 2024 have been reviewed by the Audit Committee and audited by the independent auditor of the Company, Deloitte Touche Tohmatsu.

Remuneration Committee

A majority of the members of the Company's Remuneration Committee are Independent Non-executive Directors. The Remuneration Committee is chaired by Mr. Cheong Ying Chew, Henry, an Independent Non-executive Director, with another Independent Non-executive Director, Mrs. Sng Sow-mei alias Poon Sow Mei and the Chairman of the Board, Mr. Victor T K Li as members.

Nomination Committee

A majority of the members of the Company's Nomination Committee are Independent Non-executive Directors. The Nomination Committee is chaired by Mrs. Kwok Eva Lee, an Independent Non-executive Director, with another Independent Non-executive Director, Mr. Cheong Ying Chew, Henry and the Chairman of the Board, Mr. Victor T K Li as members.

Sustainability Committee

The Sustainability Committee comprises three Directors, a majority of whom are Independent Non-executive Directors, and the Company Secretary. The Sustainability Committee is chaired by Mr. Ip Tak Chuen, Edmond, Deputy Chairman. Other members include two Independent Non-executive Directors, Mr. Lan Hong Tsung, David and Mr. Paul Joseph Tighe, and the Company Secretary, Ms. Eirene Yeung.

Annual General Meeting

The 2025 Annual General Meeting ("2025 AGM") of the shareholders of the Company will be held on Wednesday, 21st May, 2025. Details of the arrangements will be provided in the Company's circular in relation to the 2025 AGM which will be published and disseminated to the shareholders in accordance with the Listing Rules in due course.

Closure of Register of Members and Record Dates

The record date for determining the eligibility of shareholders (except holders of treasury shares, if any) to attend and vote at the 2025 AGM is Wednesday, 21st May, 2025. The Register of Members of the Company will be closed from Friday, 16th May, 2025 to Wednesday, 21st May, 2025, 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 2025 AGM, all share certificates with completed transfer forms, either overleaf or separately, must be lodged with (a) 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. (Hong Kong time) on Thursday, 15th May, 2025 or (b) the Company's Principal Share Registrar, Computershare Investor Services (Bermuda) Limited c/o 13 Castle Street, St Helier, Jersey, JE1 1ES, not later than 3:30 p.m. (UK time) on Thursday, 15th May, 2025.

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, 27th May, 2025, 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 (a) 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. (Hong Kong time) on Tuesday, 27th May, 2025 or (b) the Company's Principal Share Registrar, Computershare Investor Services (Bermuda) Limited c/o 13 Castle Street, St Helier, Jersey, JE1 1ES, not later than 3:30 p.m. (UK time) on Tuesday, 27th May, 2025.

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. LAN Hong Tsung, David (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 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	2024	2023
Turnover	2	38,985	38,582
Sales and interest income from infrastructure investments	2	4,993	5,990
Other income	3	546	784
Operating costs	4	(4,150)	(4,257)
Finance costs		(865)	(769)
Exchange gain		113	572
Share of results of associates		2,765	2,571
Share of results of joint ventures		5,269	3,687
Profit before taxation		8,671	8,578
Taxation	5	(126)	(119)
Profit for the year	6	8,545	8,459
Attributable to:			
Shareholders of the Company		8,115	8,027
Owners of perpetual capital securities		438	438
Non-controlling interests		(8)	(6)
		8,545	8,459
Earnings per share	7	HK\$3.22	HK\$3.19

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31st December

HK\$ million	Notes	2024	2023
Property, plant and equipment		2,914	3,079
Investment properties		389	408
Interests in associates		38,068	39,240
Interests in joint ventures		102,148	104,093
Other financial assets		1,539	1,542
Derivative financial instruments		1,281	624
Goodwill and intangible assets		2,025	2,299
Deferred tax assets		1	1
Total non-current assets		148,365	151,286
Inventories		113	178
Derivative financial instruments		522	536
Debtors and prepayments	9	732	796
Bank balances and deposits		8,105	13,077
Total current assets		9,472	14,587
Bank and other loans		4,602	9,024
Derivative financial instruments		393	1,072
Creditors, accruals and others	10	6,137	5,902
Taxation		66	101
Total current liabilities		11,198	16,099
Net current liabilities		(1,726)	(1,512)
Total assets less current liabilities		146,639	149,774
Bank and other loans		14,639	15,173
Derivative financial instruments		2	465
Deferred tax liabilities		461	505
Other non-current liabilities		294	360
Total non-current liabilities		15,396	16,503
Net assets		131,243	133,271
Representing:			
Share capital		2,520	2,520
Reserves		118,760	120,773
Equity attributable to shareholders of the Company		121,280	123,293
Perpetual capital securities		9,885	9,885
Non-controlling interests		78	93
Total equity		131,243	133,271

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has adopted the amendments to IFRS Accounting Standards (“IFRSs”) issued by the International Accounting Standards Board (the “IASB”) that are effective to the Group for accounting period beginning on 1st January, 2024. The Group has also adopted the amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) consequently issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) which have the same effective dates as those issued by the IASB and are in all material aspects identical to the pronouncements issued by the IASB. The adoption of both amendments to IFRSs and HKFRSs has no material impact on the Group’s results and financial position for the current or prior years and does not result in any significant change in accounting policies of the Group.

2. TURNOVER

Turnover represents net sales of infrastructure materials, interest income from loans granted to associates and joint ventures, sales of waste management services and share of turnover of joint ventures. Sales of infrastructure materials and waste management services 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	2024	2023
Sales of infrastructure materials	1,573	1,741
Interest income from loans granted to associates	98	264
Interest income from loans granted to joint ventures	1,325	1,993
Sales of waste management services	1,997	1,992
Sales and interest income from infrastructure investments	4,993	5,990
Share of turnover of joint ventures	33,992	32,592
Turnover	38,985	38,582

3. OTHER INCOME

Other income includes the following:

HK\$ million	2024	2023
Bank interest income	467	616

4. OPERATING COSTS

Operating costs include the following:

HK\$ million	2024	2023
Depreciation of property, plant and equipment	301	295
Amortisation of intangible assets	18	30
Cost of inventories sold	1,477	1,628
Cost of services provided	858	885

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	2024	2023
Current taxation – Hong Kong	2	1
Current taxation – outside Hong Kong	101	92
Deferred taxation	23	26
Total	126	119

6. PROFIT FOR THE YEAR AND SEGMENT INFORMATION

for the year ended 31st December

HK\$ million	Infrastructure Investments																			
	Investment in Power Assets Holdings Limited		United Kingdom		Australia		Continental Europe		Hong Kong and Mainland China		Canada		New Zealand		Total before unallocated items		Unallocated items		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Turnover	-	-	19,123	18,263	6,965	6,836	4,634	4,678	3,001	3,201	2,737	3,087	2,525	2,517	38,985	38,582	-	-	38,985	38,582
Sales and interest income from infrastructure investments	-	-	428	980	579	837	222	218	1,573	1,741	194	222	1,997	1,992	4,993	5,990	-	-	4,993	5,990
Bank interest income	-	-	-	-	-	-	-	-	66	62	5	-	4	3	75	65	392	551	467	616
Other income	-	-	-	-	-	-	-	-	41	104	-	-	7	5	48	109	31	59	79	168
Change in fair value of derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(103)	-	(103)
Depreciation and amortisation	-	-	-	-	-	-	-	-	(108)	(104)	-	-	(210)	(220)	(318)	(324)	(1)	(1)	(319)	(325)
Other operating costs	-	-	-	-	-	-	-	-	(1,640)	(1,773)	-	-	(1,566)	(1,586)	(3,206)	(3,359)	(625)	(470)	(3,831)	(3,829)
Finance costs	-	-	-	-	-	-	-	-	-	-	-	-	(107)	(104)	(107)	(104)	(758)	(665)	(865)	(769)
Exchange gain / (loss)	-	-	-	-	-	-	-	-	2	(8)	-	-	-	-	2	(8)	111	580	113	572
Share of results of associates and joint ventures	2,203	2,162	3,553	2,070	1,205	1,018	385	317	199	93	401	498	88	100	8,034	6,258	-	-	8,034	6,258
Profit / (Loss) before taxation	2,203	2,162	3,981	3,050	1,784	1,855	607	535	133	115	600	720	213	190	9,521	8,627	(850)	(49)	8,671	8,578
Taxation	-	-	-	-	-	-	-	-	(9)	(4)	(76)	(72)	(28)	(22)	(113)	(98)	(13)	(21)	(126)	(119)
Profit / (Loss) for the year	2,203	2,162	3,981	3,050	1,784	1,855	607	535	124	111	524	648	185	168	9,408	8,529	(863)	(70)	8,545	8,459
Attributable to:																				
Shareholders of the Company	2,203	2,162	3,981	3,050	1,784	1,855	607	535	132	117	524	648	185	168	9,416	8,535	(1,301)	(508)	8,115	8,027
Owners of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	438	438	438	438
Non-controlling interests	-	-	-	-	-	-	-	-	(8)	(6)	-	-	-	-	(8)	(6)	-	-	(8)	(6)
	2,203	2,162	3,981	3,050	1,784	1,855	607	535	124	111	524	648	185	168	9,408	8,529	(863)	(70)	8,545	8,459

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\$8,115 million (2023: HK\$8,027 million) and on 2,519,610,945 shares (2023: 2,519,610,945 shares) in issue during the year.

8. DIVIDENDS

(a) HK\$ million	2024	2023
Interim dividend paid of HK\$0.72 per share (2023: HK\$0.71 per share)	1,814	1,789
Proposed final dividend of HK\$1.86 per share (2023: HK\$1.85 per share)	4,687	4,661
Total	6,501	6,450

(b) HK\$ million	2024	2023
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$1.85 per share (2023: HK\$1.83 per share)	4,661	4,611

9. DEBTORS AND PREPAYMENTS

Included in debtors and prepayments are trade debtors of HK\$250 million (2023: HK\$363 million) and their aging analysis is as follows:

HK\$ million	2024	2023
Less than 1 month	189	199
1 to 3 months	42	102
More than 3 months but less than 12 months	20	54
More than 12 months	8	18
Gross total	259	373
Loss allowance	(9)	(10)
Total after allowance	250	363

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, ACCRUALS AND OTHERS

Included in creditors, accruals and others are trade creditors of HK\$236 million (2023: HK\$329 million) and their aging analysis is as follows:

HK\$ million	2024	2023
Current	132	211
1 month	56	42
2 to 3 months	15	39
Over 3 months	33	37
Total	236	329

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, consolidated income statement and the related notes thereto for the year ended 31st December, 2024 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 as approved by the Board of Directors on 19th March, 2025. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.