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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 2023**

#### **RESILIENT PORTFOLIO STEERING STEADY GROWTH**

The uncertainties in the global markets remained unabated in 2023. There continued to be geopolitical tensions around the world, and high inflation and interest rate issues persisted.

Amidst this challenging landscape, CK Infrastructure Holdings Limited (“CKI”, the “Company” or the “Group”) continued to demonstrate its resilience and achieved a steady performance for the year under review. The Group’s portfolio is underpinned largely by regulated businesses which generate secure contributions to CKI despite macro economic challenges. The non-regulated businesses of the Group also performed solidly during the year.

#### **GOOD NET PROFIT GROWTH**

For the 12 months ended 31st December, 2023, CKI recorded net profit of HK\$8 billion, representing a 4% growth over last year. Excluding the one-off gain from the partial sale of Northumbrian Water in 2022, net profit increased by 12% year on year.

#### **RECORD HIGH FUNDS FROM OPERATIONS**

During the year under review, funds from operations reached HK\$8.6 billion – marking a new high record. Revenue streams from the Group’s strong asset base have been steady and robust.

#### **SOLID FINANCIALS – AMPLE CASH, LOW GEARING**

CKI has maintained solid financials with cash on hand of HK\$13 billion and a low gearing position of net debt to net total capital ratio of 7.7% as at 31st December, 2023. The Group is well positioned to pursue growth opportunities as well as weather challenges.

Standard & Poor’s has reaffirmed the Group’s credit rating of “A/Stable”.

## **27 YEARS OF CONTINUED DIVIDEND GROWTH**

The Board of Directors of CKI (the “Board”) has recommended a final dividend of HK\$1.85 per share. Together with the interim dividend of HK\$0.71 per share, the total dividend for the year will amount to HK\$2.56 per share, a 1.2% increase over last year. This represents 27 consecutive years of dividend growth since listing. The proposed dividend will be paid on Wednesday, 12th June, 2024, subject to approval at the 2024 Annual General Meeting to those shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 28th May, 2024.

## **BUSINESS REVIEW**

### **Power Assets**

Profit contribution from Power Assets was HK\$2,162 million, representing a growth of 6%.

The international infrastructure portfolio reported good operational performances.

In Hong Kong, HK Electric’s 2024-28 Development Plan was approved by the Hong Kong Government. This has provided the capital expenditure framework for addressing upcoming issues, such as climate change and emissions control, for the next five years.

### **United Kingdom Infrastructure Portfolio**

Profit contribution from the United Kingdom was HK\$3,050 million in 2023, about the same as that of the previous year. (In local currency, the result was a decrease of 22%.) Taking out the one-off disposal gain of the partial sale of Northumbrian Water in 2022, the increase in profit contribution would be in double digits.

UK Power Networks commenced its current regulatory regime on 1st April, 2023. This provides predictable and stable recurring revenue for the next five years. A testimony of the company’s outstanding performance, UK Power Networks was named “Utility of the Year” at the Utility Week Awards 2023, marking the fourth time it has received this prestigious accolade.

Northumbrian Water was ranked as the top operational performer by the water regulator, Ofwat, in the area of customer satisfaction in the Water Company Performance Report 2022-2023. Additionally, in the annual Water Company Survey conducted by British Water, Northumbrian Water was given the highest score for innovation.

Northern Gas Networks and Wales & West Gas Networks continued to deliver satisfactory performance. Both companies are supportive of initiatives to promote hydrogen blended fuel and are working on opportunities in this arena.

A steady performance was achieved by UK Rails, having renewed leases for a number of fleets.

### **Australian Infrastructure Portfolio**

In Australia, profit contribution decreased by 6% over the previous year to HK\$1,855 million. (In local currency, the result was a decrease of 2%.) The drop is mainly caused by weak currency exchange and a lower contribution arising from the regulatory resets for Australian Gas Networks (“AGN”) and Multinet Gas Networks.

The Group’s electricity distribution networks comprise SA Power Networks, Victoria Power Networks (which owns CitiPower and Powercor) and United Energy. They all performed well during the year under review. In the 2023 Annual Benchmarking Report, the Australian Energy Regulator (“AER”) ranked SA Power Networks, CitiPower, Powercor and United Energy first, second, fourth and fifth respectively among the country’s 13 distribution networks based on their total productivity.

SA Power Networks engaged with stakeholders in 2023 for preparation of its 2025-30 regulatory proposal for submission to the AER in early 2024. In recognition of the company’s response to one of South Australia’s worst natural disasters – the River Murray Floods – SA Power Networks was presented with the Health and Safety Award for the energy sector at the Premier’s Awards for Mining and Energy.

At Victoria Power Networks, a number of large scale electricity infrastructure upgrade projects have been carried out and energy transition initiatives relating to solar energy have been implemented.

The Victorian networks of AGN and Multinet Gas Networks entered into new regulatory resets on 1st July, 2023, providing the Group with predictable income streams for the coming five years. Hydrogen Park South Australia (“HyP SA”) which was built by AGN, has been smoothly delivering 5% blended renewable hydrogen to homes in the southern part of Mitchell Park in South Australia. The facility features the largest electrolyser in operation in the country. AGN’s two other hydrogen parks are in the pipeline – one in Queensland and another in Victoria. Regarding Dampier Bunbury Pipeline, strong performance was reported as gas volume increased.

EDL performed well, achieving higher electricity and green revenue. The Jabiru Hybrid Renewable Power Station was named Project of the Year – People & Projects Northern Division at Engineers Australia Excellence Awards 2023.

### **Infrastructure Portfolio in Continental Europe**

In Continental Europe, profit contribution declined by 19% to HK\$535 million. (In local currency, the result was a decrease of 21%.) This decline is attributed to the negative impact caused by a fire at the Rozenburg plant of Dutch Enviro Energy in September 2023. There were no casualties during the fire incident and the costs of rebuilding the plant and resulting income losses are expected to be substantially covered by insurance. Part of the operations has restarted at the end of 2023. Meanwhile, Dutch Enviro Energy's other plant at Duiven reported a solid performance.

ista made a number of bolt-on acquisitions in 2023. They include a Spanish service provider of intelligent heating management and two individual sub-metering companies operating in the southern region of Germany.

### **Canadian Infrastructure Portfolio**

In Canada, profit contribution increased 5% to HK\$648 million. (In local currency terms, profit contribution increased by 10% year on year.) Performance of all the Canadian businesses was good.

During the Covid years, Park'N Fly business experienced a low ebb due to travel restrictions. The business bounced back from pandemic lows to achieve higher revenues in 2023. As for Reliance Home Comfort ("Reliance"), rental product diversification continued, increasing recurring revenues from higher value-added products. Both Canadian Power and Canadian Midstream Assets reported steady earnings.

### **New Zealand Portfolio**

In New Zealand, profit contribution of HK\$168 million was recorded, 1% increase as compared to last year. (In local currency terms, profit contribution was an increase of 3%.)

The performances of both EnviroNZ and Wellington Electricity continued to be steady in 2023.

## **Hong Kong and Mainland China Business**

In Hong Kong and Mainland China, CKI's portfolio recorded profit contribution of HK\$117 million, a decrease of 40%. Infrastructure materials manufacturing business in Mainland China reported a weak performance with both volume and price impacted as a result of a major decline in construction activities in China.

## **SUSTAINABILITY AND DECARBONISATION**

CKI remains at the industry forefront in meeting the challenges presented by climate change. The electricity distribution networks under the Group are supporting a plethora of initiatives from launching smart grid schemes, facilitating Electric Vehicle charging to integrating renewable energy sources such as solar, wind and waste gases. In addition, EDL continued to be a leading global sustainable energy provider. As for CKI's gas distribution companies, the application of hydrogen fuel is a key priority, while Dutch Enviro Energy and Enviro NZ are their respective countries' major players in waste management and recycling. UK Rails' battery trains, ista's new heating, energy and water consumption tracking devices, as well as Canadian Power's Okanagan wind farms and HK Electric's Offshore LNG Receiving Terminal are all major sustainability projects facilitating decarbonisation. They are also making good contributions to bottom lines.

Furthermore, CKI will also study new investment opportunities that arise from this global decarbonisation journey as part of the overall business development strategy.

## **OUTLOOK**

The uncertain market conditions that have prevailed over the past years continue to persist around the world. Challenges remain in the geopolitical landscape and in the inflationary, high interest rate environment. Against this backdrop, CKI's resilient strength stands firm. Given the stable regulatory framework that underpins a large proportion of CKI's business portfolio, steady, recurring incomes are expected. The Group's non-regulatory businesses are also generating good contributions with bright growth prospects. ista and Reliance have become 1 billion revenue businesses in their respective currencies (Euro and Canadian dollars) and EDL's sustainable energy focus meets the substantial market demand in addressing environmental concerns impeccably.

Furthermore, with a strong financial position, CKI has an edge in capturing new opportunities in volatile economic conditions. Together with other strategic partners within the CK Group, including CK Asset and Power Assets, who also have very solid financials, CKI is well placed to capitalise on investment opportunities, whether in our existing industries or new ones, as they arise around the globe.

While CKI is driven and ambitious when it comes to growth, we also remain conservative in terms of financial management. Financial discipline and prudence are key tenets of the Group's values and we uphold our track record of carefully balancing continued earnings growth with a comfortable gearing position. Striking the optimum balance between stability and growth is our mantra. There is no "must win" mantra when it comes to our expansion plans.

I would like to take this opportunity to thank the Board for their ongoing support, our talented staff for their achievements and our stakeholders for their continued commitment.

**VICTOR T K LI**

Chairman

20th March, 2024

## 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, 2023, cash and bank deposits on hand amounted to HK\$13,077 million and the total borrowings of the Group amounted to HK\$24,197 million, which included Hong Kong dollar borrowings of HK\$2,673 million and foreign currency borrowings of HK\$21,524 million. Of the total borrowings, 37 per cent were repayable in 2024 and 63 per cent were repayable between 2025 and 2027. To refinance certain borrowings repayable in 2024, 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 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, 2023, the Group maintained a net debt position with a net debt to net total capital ratio of 7.7 per cent. This was based on HK\$11,120 million of net debt and HK\$144,389 million of net total capital, which represents the total borrowings plus total equity net of cash and bank deposits. This ratio was similar to that of 7.3 per cent at the year end of 2022.

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, 2023, the notional amounts of these derivative instruments amounted to HK\$55,923 million.

## Charge on Group Assets

As at 31st December, 2023, certain assets were pledged to secure bank borrowings totalling HK\$1,557 million granted to the Group.

## Contingent Liabilities

As at 31st December, 2023, the Group was subject to the following contingent liabilities:

HK\$ million

Other guarantee given in respect of an affiliated company	142
Performance bond indemnities	174
Sub-contractor warranties	22
Total	338

## Employees

The Group, including its subsidiaries but excluding affiliated companies, employs a total of 2,407 employees. Employees' cost (excluding directors' emoluments) amounted to HK\$1,030 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, 2023, 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 of the Company and its subsidiaries. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholder value. The corporate governance principles of the Company emphasize 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 Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the year ended 31st December, 2023.

The Group is committed to maintaining high corporate governance standards and conducting its business 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, 2023 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, Executive Director. 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 2024 Annual General Meeting (“2024 AGM”) of the shareholders of the Company will be held on Wednesday, 22nd May, 2024. Details of the arrangements will be provided in the Company’s Circular in relation to the 2024 AGM which will be published and disseminated to the shareholders in accordance with the Listing Rules in due course.

## **Closure of Register of Members**

The Register of Members of the Company will be closed from Friday, 17th May, 2024 to Wednesday, 22nd May, 2024, 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 2024 AGM, 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, 16th May, 2024.

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, 28th May, 2024, 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, 28th May, 2024.

*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	2023	2022
<b>Turnover</b>	2	<b>38,582</b>	39,236
<b>Sales and interest income from infrastructure investments</b>	2	<b>5,990</b>	6,615
Other income	3	784	925
Operating costs	4	(4,257)	(4,364)
Finance costs		(769)	(519)
Exchange gain		572	111
Share of results of associates		2,571	2,442
Share of results of joint ventures		3,687	3,084
<b>Profit before taxation</b>		<b>8,578</b>	8,294
Taxation	5	(119)	(121)
<b>Profit for the year</b>	6	<b>8,459</b>	8,173
<b>Attributable to:</b>			
Shareholders of the Company		8,027	7,748
Owners of perpetual capital securities		438	438
Non-controlling interests		(6)	(13)
		<b>8,459</b>	8,173
<b>Earnings per share</b>	7	<b>HK\$3.19</b>	HK\$3.08

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31st December

HK\$ million	Notes	2023	2022
Property, plant and equipment		3,079	3,017
Investment properties		408	408
Interests in associates		39,240	38,527
Interests in joint ventures		104,093	99,302
Other financial assets		1,542	1,590
Derivative financial instruments		624	1,249
Goodwill and intangible assets		2,299	2,246
Deferred tax assets		1	3
<b>Total non-current assets</b>		<b>151,286</b>	<b>146,342</b>
Inventories		178	309
Derivative financial instruments		536	53
Debtors and prepayments	9	796	1,118
Bank balances and deposits		13,077	18,045
<b>Total current assets</b>		<b>14,587</b>	<b>19,525</b>
Bank and other loans		9,024	5,148
Derivative financial instruments		1,072	891
Creditors, accruals and others	10	5,902	6,173
Taxation		101	56
<b>Total current liabilities</b>		<b>16,099</b>	<b>12,268</b>
<b>Net current (liabilities) / assets</b>		<b>(1,512)</b>	<b>7,257</b>
<b>Total assets less current liabilities</b>		<b>149,774</b>	<b>153,599</b>
Bank and other loans		15,173	23,063
Derivative financial instruments		465	314
Deferred tax liabilities		505	493
Other non-current liabilities		360	347
<b>Total non-current liabilities</b>		<b>16,503</b>	<b>24,217</b>
<b>Net assets</b>		<b>133,271</b>	<b>129,382</b>
Representing:			
Share capital		2,520	2,520
Reserves		120,773	116,873
<b>Equity attributable to shareholders of the Company</b>		<b>123,293</b>	<b>119,393</b>
Perpetual capital securities		9,885	9,885
Non-controlling interests		93	104
<b>Total equity</b>		<b>133,271</b>	<b>129,382</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has adopted the new and amendments to 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 period beginning on 1st January, 2023. The adoption of the new and amendments to 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	2023	2022
Sales of infrastructure materials	1,741	2,066
Interest income from loans granted to associates	264	287
Interest income from loans granted to joint ventures	1,993	2,361
Sales of waste management services	1,992	1,901
<b>Sales and interest income from infrastructure investments</b>	<b>5,990</b>	<b>6,615</b>
<b>Share of turnover of joint ventures</b>	<b>32,592</b>	<b>32,621</b>
<b>Turnover</b>	<b>38,582</b>	<b>39,236</b>

### 3. OTHER INCOME

Other income includes the following:

HK\$ million	2023	2022
Gain on disposal of joint ventures	-	526
Bank interest income	616	203

#### 4. OPERATING COSTS

Operating costs include the following:

HK\$ million	2023	2022
Depreciation of property, plant and equipment	295	306
Amortisation of intangible assets	30	36
Cost of inventories sold	1,628	1,952
Cost of services provided	1,190	1,137

#### 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	2023	2022
Current taxation – Hong Kong	1	1
Current taxation – outside Hong Kong	92	67
Deferred taxation	26	53
<b>Total</b>	<b>119</b>	<b>121</b>

## 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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Turnover	-	-	18,263	18,795	6,836	6,703	4,678	4,827	3,201	3,395	3,087	3,064	2,517	2,452	38,582	39,236	-	-	38,582	39,236
Sales and interest income from infrastructure investments	-	-	980	1,184	837	658	218	556	1,741	2,066	222	250	1,992	1,901	5,990	6,615	-	-	5,990	6,615
Bank interest income	-	-	-	-	-	-	-	-	62	44	-	-	3	2	65	46	551	157	616	203
Other income	-	-	-	-	-	-	-	-	104	132	-	-	5	5	109	137	59	2	168	139
Change in fair value of derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(103)	51	(103)	51
Depreciation and amortisation	-	-	-	-	-	-	-	-	(104)	(105)	-	-	(220)	(236)	(324)	(341)	(1)	(1)	(325)	(342)
Other operating costs	-	-	-	-	-	-	-	-	(1,773)	(2,096)	-	-	(1,586)	(1,500)	(3,359)	(3,596)	(470)	(420)	(3,829)	(4,016)
Finance costs	-	-	-	-	-	-	-	-	-	-	-	-	(104)	(69)	(104)	(69)	(665)	(450)	(769)	(519)
Exchange (loss) / gain	-	-	-	-	-	-	-	-	(8)	(32)	-	-	-	-	(8)	(32)	580	143	572	111
Gain on disposal of joint ventures	-	-	-	526	-	-	-	-	-	-	-	-	-	-	-	526	-	-	-	526
Share of results of associates and joint ventures	2,162	2,033	2,070	1,359	1,018	1,318	317	108	93	189	498	430	100	89	6,258	5,526	-	-	6,258	5,526
<b>Profit / (Loss) before taxation</b>	<b>2,162</b>	<b>2,033</b>	<b>3,050</b>	<b>3,069</b>	<b>1,855</b>	<b>1,976</b>	<b>535</b>	<b>664</b>	<b>115</b>	<b>198</b>	<b>720</b>	<b>680</b>	<b>190</b>	<b>192</b>	<b>8,627</b>	<b>8,812</b>	<b>(49)</b>	<b>(518)</b>	<b>8,578</b>	<b>8,294</b>
Taxation	-	-	-	-	-	-	-	-	(4)	(15)	(72)	(63)	(22)	(25)	(98)	(103)	(21)	(18)	(119)	(121)
<b>Profit / (Loss) for the year</b>	<b>2,162</b>	<b>2,033</b>	<b>3,050</b>	<b>3,069</b>	<b>1,855</b>	<b>1,976</b>	<b>535</b>	<b>664</b>	<b>111</b>	<b>183</b>	<b>648</b>	<b>617</b>	<b>168</b>	<b>167</b>	<b>8,529</b>	<b>8,709</b>	<b>(70)</b>	<b>(536)</b>	<b>8,459</b>	<b>8,173</b>
<b>Attributable to:</b>																				
Shareholders of the Company	2,162	2,033	3,050	3,069	1,855	1,976	535	664	117	196	648	617	168	167	8,535	8,722	(508)	(974)	8,027	7,748
Owners of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	438	438	438	438
Non-controlling interests	-	-	-	-	-	-	-	-	(6)	(13)	-	-	-	-	(6)	(13)	-	-	(6)	(13)
	<b>2,162</b>	<b>2,033</b>	<b>3,050</b>	<b>3,069</b>	<b>1,855</b>	<b>1,976</b>	<b>535</b>	<b>664</b>	<b>111</b>	<b>183</b>	<b>648</b>	<b>617</b>	<b>168</b>	<b>167</b>	<b>8,529</b>	<b>8,709</b>	<b>(70)</b>	<b>(536)</b>	<b>8,459</b>	<b>8,173</b>



## 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\$8,027 million (2022: HK\$7,748 million) and on 2,519,610,945 shares (2022: 2,519,610,945 shares) in issue during the year.

## 8. DIVIDENDS

(a) HK\$ million	2023	2022
Interim dividend paid of HK\$0.71 per share (2022: HK\$0.70 per share)	1,789	1,764
Proposed final dividend of HK\$1.85 per share (2022: HK\$1.83 per share)	4,661	4,611
<b>Total</b>	<b>6,450</b>	<b>6,375</b>

(b) HK\$ million	2023	2022
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$1.83 per share (2022: HK\$1.81 per share)	4,611	4,560

## 9. DEBTORS AND PREPAYMENTS

Included in debtors and prepayments are trade debtors of HK\$363 million (2022: HK\$349 million) and their aging analysis is as follows:

HK\$ million	2023	2022
Less than 1 month	199	215
1 to 3 months	102	112
More than 3 months but less than 12 months	54	27
More than 12 months	18	4
Gross total	373	358
Loss allowance	(10)	(9)
<b>Total after allowance</b>	<b>363</b>	<b>349</b>

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\$329 million (2022: HK\$313 million) and their aging analysis is as follows:

HK\$ million	2023	2022
Current	211	241
1 month	42	30
2 to 3 months	39	11
Over 3 months	37	31
<b>Total</b>	<b>329</b>	<b>313</b>

## **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, 2023 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 20th March, 2024. 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.