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Cheung Kong Infrastructure Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1038)

THE CHAIRMAN'S LETTER FOR 2009

Summary of Results

- Profit attributable to shareholders was HK\$5,568 million, a 26% increase over 2008
- Profit contribution from various business segments was:

	<u>HK\$ Million</u>	<u>Variation (YoY)</u>
- HK Electric – Note 1	2,578	-17%
- China portfolio	1,720	+29%
- Australia portfolio – Note 2	805	-5%
- UK portfolio	616	+12%
- Canada portfolio	138	+116%
- New Zealand portfolio	80	+142%
- Materials business	146	+15%

- Total dividend for 2009 is HK\$1.201, up 5.8%, marking 13th consecutive year of dividend growth since listing
- Strong balance sheet, cash and deposits of HK\$10,736 million as at 2009 year end

Note 1 – The decrease is a result of lower returns permitted under the new Scheme of Control Agreement which adversely impacted earnings from HK Electric's business in Hong Kong by 34%. This was partially offset by increased profit contribution from HK Electric's international investments, which doubled during the year under review.

Note 2 – The decrease is primarily due to currency fluctuation. The underlying operations generated a steady increase in profit contribution.

The impact of the global financial crisis continued to resonate and bring uncertainty to the world markets in 2009. The first half of 2009 remained volatile, while signs of recovery and improvement were seen towards the second half of the year.

Cheung Kong Infrastructure Holdings Limited (“CKI” or the “Group”) achieved a strong performance for the year ended 31st December 2009, which was pleasing given the prevailing economic conditions.

Audited profit attributable to shareholders was HK\$5,568 million in 2009, up by 26 per cent as compared to 2008. Earnings per share were HK\$2.47, an increase from HK\$1.96 recorded last year.

The Board of Directors of CKI (the “Board”) has recommended a final dividend of HK\$0.88 per share. Together with the interim dividend of HK\$0.321 per share, this will bring the total dividend for the year to HK\$1.201, a 5.8 per cent increase over last year. This signifies an unbroken sequence of dividend growth for CKI since its listing in 1996. The proposed dividend will be paid on 11th May, 2010 following approval at the Annual General Meeting to those shareholders whose names appear on the Register of Members of the Company on 6th May, 2010.

2009 Business Review

HK Electric

In 2009, earnings from Hongkong Electric Holdings Limited (“HK Electric”) continued to be the largest contributor to CKI. 42 per cent of CKI’s total profit contribution came from HK Electric during the year.

Overall profit contribution from HK Electric decreased by 17 per cent in 2009 to HK\$2,578 million.

The businesses of HK Electric are two-fold, comprising operations in Hong Kong and an international portfolio of power related businesses outside of Hong Kong.

In regard to the Hong Kong operations, lower returns permitted under the new Scheme of Control Agreement had adversely impacted earnings from HK Electric’s local business, resulting in a decrease of 34 per cent to HK\$4,646 million.

In regard to international businesses, HK Electric acquired three power plants in Mainland China in 2009 to enhance its international portfolio of investments. These power plants delivered good results to HK Electric during the year. Together with the strong performance of other international investments, earnings from the international portfolio doubled from HK\$1,021 million in 2008 to HK\$2,051 million in 2009. The proportion of international investments continued to increase in significance for HK Electric, amounting to 31 per cent of the company's total profit contribution for the year, up from 13 per cent last year.

Infrastructure Investments

Mainland China

CKI's investments in Mainland China generated profit contribution of HK\$1,720 million in 2009, an increase of 29 per cent. This included a one-off gain of HK\$1,314 million from the divestment of three power plants to HK Electric. The Group's well-managed toll road portfolio continued to contribute stable and satisfactory returns.

Australia

Profit contribution from CKI's Australian businesses was HK\$805 million, a 5 per cent decrease as compared to 2008. This drop can be attributed to Australian dollar fluctuation in 2009. In terms of operations, the Group's power distribution assets – namely ETSA Utilities, CitiPower and Powercor – all delivered good performances during the year, and generated a steady increase in profit contribution. These companies are currently undergoing the regulatory re-set process for the period from 2010-2015 and will continue to focus on providing the highest levels of reliability, safety and customer service. During the year, CKI's investments in Envestra and Spark Infrastructure also continued to provide stable cashflow and profit contribution.

United Kingdom

In 2009, profit contribution from the United Kingdom businesses increased by 12 per cent to HK\$616 million.

Northern Gas Networks represents a stable and reliable business that has contributed good returns to CKI since it was acquired. CKI and HK Electric spent approximately HK\$1 billion at the end of 2009 to increase their joint stake in Northern Gas Networks from around 75.1 per cent to 88.4 per cent.

For the Group's water investments, satisfactory results were recorded during the period under review. For both Cambridge Water and Southern Water, the regulatory re-set for the period from 2010-2015 had been completed. This provides a framework for improved water supply operations and services, as well as increased certainty for future returns.

Canada

Contributions from Canada increased by 116 per cent to HK\$138 million in 2009. Through Stanley Power, the Group's power generation projects in Canada continued to deliver solid and stable income to CKI during the period under review. Performance in Canada was also enhanced in 2009 by the recording of a tax credit by Stanley Power.

New Zealand

In New Zealand, the Wellington Electricity distribution network provided its first full year of contribution and profit increased by 142 per cent to HK\$80 million. The business has provided CKI with a satisfactory and steady income stream.

Materials Business

In 2009, the Group's materials business achieved profit contribution of HK\$146 million, a 15 per cent increase over last year. CKI's concrete and cement operations are benefiting from increased construction activities in Hong Kong.

Strong Financial Platform

CKI has a healthy balance sheet as at 2009 year end, with cash and deposits totalling HK\$10,736 million. With debt being HK\$7,871 million, the Group has a net cash position. CKI's "A-" rating from Standard & Poor's was reaffirmed, a rating which has been consistently maintained since shortly after listing in 1996.

Amidst the tight credit environment in the second half of 2009, ETSA Utilities, CitiPower, Powercor and Northern Gas Networks all successfully completed the refinancing of their short-term liabilities well ahead of their maturity dates.

Prospects

While the global financial crisis has had a severe macro-economic impact on the world markets, there have been signs of economic recovery since the second half of 2009 – albeit at different levels of intensity and different paces in different markets. Against this backdrop, CKI is optimistic about future prospects for the company and we will continue to build on our growth momentum, sound fundamentals and solid business foundation. Building on our strong performance in 2009 and our past efforts in consolidating our businesses, we are well-prepared for the coming decade.

With the Group's strong cash position of over HK\$10 billion, we are well-placed to consider large-scale acquisitions that add value to CKI's quality portfolio. Currently, we are working on a number of international acquisition opportunities in different sectors.

CKI has an established track record of steady growth and continued increase in dividends, as well as the capability to overcome challenges and difficulties, such as that of the recent financial crisis. While CKI is solid and dependable, we are also dynamic and growing. The Group's continued achievements can be attributed to the strength of leadership from our Board, the prudent approach of our management team and the efforts of our enthusiastic and dedicated staff, and I would like to thank them for their contributions.

Li Tzar Kuoi, Victor

Chairman

Hong Kong, 4th March, 2010

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, 2009, total borrowings of the Group amounted to HK\$7,871 million, which were all denominated in foreign currencies. Of the total borrowings, 23 per cent were repayable in 2010, 42 per cent were repayable between 2011 and 2014 and 35 per cent repayable beyond 2014. 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, 2009, the Group has changed to a net cash position from the 3 per cent gearing of net debt to shareholders' equity at the year end of 2008. This change was mainly due to the proceeds from the disposal of interests in three power plants in Mainland China to HK Electric in April 2009.

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, 2009, the notional amounts of these derivative instruments amounted to HK\$10,738 million.

Charge on Group Assets

As at 31st December, 2009:

- the Group's cash deposit of HK\$1,430 million was pledged to secure bank borrowing of HK\$1,430 million granted to the Group;
- the Group's obligations under finance leases totalling HK\$113 million were secured by charges over the leased assets with carrying value of HK\$267 million; and
- certain plant and machinery of the Group with carrying value of HK\$54 million were pledged to secure bank borrowings totalling HK\$33 million granted to the Group.

Contingent Liabilities

As at 31st December, 2009, the Group was subject to the following contingent liabilities:

HK\$ million

Guarantee in respect of a bank loan drawn by an affiliated company	1,147
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Employees

The Group, including its subsidiaries but excluding affiliated companies, employs a total of 1,032 employees. Employees' cost (excluding directors' emoluments) amounted to HK\$268 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, 2009, 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 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 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 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, 2009.

Audit Committee

The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Company established an audit committee ("Audit Committee") in December 1998 and has formulated its written terms of reference, which may from time to time be modified, in accordance with the provisions set out in the Code on CG Practices.

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 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, 2009 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 2010 Annual General Meeting of the shareholders of the Company will be held at the Ballroom, 1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Thursday, 6th May, 2010 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, 29th April, 2010 to Thursday, 6th May, 2010, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and determine the entitlement to attend and vote at the 2010 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, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 28th April, 2010.

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	2009	2008
Group turnover	2	2,184	2,445
Share of turnover of jointly controlled entities	2	1,870	5,041
		4,054	7,486
Group turnover	2	2,184	2,445
Other income	3	385	840
Operating costs	4	(2,078)	(2,253)
Finance costs		(423)	(481)
Exchange gain / (loss)		337	(631)
Gain on disposal of a subsidiary	5	1,314	108
Impairment losses		-	(427)
Share of results of associates		3,398	3,864
Share of results of jointly controlled entities		455	978
Profit before taxation		5,572	4,443
Taxation	6	(2)	(13)
Profit for the year	7	5,570	4,430
Attributable to:			
Shareholders of the Company		5,568	4,423
Minority interests		2	7
		5,570	4,430
Earnings per share	8	HK\$2.47	HK\$1.96

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31st December

HK\$ million	Notes	2009	2008
Property, plant and equipment		1,048	904
Investment properties		174	164
Leasehold land		272	281
Interests in associates		33,259	29,067
Interests in jointly controlled entities		603	3,361
Interests in infrastructure project investments		-	477
Investments in securities		4,459	2,597
Derivative financial instruments		-	624
Goodwill		158	143
Pledged bank deposit		-	1,113
Deferred tax assets		7	11
Other non-current assets		1	-
Total non-current assets		39,981	38,742
Inventories		170	140
Interests in infrastructure project investments		-	152
Derivative financial instruments		414	304
Debtors and prepayments	10	478	1,303
Pledged bank deposit		1,430	-
Bank balances and deposits		9,306	4,368
Total current assets		11,798	6,267
Bank and other loans		1,809	1,628
Derivative financial instruments		29	1
Creditors and accruals	11	1,238	1,149
Taxation		96	109
Total current liabilities		3,172	2,887
Net current assets		8,626	3,380
Total assets less current liabilities		48,607	42,122
Bank and other loans		6,062	5,115
Derivative financial instruments		-	50
Deferred tax liabilities		224	201
Other non-current liabilities		34	26
Total non-current liabilities		6,320	5,392
Net assets		42,287	36,730
Representing:			
Share capital		2,254	2,254
Reserves		39,961	34,421
Equity attributable to shareholders of the Company		42,215	36,675
Minority interests		72	55
Total equity		42,287	36,730

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, 2009. 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. Nevertheless, certain changes in presentation and disclosures have been adopted by the Group in compliance with the following new and revised HKFRSs:

- (a) HKAS 1 (Revised) “Presentation of Financial Statements” – Certain terminology changes (including revised titles for the consolidated financial statements) and changes in presentation and disclosure are introduced without any impact on the Group’s results and financial position.
- (b) HKFRS 7 (Amendment) “Improving Disclosures about Financial Instruments” – Disclosures required in respect of fair value measurements and liquidity risk are expanded without any impact on the Group’s results and financial position. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in the amendment.
- (c) HKFRS 8 “Operating Segments” – A redesignation of certain reportable segments of the Group (note 7) is resulted without any impact on the Group’s results and financial position.

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	2009	2008
Sales of infrastructure materials	1,132	1,132
Income from the supply of water	251	278
Return from infrastructure project investments	27	344
Interest income from loans granted to associates	614	522
Distribution from investments in securities	160	169
Group turnover	2,184	2,445
Share of turnover of jointly controlled entities	1,870	5,041
	4,054	7,486

3. OTHER INCOME

Other income includes the following:

HK\$ million	2009	2008
Bank and other interest income	268	429
Gain on disposals of infrastructure project investments	-	112
Change in fair values of investment properties	10	-
(Loss) / Gain on disposals of securities	(6)	3

4. OPERATING COSTS

Operating costs include the following:

HK\$ million	2009	2008
Depreciation of property, plant and equipment	55	52
Amortisation of prepayment for leasehold land	9	9
Change in fair values of investments in securities	(54)	491
Change in fair values of derivative financial instruments	33	(112)
Change in fair values of investment properties	-	7
Cost of inventories sold	1,039	1,124

5. GAIN ON DISPOSAL OF A SUBSIDIARY

During the year, the Group disposed of the entire issued share capital of Outram Limited (“Outram”), a wholly-owned subsidiary of the Group, to a wholly-owned subsidiary of Hongkong Electric Holdings Limited (“HK Electric”) for a consideration of HK\$5,467 million and recorded a gain of HK\$1,314 million. Outram holds 45 per cent equity interest in each of the joint ventures in the Mainland China which own and operate three power plants, namely Zhuhai Power Plant and Jinwan Phase 1 Power Plant in Zhuhai City, and Siping Cogen Power Plants in the Jilin Province.

The net assets of Outram at the date of disposal were as follows:

HK\$ million	
Net assets disposed of:	
Interests in jointly controlled entities	2,727
Interests in infrastructure project investments	601
Deferred tax liabilities	(20)
	3,308
Release of exchange translation reserve	(12)
	3,296
Gain on disposal of a subsidiary	1,314
Adjustment for unrealised gain on disposal	844
Provision for consideration adjustment	12
Provision for transaction costs	1
Total consideration	5,467
Satisfied by:	
Cash	5,467

The comparative gain of HK\$108 million in 2008 was derived from disposal of a subsidiary engaged in cement manufacturing, sales and distribution.

6. TAXATION

Overseas tax is provided for at the applicable tax rate 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	2009	2008
Current taxation – overseas tax	4	5
Deferred taxation	(2)	8
Total	2	13

7. PROFIT FOR THE YEAR AND SEGMENT INFORMATION

The Group has adopted HKFRS 8 “Operating Segments” with effect from 1st January, 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of an entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor standard (HKAS 14 “Segment Reporting”) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity’s “system of internal financial reporting to key management personnel” serving only as the starting point for the identification of such segments. As a result, the Group has redesignated certain reportable segments as detailed below since adoption of HKFRS 8.

The Group’s reportable segments under HKFRS 8 do not differ materially from those previously disclosed under HKAS 14. In prior years, segment information reported externally was analysed by the types of the Group’s core activities which consisted of Investment in HK Electric, Infrastructure Investments and Infrastructure Related Business. As information of Infrastructure Investments reported internally to the Group’s Executive Directors for the purposes of resource allocation and assessment of performance is more specifically focused on individual projects in similar jurisdictions, the Group’s information of Infrastructure Investments is further segregated and disclosed under the following reportable segments as required by HKFRS 8:

- Australia
- United Kingdom
- Mainland China
- Canada, New Zealand and others

Information regarding the Group’s reportable segments is presented below. Amounts reported for the prior period have been restated to conform to the requirement of HKFRS 8.

7. PROFIT FOR THE YEAR AND SEGMENT INFORMATION (Cont'd)

for the year ended 31st December

HK\$ million	Infrastructure Investments																Infrastructure related business		Unallocated items		Consolidated	
	Investment in HK Electric*		Australia		United Kingdom		Mainland China		Canada, New Zealand and others		Sub-total											
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008				
Group turnover	-	-	535	525	276	357	27	344	214	87	1,052	1,313	1,132	1,132	-	-	2,184	2,445				
Share of turnover of jointly controlled entities	-	-	-	-	-	-	1,226	4,195	-	-	1,226	4,195	644	846	-	-	1,870	5,041				
	-	-	535	525	276	357	1,253	4,539	214	87	2,278	5,508	1,776	1,978	-	-	4,054	7,486				
Group turnover	-	-	535	525	276	357	27	344	214	87	1,052	1,313	1,132	1,132	-	-	2,184	2,445				
Gain / (Loss) on disposals of infrastructure project investments and securities	-	-	-	-	-	-	-	112	-	-	-	112	-	3	(6)	-	(6)	115				
Bank and other interest income	-	-	-	-	16	76	-	-	-	-	16	76	70	109	182	244	268	429				
Other income	-	-	-	205	35	20	9	9	-	-	44	234	54	41	25	21	123	296				
Change in fair values of investments in securities and derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	34	(29)	(13)	(350)	21	(379)				
Depreciation and amortisation	-	-	-	-	(34)	(36)	-	-	-	-	(34)	(36)	(30)	(25)	-	-	(64)	(61)				
Other operating expenses	-	-	-	-	(197)	(193)	(16)	(29)	-	-	(213)	(222)	(1,166)	(1,253)	(656)	(338)	(2,035)	(1,813)				
Finance costs	-	-	-	-	(40)	(111)	-	-	-	-	(40)	(111)	(1)	-	(382)	(370)	(423)	(481)				
Gain on disposal of a subsidiary	-	-	-	-	-	-	1,314	-	-	-	1,314	-	-	108	-	-	1,314	108				
Exchange gain / (loss)	-	-	-	231	-	-	-	-	-	-	-	231	2	(3)	335	(859)	337	(631)				
Impairment losses	-	-	-	(427)	-	-	-	-	-	-	-	(427)	-	-	-	-	-	(427)				
Share of results of associates and jointly controlled entities	2,578	3,120	270	316	554	425	395	922	4	12	1,223	1,675	52	47	-	-	3,853	4,842				
Profit / (Loss) before taxation	2,578	3,120	805	850	610	538	1,729	1,358	218	99	3,362	2,845	147	130	(515)	(1,652)	5,572	4,443				
Taxation	-	-	-	-	6	12	(9)	(29)	-	-	(3)	(17)	1	4	-	-	(2)	(13)				
Profit / (Loss) for the year	2,578	3,120	805	850	616	550	1,720	1,329	218	99	3,359	2,828	148	134	(515)	(1,652)	5,570	4,430				
Attributable to:																						
Shareholders of the Company	2,578	3,120	805	850	616	550	1,720	1,329	218	99	3,359	2,828	146	127	(515)	(1,652)	5,568	4,423				
Minority interests	-	-	-	-	-	-	-	-	-	-	-	-	2	7	-	-	2	7				
	2,578	3,120	805	850	616	550	1,720	1,329	218	99	3,359	2,828	148	134	(515)	(1,652)	5,570	4,430				

* During the year, the Group has a 38.87 per cent equity interest in HK Electric, which is listed on The Stock Exchange of Hong Kong Limited.

7. PROFIT FOR THE YEAR AND SEGMENT INFORMATION (Cont'd)

Segment profit attributable to shareholders of the Company represents the profit earned by each segment after minority interests without allocation of gains or losses from treasury activities, corporate overheads and other expenses of the Group's head office.

8. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to shareholders of the Company of HK\$5,568 million (2008: HK\$4,423 million) and on 2,254,209,945 shares (2008: 2,254,209,945 shares) in issue during the year.

9. DIVIDENDS

HK\$ million	2009	2008
Interim dividend paid of HK\$0.321 per share (2008: HK\$0.297 per share)	724	670
Proposed final dividend of HK\$0.880 per share (2008: HK\$0.838 per share)	1,983	1,889
Total	2,707	2,559

10. DEBTORS AND PREPAYMENTS

Included in debtors and prepayments are trade debtors of HK\$293 million (2008: HK\$243 million) and their aging analysis is as follows:

HK\$ million	2009	2008
Current	187	139
Less than 1 month past due	63	52
1 to 3 months past due	29	38
More than 3 months but less than 12 months past due	22	25
More than 12 months past due	52	58
Amount past due	166	173
Allowance for doubtful debts	(60)	(69)
Total after allowance	293	243

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\$143 million (2008: HK\$139 million) and their aging analysis is as follows:

HK\$ million	2009	2008
Current	100	100
1 month	18	24
2 to 3 months	6	1
Over 3 months	19	14
Total	143	139

12. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform to the current year's presentation.

13. REVIEW OF ANNUAL RESULTS

The annual results have been reviewed by the Audit Committee.

14. SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position at 31st December, 2009, consolidated income statement and the related notes thereto for the year then ended 31st December, 2009 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.