CK Infrastructure Holdings Limited
長江基建集團有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 1038)

Annual Report 2022

GLOBAL INFRASTRUCTURE PLAYER

CKI

A Leading Player in the Global Infrastructure Arena

CKI is a global infrastructure company that aims to make the world a better place through a variety of infrastructure investments and developments in different parts of the world. The Group has diversified investments in Energy Infrastructure, Transportation Infrastructure, Water Infrastructure, Waste Management, Waste-to-energy, Household Infrastructure and Infrastructure Related Businesses. Its investments and operations span Hong Kong, Mainland China, the United Kingdom, Continental Europe, Australia, New Zealand, Canada and the United States.

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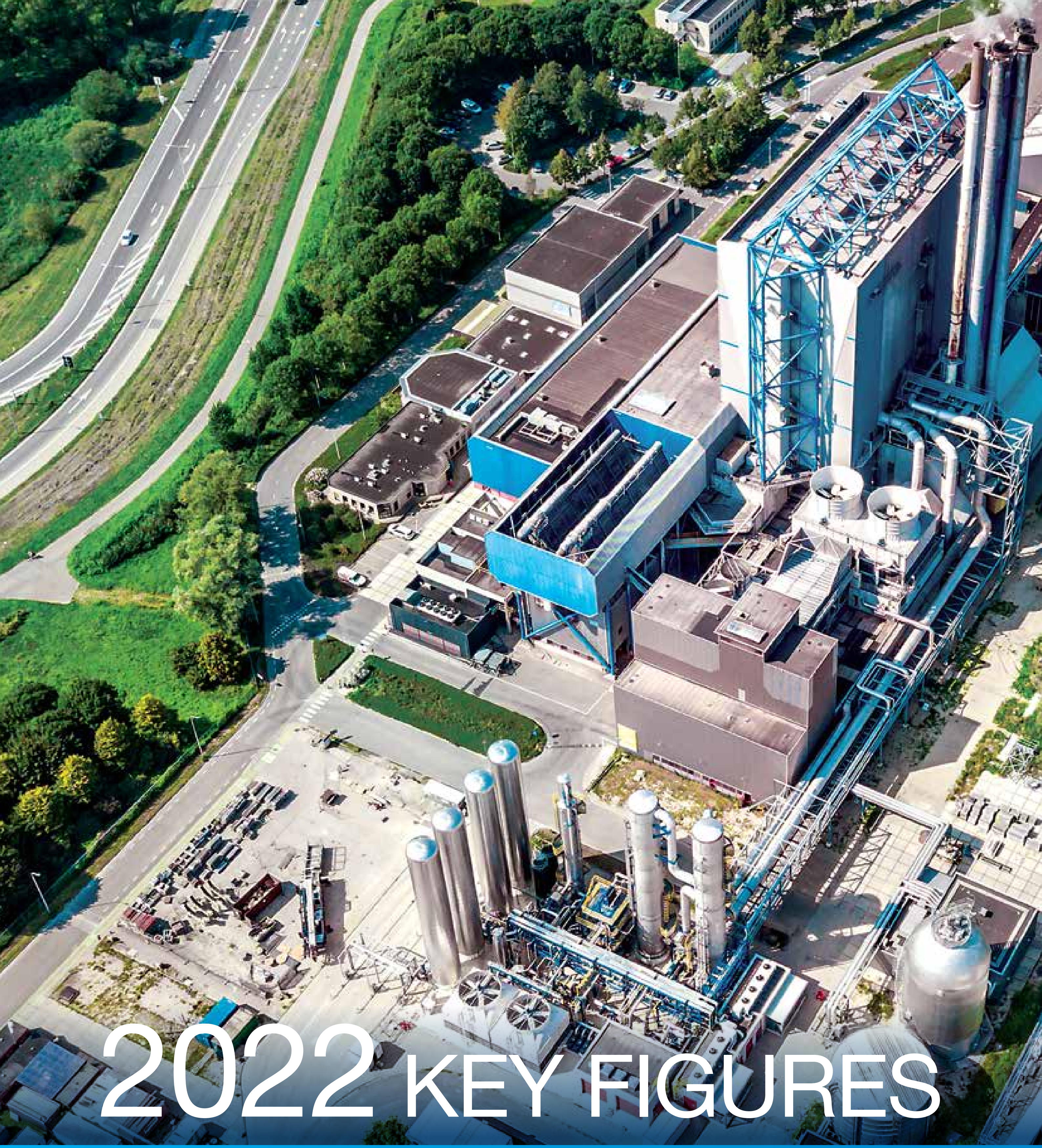


2022 KEY FIGURES

26

Consecutive Years of Dividend Growth Since Listing

7,748

Profit Attributable to Shareholders (HK$ million)

18

Cash on Hand (HK$ billion)

7%

Net Debt to Net Total Capital Ratio

A/STABLE

Standard & Poor's Credit Rating

THE BUSINESS

Investment in
POWER ASSETS

- Power Assets

Infrastructure Investments in
UNITED KINGDOM

- UK Power Networks
- Northumbrian Water
- Northern Gas Networks
- Wales & West Gas Networks
- Seabank Power
- UK Rails

Infrastructure Investments in
AUSTRALIA

- SA Power Networks
- Victoria Power Networks
- United Energy
- Australian Gas Networks
- Dampier Bunbury Pipeline
- Multinet Gas
- Australian Energy Operations
- Energy Developments

Infrastructure Investments in
NEW ZEALAND

- Wellington Electricity
- EnviroNZ

Infrastructure Investments in
CONTINENTAL EUROPE

- Dutch Enviro Energy
- ista

Infrastructure Investments in
CANADA

- Canadian Power
- Park'N Fly
- Canadian Midstream Assets
- Reliance Home Comfort

Infrastructure Investments in
HONG KONG AND MAINLAND CHINA

- Shen-Shan Highway (Eastern Section)
- Shantou Bay Bridge
- Panyu Beidou Bridge
- Alliance Construction Materials
- Green Island Cement
- Green Island Cement (Yunfu)
- Guangdong Gitic Green Island Cement
- Yunfu Xiangli Cement

THE PEOPLE

TEN-YEAR FINANCIAL SUMMARY

Consolidated Income Statement Summary

for the year ended 31st December

HK$ million	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Profit attributable to shareholders	7,748	7,515	7,320	10,506	10,443	10,256	9,636	11,162	31,782	11,639
Dividends										
Interim dividend paid	1,764	1,739	1,713	1,713	1,713	1,688	1,587	1,512	1,281	1,220
Proposed final dividend	4,611	4,560	4,510	4,485	4,410	4,309	4,107	3,905	3,716	3,318
	6,375	6,299	6,223	6,198	6,123	5,997	5,694	5,417	4,997	4,538

Consolidated Statement of Financial Position Summary

as at 31st December

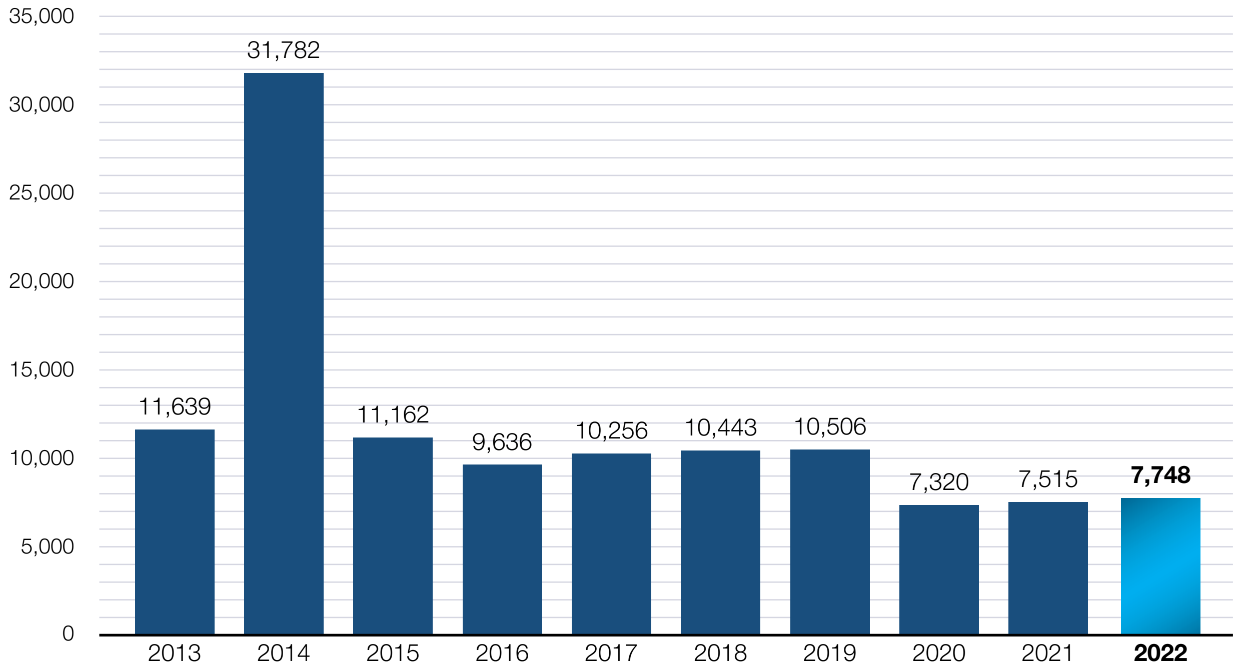
HK$ million	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Property, plant and equipment	3,017	3,029	2,965	2,805	2,508	2,462	2,404	2,379	2,452	2,408
Investment properties	408	408	396	398	382	360	344	334	305	268
Interests in associates	38,527	37,998	37,133	36,814	38,191	43,108	52,177	54,004	54,135	34,583
Interests in joint ventures	99,302	106,802	106,803	104,952	95,892	98,462	53,973	60,988	52,999	46,244
Other financial assets	1,590	1,613	1,892	1,871	7,821	702	648	1,985	3,889	4,599
Derivative financial instruments	1,249	441	126	1,107	2,448	1,253	2,178	571	86	42
Goodwill and intangible assets	2,246	2,447	2,602	2,486	2,556	2,569	2,554	2,525	2,877	2,966
Deferred tax assets	3	6	6	3	12	7	29	21	15	20
Other non-current assets	–	–	–	–	–	136	64	17	–	–
Current assets	19,525	10,255	15,488	14,748	7,960	10,755	13,539	9,278	9,312	8,778
Total assets	165,867	162,999	167,411	165,184	157,770	159,814	127,910	132,102	126,070	99,908
Current liabilities	(12,268)	(16,663)	(11,024)	(10,303)	(6,287)	(15,669)	(13,837)	(3,681)	(6,571)	(5,040)
Non-current liabilities	(24,217)	(20,489)	(30,125)	(28,507)	(29,579)	(25,953)	(7,886)	(17,862)	(17,753)	(14,270)
Total liabilities	(36,485)	(37,152)	(41,149)	(38,810)	(35,866)	(41,622)	(21,723)	(21,543)	(24,324)	(19,310)
Perpetual capital securities	(9,885)	(9,885)	(14,701)	(14,701)	(14,701)	(14,701)	(9,544)	(7,933)	(7,933)	(10,329)
Non-controlling interests	(104)	(128)	(119)	(69)	(30)	(18)	(38)	(55)	(77)	(84)
Equity attributable to shareholders	119,393	115,834	111,442	111,604	107,173	103,473	96,605	102,571	93,736	70,185

Per Share Data

HK$	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Earnings per share	3.08	2.98	2.91	4.17	4.14	4.07	3.82	4.44	13.03	4.77
Dividends per share	2.530	2.500	2.470	2.460	2.430	2.380	2.260	2.150	2.000	1.860
Shareholders' equity – net book value per share	47.39	45.97	44.23	44.29	42.54	41.07	38.34	40.71	38.42	28.77

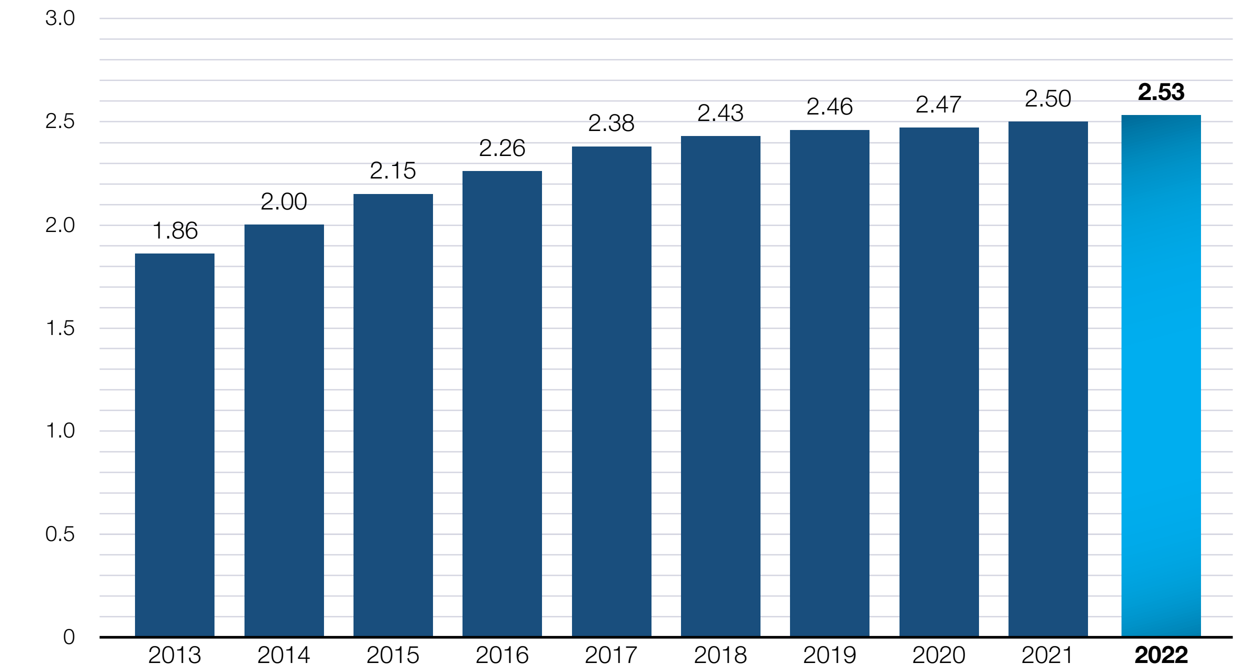
Profit Attributable to Shareholders

(HK$ million)



Dividends Per Share

(HK$)



VICTOR T K LI

Chairman

“ CKI’s portfolio of quality infrastructure assets showed continued resilience and generated good contributions to the Group recording a year-on-year growth of 7%. In local currencies, the year-on-year growth in contribution from the infrastructure portfolio was 16%. ”

CHAIRMAN'S LETTER

Most of the world has started to put COVID-19 to rest, however uncertainties persist in global markets. Challenges remain as many economies are faced with historically high inflation, rising interest rates, burgeoning energy crises and increasing geopolitical tensions.

Against this backdrop, CK Infrastructure Holdings Limited ("CKI", the "Company" or the "Group") recorded profit attributable to shareholders of HK$7,748 million for the 12 months ended 31st December, 2022, representing 3% growth over the previous year. This result was significantly impacted by higher finance costs due to rising interest rates (and particularly higher index linked finance costs) and weakened foreign currencies against the Hong Kong dollar.

CONTRIBUTIONS FROM BUSINESSES INCREASED 7%

CKI's portfolio of quality infrastructure assets showed continued resilience and generated good contributions to the Group recording a year-on-year growth of 7%. In local currencies, the year-on-year growth in contribution from the infrastructure portfolio was 16%.

26 YEARS OF CONTINUED DIVIDEND GROWTH

The Board of Directors of CKI (the "Board") has recommended a final dividend of HK$1.83 per share. Together with the interim dividend of HK$0.70 per share, the total dividend for the year will amount to HK$2.53 per share, a 1.2% increase over that of last year. This marks 26 consecutive years of dividend growth since listing. The proposed dividend will be paid on Wednesday, 7th June, 2023, subject to approval at the 2023 Annual General Meeting to those shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 23rd May, 2023.

BUSINESS REVIEW

Power Assets

Profit contribution from Power Assets was HK$2,033 million, a year-on-year decrease of 8%. This drop is mainly attributed to higher finance costs due to rising interest rates and unfavourable exchange rates against the Hong Kong dollar for Power Assets' overseas investments.

In local currencies, the profit contribution from the infrastructure portfolio was a 5% increase year-on-year.

In Hong Kong, net profit achieved by HK Electric continued to be stable under the Scheme of Control. In recognition of HK Electric's efforts in Hong Kong for utilising green energy, promoting decarbonisation and assisting Hong Kong in achieving its carbon neutrality target, the Federation of Hong Kong Industries presented the "Sustainable Business Award" and the "Gold Award" in the manufacturing sector to HK Electric at the BOCHK Corporate Environmental Leadership Awards 2021.

United Kingdom Infrastructure Portfolio

Profit contribution from the United Kingdom was HK$3,069 million, up by 29% as compared with last year. This increase was mainly due to non-cash deferred tax related charges booked in the previous period, as well as a one-off gain arising from the sale of a 13% stake in Northumbrian Water in 2022. These gains were partly offset by higher finance charges and a weaker pound sterling as compared with the Hong Kong dollar.

UK Power Networks received the Final Determination for the upcoming regulatory period from April 2023 to March 2028. This facilitates predictability of revenues for the coming years. In both the Broad Measure of Customer Service and that of Performance conducted by The Office of Gas and Electricity Markets (Ofgem), UK Power Networks was rated as the number one electricity distribution network operator for 2022. During the year, UK Power Networks received close to 30 awards, including being named the best in the utilities category in the UK for customer service according to the UK Customer Satisfaction Index compiled by the Institution of Customer Service, as well as Employer of the Year Award and Capital Project of the Year Award in Utility Week Awards.

During the year, Northumbrian Water captured first place in the annual UK Water Company Performance Survey conducted by British Water, and was again the only water company being listed among the World's Most Ethical Companies compiled by the Ethisphere Institute – this is the 11th time Northumbrian Water received such recognition.

Both Northern Gas Networks and Wales & West Gas Networks made good progress in studying hydrogen related opportunities. Northern Gas Networks has carried out a trial funded by Ofgem to demonstrate that the existing gas network can be repurposed to carry 100% hydrogen. In addition, the company's Hydrogen Home project was named Project of the Year 2022 by the Institution of Gas Engineers and Managers (IGEM) Awards.

Wales & West Gas Networks, together with other partners, carried out a demonstration of the world's first smart hydrogen hybrid heating system which was funded by UK Research and Innovation. This hybrid heating system is capable of switching flexibly between renewable electricity and green gases, such as hydrogen.

UK Rails signed new leases with ScotRail, Great Western Railway and East Midlands Railway, while Seabank Power entered into a fixed 100% toll arrangement which covers an initial six-year period until 2028.

Australian Infrastructure Portfolio

In Australia, profit contribution increased 4% to HK$1,976 million in 2022. This was on the back of higher contributions from United Energy, Victoria Power Networks and Energy Developments ("EDL"). The result was also partly offset by a weaker Australian dollar against the Hong Kong dollar. In local currency terms, profit increased 11%.

The country was hit by unprecedented storms in the fourth quarter of 2022, impacting operations in the states of Victoria and South Australia. Responding quickly to the challenges, the Group's businesses restored services in a timely manner to meet the demands of customers and regulators.

In the Australian Energy Regulator's benchmarking report for 2022, SA Power Networks, CitiPower, Powercor and United Energy ranked first, second, third and fifth in productivity respectively.

All four electricity distribution networks have been carrying out work to increase solar power capacity to be exported to their electricity grids.

Beon, the unregulated business of Victoria Power Networks, has been expanding rapidly with new projects for renewable energy connections, driving growth for the overall business.

In the regulatory landscape, Draft Determinations were received for the July 2023 to June 2028 period for Multinet Gas as well as for the businesses of Australian Gas Networks in the states of Victoria and New South Wales. Satisfactory outcomes were received with the decisions accepting the majority of the companies' proposed initiatives for the five-year period. Final Determinations will be released in the first half of 2023.

Australian Gas Networks' first renewable gas project, Hydrogen Park South Australia (HyP SA), has won the 2022 South Australian Premier's Community Engagement Award. It is Australia's largest renewable hydrogen facility and one of very few projects in the world that delivers a renewable gas blend to customers on an existing gas network.

In the Dampier Bunbury Pipeline business, the Pluto-Karratha Gas Plant Interconnector project was completed ahead of schedule and began operation in April 2022.

EDL successfully completed the Jabiru Hybrid Renewable Power Station in February 2022. The project was recognised at the 2022 Asian Power Awards, winning Solar Power Project of the Year. EDL has also continued to expand its landfill renewable gas business. Profit growth for EDL was enhanced by high merchant power prices during the year.

Infrastructure Portfolio in Continental Europe

In Continental Europe, profit contribution was HK$664 million, a decline of 4% as a result of weaker foreign exchange against the Hong Kong dollar. In local currency terms, profit contribution increased 6%.

Dutch Enviro Energy received a subsidy from the Dutch Government to build and operate its second Carbon Capture and Usage plant, while ista's new EcoTrend product, which gives apartment residents monthly snapshots of their heating energy and hot water consumption, has been in high demand since early 2022.

Canadian Infrastructure Portfolio

In Canada, profit contribution increased significantly year-on-year by 30% to HK$617 million, bolstered by robust contributions from Canadian Midstream Assets and Canadian Power. In local currency terms, profit contribution rose 33%.

The construction of Canadian Midstream Assets' Onion Lake lateral was completed and went into service in March 2022. A 15-year take-or-pay contract has been signed for the project.

Canadian Power's performance was boosted by favourable energy market conditions, while Park'N Fly returned to profitability following the post-pandemic recovery in travel.

Reliance Home Comfort continued to proceed with acquisitions to expand its business. Two transactions were completed during the year. They include an HVAC (heating, ventilation and air conditioning) company in Florida, USA, and a rental asset portfolio in the Greater Toronto Area.

New Zealand Portfolio

Profit contribution from New Zealand decreased 2% to HK$167 million due to weaker foreign exchange against the Hong Kong dollar. In local currency terms, profit increased 9% as compared with the previous year.

EnviroNZ signed a new contract with Dunedin City Council and Central Otago District Council as well as extended the contract with Wellington City Council in 2022.

Wellington Electricity published a 10-year Asset Management Plan which features its long-term investment plans that would achieve an optimum balance with service level and consumer pricing, as well as ways to facilitate New Zealand’s Emissions Reduction Plan.

Hong Kong and Mainland China Business

In Hong Kong and Mainland China, CKI’s portfolio recorded net profit of HK$196 million, down by 38%. The cement business in Mainland China was negatively impacted by the slowdown of the construction industry during Covid lockdown, as well as surging fuel costs. Traffic volume for the toll road operations in Mainland China was also low as a result of Covid lockdown.

SOLID FINANCIAL FOUNDATION PLATFORM

The Group’s financial position continued to be strong in 2022, with cash on hand of HK$18 billion and a net debt to net total capital of 7% as at 31st December, 2022.

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

SUSTAINABILITY AND COMBATING CLIMATE CHANGE

Around the world, CKI’s diverse portfolio of businesses has worked intensively on carrying out environment initiatives. The Group’s electricity distribution networks are all supporting their respective Governments in achieving Net Zero plans. Initiatives such as Electric Vehicle (EV) charging facilities, smart grid schemes and technologies to facilitate solar power integration into the grid are being trialled and launched. Sustainable energy producer, EDL, has successfully generated energy via wind, solar, as well as waste gases from landfills and underground coal mines. HK Electric is in the process of building an offshore LNG terminal, and plans for smart meter rollout is on schedule.

Our gas distribution companies in UK and Australia are all pioneer proponents in the application of hydrogen fuel.

The Group’s waste management experts not only convert waste into energy, but also operate material recovery facilities for household and commercial recycling. Carbon Capture and Usage is another innovative sustainability initiative of our Group’s businesses.

CKI is also actively pursuing new investment opportunities in the arena of environmental sustainability as part of the overall business development strategy.

OUTLOOK

The global economy has entered 2023 with continued uncertainties and challenges. Inflation, interest rate pressures and geopolitical tensions remain very much part of the economic landscape faced by most world economies in the post-pandemic world.

I am highly optimistic about CKI's prospects. Our strong cash position, the low net debt to net total capital level, as well as our longstanding legacy of delivering good service, improving efficiency and ushering in new investments have further cemented our solid track record of being a leading global infrastructure player.

Currency fluctuations and finance costs arising from inflation are cyclical issues and are not of major medium/long term concerns. While inflation generally has an adverse effect in the short term on interest costs and operating expenses, the protective real rate of return regulations that characterise these businesses allows these rising costs to be recovered over time as the Regulated Asset Value is adjusted upwards by actual inflation.

CKI, together with other strategic partners within the CK Group, including CK Asset and Power Assets, who are also very solid in their financials, are well placed to capitalise on investment opportunities, whether in our existing industries or new ones, as they arise around the globe.

In tandem with our growth strategies lies the Group's undiminished commitment to financial prudence. With a track record of maintaining continued earnings growth and a comfortable gearing position, CKI's philosophy is to uphold the optimum balance between stability and growth. Indeed, this philosophy flows directly through to our M&A strategy and criteria as we only pursue new projects that sit comfortably within our risk profile and within the right pricing parameters. 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 unwavering support, our loyal staff for their valuable contributions and our stakeholders for their continued commitment.

VICTOR T K LI
Chairman

15th March, 2023

“ I have said this on many occasions but I still feel I haven’t said enough. There is no doubt that CKI’s resilience is attributable to the hard work, dedication, and sometimes personal sacrifices of our 30,000+ colleagues. They are the unsung heroes of their communities, and the heart and soul of this Group. ”

GROUP MANAGING DIRECTOR'S REPORT

ATTRIBUTING CKI'S SUCCESS TO THE 30,000 COLLEAGUES OF THE CKI FAMILY

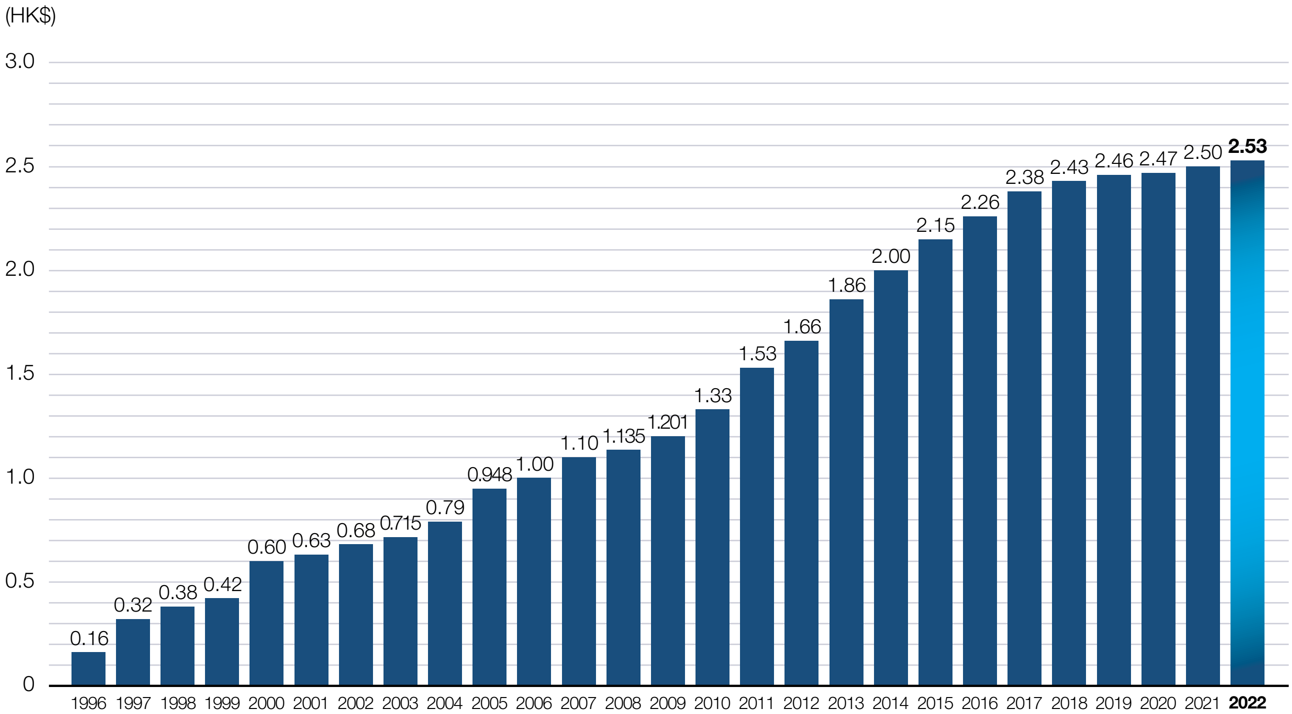
As our Chairman Mr. Victor Li reported, CKI registered satisfactory financial and operating results in 2022. In local currency terms, the profit contributions from the international infrastructure businesses in 2022 represented a 16% increase over that of 2021. Despite the challenges of the past few years, CKI continues to maintain steady growth for shareholders and provide essential services for the communities we serve.

ONE OF VERY FEW LISTED COMPANIES THAT DELIVERS UNINTERRUPTED DIVIDEND GROWTH

CKI has always been characterised by its strong resilience and solid finances. This has been repeatedly tested and verified, especially during the COVID period the past few years.

Prudent financial management has always been the bedrock of CKI. The Group's conservative risk management approach has created a strong and healthy financial position that enables the Group to weather storms. Our member companies have staged excellent performances, and the funds from operations have supported the Group in maintaining continuous dividend growth in 2022. CKI is one of the very few listed companies in the world that has sustained a dividend growth for 26 consecutive years since its initial offering in 1996.

Dividend per Share since Listing in 1996



GROUP MANAGING DIRECTOR'S REPORT

FAMILY SPIRIT DRIVES OUR GROWTH MOMENTUM

In my GMD Report 2021, I stated that the success of CKI is attributed to its resilient nature. Now, I have discovered a new element that forms the basis of our resilience. When I attended the budget meetings in Melbourne for all of our member companies in the Southern Hemisphere, and in London for all of our member companies in the Northern Hemisphere in November 2022, I was inspired by two observations:

- All our member companies met their budget targets in 2022 despite the volatile environment and tough business conditions.
- All member companies have developed 2023 budgets that show growth, self-confidence and determination.

It is no mere coincidence that both our regulated and non-regulated businesses spanning different parts of the world delivered the same outstanding performances in 2022. Our regulated businesses such as electricity distribution, gas distribution and water utilities undeniably form the solid financial foundation for the Group. At the same time, our non-regulated businesses, such as off-airport car parking, train leasing, waste management, and household infrastructure, all performed extraordinarily well and delivered strong results. Hence, I deduced that it must be the "people" in the CKI family who form the culture that fosters unity and gives the Group as a whole its resilience.

We have long recognised our staff members as our most valuable asset. It is no coincidence that we have been able to attract, and more importantly, retain the right people for our diverse businesses across industries and across borders. We are blessed to have built a family of 30,000+ loyal members who are so passionate about making a difference through their dedicated work. Our family culture is an asset that cannot be easily copied — it is as distinctive as an individual's DNA.

THE CKI FAMILY CULTURE THAT BINDS OUR DIVERSIFIED AND GLOBAL BUSINESSES TOGETHER

CKI is a diversified portfolio comprising more than 20 companies spanning different parts of the world, and these companies engage in a variety of industries. With this scale of diversification, CKI's success lies in the ability to establish a unique "Family Culture" that signifies family spirit, loyalty, commitment, teamwork, understanding and togetherness. These qualities have been well demonstrated by CKI family's three groups of people.

THE THREE GROUPS OF COLLEAGUES IN CKI'S FAMILY

CKI has smoothly navigated the difficulties of the past few years. All of our member companies overcame enormous challenges in the past year to achieve resilient results. The common denominator is the 30,000+ talented and dedicated people who make up the CKI global family with its unique culture.

Three groups of people within the CKI family are integral to our sustained success:

- Board members, Executive Directors and Senior Management of each member company
- CKI Head Office Management Members
- All Frontline and Office Colleagues

(I) SALUTE TO THE BOARDS, EXECUTIVE DIRECTORS AND SENIOR MANAGEMENT OF CKI MEMBER COMPANIES

No doubt 2022 was a difficult year. In addition to maintaining smooth daily operations in the face of constant disruptions, the boards, executive directors and senior management of member companies had to contend with challenges compounded by accelerated inflation. Rising material, logistics and labour costs, manpower shortages and other factors conflated to stretch management's capacity to navigate through stormy waters.

A number of our Board members, CEOs and senior executives around the world have been a part of our family for a long time. Many of them joined us when their companies became part of the CKI family. Applying their extensive experience and in-depth knowledge, our local management teams handle complex sets of issues with aplomb. CKI's regulated businesses delivered stable services through extreme weather conditions and operational difficulties. In the meantime, our non-regulated businesses continued to generate stable income protected by long-term contracts.

The invaluable contributions of our local management teams, which have played significant roles in laying a strong foundation for their respective companies, continue to take these companies to new heights.

During the year, CKI member companies not only displayed outstanding financial performance, they also performed exceptionally well in terms of operations. Our member companies were recognised for their distinguished aspects such as operational efficiency, technological innovation, customer service, CSR and sustainability initiatives, and contribution to society as evident by numerous prestigious awards presented by reputable organisations from around the world.

The following are some examples of recognition which our businesses have been given:

- UK Power Networks was rated as the number one electricity distribution network operator for 2022 in both the Broad Measure of Customer Service and that of Performance conducted by Ofgem. The company received close to 30 awards, including best in the UK for customer service in the utilities category, and most importantly, Employer of the Year Award.

- Northumbrian Water captured first place in the annual UK Water Company Performance Survey conducted by British Water, and was again the only water company listed among the World's Most Ethical Companies compiled by the Ethisphere Institute.

- Northern Gas Networks' Hydrogen Home project was named Project of the Year 2022 by the Institution of Gas Engineers and Managers (IGEM) Awards.

- Wales & West Gas Networks won the Gold Award in the Royal Society for the Prevention of Accidents (RoSPA) Health & Safety Awards 2022.

- UK Rails was selected as Technical Innovation of the Year winner in the Global Light Rail Awards 2022.

- In the Australian Energy Regulator's benchmarking report for 2022, SA Power Networks, CitiPower, Powercor and United Energy ranked first, second, third and fifth in productivity respectively among the 13 distribution network service providers in Australia.

- Australian Gas Networks' first renewable gas project, Hydrogen Park South Australia (HyP SA), won the 2022 South Australian Premier's Community Engagement Award.

- EDL's Jabiru Hybrid Renewable Power Station project was recognised at the 2022 Asian Power Awards, winning Solar Power Project of the Year.

- Wellington Electricity's collaborative programme EnergyMate won the 2022 Outcomes Award in the New Zealand Energy Excellence Awards.

- EnviroNZ was named Winner in both the Health and Safety Category and Organics Materials Category in 2022 WasteMINZ Awards for Excellence.

- Reliance Home Comfort was presented with Best of Home Stars Awards 2022 in the Heating & Cooling Category.

- HK Electric was presented with the Gold Award and Sustainable Business Award in the BOCHK Corporate Environmental Leadership Awards by the Federation of Hong Kong Industries. HK Electric also received Hong Kong Institute of Engineers MIS Industry Award 2022.

- Green Island Cement obtained an Outstanding Award in the Hong Kong Occupational Safety & Health Award, and Gold Green Management Award in the Hong Kong Green Awards 2022.

- Alliance Construction Materials received the Management Award, Pioneering Organisation, and Leadership Award for Net-Zero Contribution in the Hong Kong Quality Assurance Agency Recognition Programme 2022.

These are just some examples of all the awards received. In fact, nearly every member company received some kind of award recognition for their professionalism and contribution to society. In 2022, a total of approximately 170 awards were presented to the CKI member companies around the world.

(II) CREDIT TO THE HEAD OFFICE TEAM MEMBERS

In addition to the tremendous efforts by the senior management teams of the member companies at local level, the satisfactory results of 2022 can very well be attributed to the leadership and contributions made by the dynamic and professional management team at the Head Office on a marco level.

The elite professionals that comprise our Executive Committee which is led by Chairman Victor Li wield expertise in finance, investment, international management, law and public affairs. It has been well noted that it is not CKI's culture to assign head office staff as expatriates on site and run the day-to-day businesses of our member companies overseas. The management teams of each member company are usually locally formed and groomed. Nevertheless, they maintain a close relationship with the Head Office management team. The trick of CKI's success depends upon the mutual trust between the Head Office team members and local management. The value of the Head Office management is to understand, encourage, motivate and provide thought leadership as well as guidance, and most importantly, offer help to improve the member companies' performance rather than exert direct interference on their operations.

I would describe the relationship between the Head Office team and the respective local management teams as analogous to Newton's Second Law of Motion, which states that the acceleration of an object is related to two variables – the net force acting on the object and the mass of the object. Similarly, the role of the Head Office team acts as an external force that can influence the momentum of the member companies in positive ways, empowering the member companies to exceed and excel. They always keep a close eye not so much on control but more on how they can be of help, as well as make key decisions together.

One of the Head Office's key functions is to create synergy among our CKI family members, accelerate collaboration and ensure cohesiveness. Over the past years, the Head Office team contributed to the success of the member companies through:

(1) Actively participating in overseas board meetings held on site at member companies;
(2) Working together on sub-committees and special projects;
(3) Ensuring effective, uninterrupted communication among various local management teams and head office;
(4) Creating synergy among the member companies by organising various committees and conferences on issues such as health and safety, risk management, innovation, IT and public relations, etc.

The Head Office has effectively laid a shared platform for all member companies to facilitate their performance towards a common goal.

(III) A TRIBUTE TO GENERAL STAFF MEMBERS OF THE CKI FAMILY

The bulk of our infrastructure portfolio comprises utility companies that provide essential services including electricity distribution networks, gas transmission and distribution networks, water utilities, energy infrastructure, transportation infrastructure, household infrastructure, and waste management. In a year marked by devastating climate events impacting different regions, utility companies found themselves in the metaphorical eye of the storm, working against all odds to ensure that the essential services they provide continue without major disruptions.

Time and again, our colleagues braved enormous difficulties caused by the pandemic or extreme weather events to ensure continuous, efficient and uninterrupted essential services, often putting their own wellbeing at risk. Their unwavering commitment to excellence and integrity in performing their duties are not only crucial to their respective communities, but also instrumental in mitigating the negative financial impact caused by these natural disasters.

I have said this on many occasions but I still feel I haven't said enough. There is no doubt that CKI's resilience is attributable to the hard work, dedication, and sometimes personal sacrifices of our 30,000+ colleagues. They are the unsung heroes of their communities, and the heart and soul of this Group.

CKI REPRESENTS THE "AMALGAMATION OF INDIVIDUAL SUCCESSES"

As a global family, the story of CKI is a story of the "Amalgamation of Individual Successes". Like an equation – when individual staff members perform well, our member companies achieve success; by the same token, when our individual member companies achieve success, CKI as a group collectively reaps satisfactory results.

The fact is that each staff member of our big family possesses the precious qualities of loyalty, commitment and diligence. Together they form a strong foundation for each member company to strive for success.

GROUP MANAGING DIRECTOR’S REPORT

TOGETHER, WE ARE BUILDING A PROMISING FUTURE

In an era marked by cascading global crises with compounding effects, a 26-year streak of continuous dividend growth may be considered somewhat of an outlier. Progressing forward, CKI will continue to implement our simple yet effective set of strategies as we move forward:

(1) Grow existing businesses organically;
(2) Acquire new businesses with good and stable returns;
(3) Maintain a strong balance sheet with steady cashflow and low gearing;
(4) Advance our sustainability efforts.

As the global pandemic appears smaller and smaller in our rearview mirrors, it should be acknowledged that CKI has been “lucky” to be bonded through the global CKI family in good times and in bad. In every instance when CKI enlisted a new company into our Group, the tangible assets have been important, but the knowledge and experience of the local teams have been invaluable. Today, our 30,000+ strong global team has become one of the Group’s greatest competitive strengths. CKI is fully committed to continue fostering a culture and environment where everyone is valued and given every opportunity to realise their career dreams and ambitions.

H L KAM
Group Managing Director

15th March, 2023

LONG TERM DEVELOPMENT STRATEGY

CKI is an international infrastructure enterprise with diverse businesses across different sectors around the world.

Through globalisation and diversification, CKI's portfolio now spans Hong Kong, Mainland China, the United Kingdom, Continental Europe, Australia, New Zealand, Canada, and the United States. Currently, its operations include electricity generation, transmission and distribution; gas transmission and distribution; transportation; water treatment and distribution; waste management; waste-to-energy; household infrastructure; as well as infrastructure materials manufacturing.

The Group has an effective set of strategies for continued growth and development:

1. TO NURTURE ORGANIC GROWTH FROM THE GROUP'S EXISTING PORTFOLIO

CKI strives to nurture organic growth and transformation from its existing portfolio. Innovations and synergies across the Group help us to learn from experiences and implement global best practices across our businesses. CKI's head office sets targets, provides guidance and support, and works with local management to address challenges and optimise business performance.

2. TO EXPAND THE GROUP'S PORTFOLIO BY ACQUIRING QUALITY BUSINESSES WITH STRONG AND RECURRENT RETURNS

When studying a potential acquisition, CKI focuses on the fundamentals of the target and adopts a value-add approach. Even as the infrastructure sector has become intensely competitive, CKI never adopts a "must-win" mindset in a bidding situation. Stringent investment criteria must be met which in turn, maximise risk-based returns and provide stable recurring cashflows. The Group seeks investments in industries where it can capitalise on existing knowledge, and favours countries that have established legal systems and transparent regulatory regimes. This philosophy keeps CKI's portfolio safe and secure.

3. TO MAINTAIN A STRONG BALANCE SHEET WITH STEADY CASH FLOW AND LOW GEARING

A strong balance sheet provides a stable platform to support the Group's future growth. As at 31st December, 2022, CKI had cash on hand of HK$18 billion, and gearing remained low at a net debt to net total capital ratio of 7%. CKI enjoys low funding cost with a Standard & Poor's "A/Stable" rating. The Group aims to preserve this financial strength to ensure it can opportunistically pursue acquisitions.

4. TO CONTINUE OUR SUSTAINABILITY JOURNEY

We look to continue to play a leading role both by evolving strategies in our existing portfolio companies and by investing in the critical new infrastructure that is needed to create the net zero energy systems of tomorrow. Through our infrastructure, we strive to create enduring, sustainable value for our stakeholders.

CORPORATE CULTURE

As a global infrastructure company, CKI owns and operates a portfolio of quality infrastructure businesses around the world. The Group endeavours to enhance these businesses' service offerings and efficiency, while constantly striving to maintain assets in the best possible condition to be fit for purpose. CKI promotes a spirit of service for the community amongst staff members. The group also fosters a corporate culture that puts strong emphasis on health and safety, and encourages creativity, diversity and innovation across all levels. Responsible workplace policies and practices that reflect the purpose, values and strategic direction of the Group in alignment with our established culture are in place in all member companies.

AWARDS

CK INFRASTRUCTURE

Hong Kong Institute of Financial Analysts and Professional Commentators

- Outstanding Listed Company Award 2022

UK POWER NETWORKS

Utility Week Awards

- Employer of the Year
- Capital Project of the Year

British Data Awards 2022

- Engineering Company of the Year

National Technology Awards 2022

- Energy and Utilities Project of the Year

National Sustainability Awards 2022

- Major Project of the Year

Better Society Awards 2022

- Environment Award
- Carbon Reduction Programme Award

The Energy Awards 2022

- Energy Champion of the Year – Highly Commended

City of London's Considerate Contractor Streetworks Scheme Award

- Considerate Contractors Award – Highly Commended

British Renewable Energy Awards 2022

- Smart Energy System Award – Winner

Procurement Skills Accord

- Procurement Skills Best Practice Accord

Business Green Leaders Awards 2022

- Energy Efficiency Programme of the Year

Water Industry Awards 2022

- Partnership Initiative of the Year

European Contact Centre and Customer Service Awards

- Large Contact Centre of the Year

UK Contact Centre Awards

- Best Customer Experience
- Employee Engagement Strategy of the Year

The Institute of Customer Service

- UK Customer Satisfaction Index – The Best in the UK (Utilities Category)

WALES & WEST GAS NETWORKS

The Royal Society for the Prevention of Accidents Health & Saftey Awards 2022

- Gold Award

NORTHUMBRIAN WATER

Ethisphere Institute
- World's Most Ethical Companies List

North East of England Chamber Business Awards
- Community Business of the Year

UK Customer Experience Awards
- Most Improved Complaint Handling Category – Gold Winner

PRide Awards 2022
- Consumer Relations Campaign Category – Gold Award

Robert Stephenson Awards 2022
- Large Project Category (Wolsingham STW Growth Improvement Scheme) – Winner

Constructing Excellence National Awards
- Innovation Category (Wolsingham STW Growth Improvement Scheme) – Winner
- Health, Safety and Wellbeing Category (Living Well) – Highly Commended

WIF's 10th Anniversary Innovation Awards
- Overall Winner
- Societal Impact Category – Winner

Great Place to Work Survey
- Super Large Category – UK's Best Workplaces™ List

Water Company Performance Survey
- First Place in the UK

UK Environment Agency
- Environment Performance Assessment – Four-star Rating

NORTHERN GAS NETWORKS

Gas Industry Awards 2022
- Hydrogen Home – Project of the Year

Considerate Constructors Scheme (CCS) National Site Awards
- Most Considerate Site Award

UK RAILS

Global Light Rail Awards 2022
- Technical Innovation of the Year – Rolling Stock – Winner

Insider Made in Midlands Awards 2022
- Automotive, Aerospace and Rail Award Category – Winner

National Rail Awards 2022
- Fleet Achievement of the Year Category – Highly Commended

Railway Innovation Awards 2022
- Environment and Sustainability Category – Highly Commended

The Golden Spanner Awards 2022
- Gold Spanner for Class 222 and Class 185
- Silver Spanner for Class 320, Class 170 and Class 195
- Bronze Spanner for Class 315, Class 397 and Class 171

AWARDS

SA POWER NETWORKS

Premier's Awards

- Energy Sector: Innovation and Collaboration – Winner

Project Management Achievement Awards

- South Australia – Project of the Year

Australian Constructors Association and Engineers Australia

- Enerven – Winner of Australian Construction Achievement Award

The Chartered Institute of Procurement & Supply (CIPS) Australia and New Zealand

- CIPS Procurement Excellence Programme (PEP) Award – Standard Award

Urban Development Institute of Australia

- 2022 Awards of Excellence – Greg Waller Award for Contribution to the Development Sector

AUSTRALIAN GAS INFRASTRUCTURE GROUP

Energy Networks Australia and Energy Consumers Australia

- 2022 Energy Networks Industry Consumer Engagement Award

Connecting Green Hydrogen MENA 2022

- Hydrogen Project of the Year

Good Company

- Top 30 Best Workplaces to Give Back 2022 in Australia

2022 South Australian Premier's Community Engagement Award

- Energy Sector – Winner

ENERGY DEVELOPMENTS

Australian Mining Prospect Awards

- Excellence in Environmental Management

Asian Power Awards 2022

- Australia – Solar Power Project of the Year

WELLINGTON ELECTRICITY

New Zealand Energy Excellence Awards
- EnergyMate – 2022 Outcomes Award

ENVIRONZ

2022 WasteMINZ Awards for Excellence
- Health and Safety Category – Winner
- Organics Materials Category – Winner
- Territorial Authorities' Officers Forum Category – Winner

RELIANCE HOME COMFORT

Best of Home Stars 2022
- Heating & Cooling Category (Ontario, Alberta, Manitoba) – Best of 2022
- Heating & Cooling Category (Ontario, Manitoba) – Best of the Best 2022

The Career Directory
- Canada's Best Employer for Recent Graduates 2023

Waterstone Human Capital
- Canada's Most Admired™ Corporate Cultures

GREEN ISLAND CEMENT

Hong Kong Occupational Safety & Health Award
- Safety Performance Award (Other Industries) – Outstanding Award

The Employees Retraining Board Manpower Developer Award Scheme
- Manpower Developer (2014 – 2022)

BOCHK Corporate Environmental Leadership Awards
- Manufacturing Sector – Silver Award

Hong Kong Green Awards 2022
- Green Management Award – Corporate (Large Corporation) - Gold

ALLIANCE CONSTRUCTION MATERIALS

Hong Kong ESG Reporting Awards 2022
- Best Sustainability Report for Non-listed Company

Hong Kong Quality Assurance Agency Recognition Program for Organisations 2022
- Management Award for Net-Zero Contribution
- Pioneering Organisation in Net-Zero Contribution
- Leadership Award for Net-Zero Contribution

Hong Kong Construction Association
- Proactive Safety Contractor Award
- Safe Supervisors Award
- Safe Person-in-Charge Award

Community Investment and Inclusion Fund
- Social Capital Builder (SCB) Awards

BUSINESS REVIEW

Investment in

POWER ASSETS

Infrastructure Investments in

UNITED KINGDOM

Infrastructure Investments in

AUSTRALIA

Infrastructure Investments in

NEW ZEALAND

Infrastructure Investments in

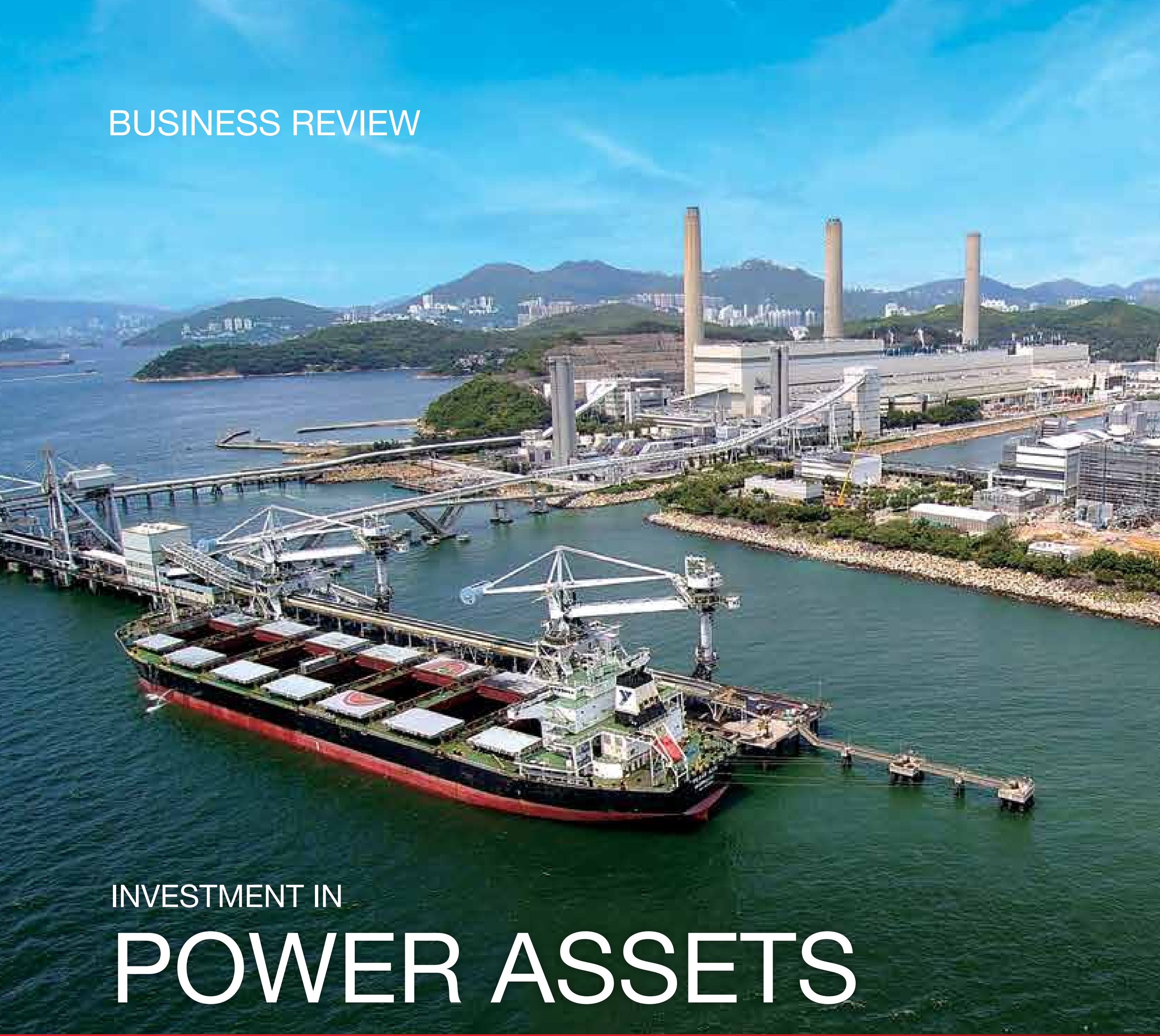
CONTINENTAL EUROPE

Infrastructure Investments in

CANADA

Infrastructure Investments in

HONG KONG AND MAINLAND CHINA



INVESTMENT IN

POWER ASSETS

The Power Assets Group is a global investor in power generation, transmission and distribution, gas transmission and distribution, as well as oil storage and transmission in nine markets spread across four continents – namely the UK, Australia, Hong Kong, Mainland China, the Netherlands, New Zealand, Thailand, Canada and the United States.

2022 saw the Power Assets Group ("Power Assets") delivered stable performance based on its diversified energy portfolio. With its strong financial and cash position, Power Assets persists with its long-term strategy to focus on low-risk, well-managed companies in mature energy markets to ensure delivery of long-term sustainable growth to shareholders.

Power Assets' flagship company HK Electric continued to provide stable income, while supporting Hong Kong Government's plan to halve carbon emissions by 2035 and achieve carbon neutrality by 2050. Highlights of the year includes the launch of L11, a new 380 MW combined-cycle unit, which raises gas-fired generation at Lamma Power Station to over 50%. The company also worked with the Government and other stakeholders on various renewable energy initiatives, such as employing emissions-reduction measures and offering technical consultancy for the development of electric road transport.

United Kingdom is Power Assets' largest market of operation. During the year, UK Power Networks delivered its best-ever network reliability performance and maintained its industry leadership in customer service quality. The company's business plan for the next regulatory period was approved by The Office of Gas and Electricity Markets ("Ofgem"), ensuring predictable revenues and cash flow between April 2023 and March 2028. Northern Gas Networks led industry efforts to commercialise blended hydrogen in North East England, including establishing a hydrogen-blended network and piloting hydrogen-powered heating in key communities. Wales & West Utilities started new initiatives and supplied decarbonised biomethane gas to about 155,000 homes and has connected 20 biomethane plants to the network, while continuing to exceed operational targets for customer satisfaction, reliability and emissions. Seabank Power continued to deliver satisfactory performance.

In Australia, Victoria Power Networks installed a 150 kW community battery in Melbourne to store excess rooftop solar power to supply nearby homes during peak periods. United Energy completed a major works programme to support more rooftop solar generation across the network. SA Power Networks implemented upgrades at many zone substations to enhance the networks' ability to handle very high numbers of solar and battery systems without compromising reliability. In the Australian Gas Infrastructure Group, Australia Gas Networks continued on with its hydrogen projects to blend green hydrogen into its distribution networks, while Australian Gas Networks and Multinet Gas, together with AusNet, won the 2022 Energy Networks Industry Consumer Engagement Award, and Dampier Bunbury Pipeline delivered good performance. Energy Developments completed Tessman Road Renewable Natural Gas Project in the United States and Jabiru Hybrid Renewable Power Station in Australia, enriching its portfolio in sustainable energy industry.

The Canadian portfolio continued on its decarbonisation journey and implemented system enhancements. Canadian Power's Sheerness power station delivered 100% gas-fired electricity and significantly cut its carbon footprint, while the Okanagan windfarm completed its first full year of operation as a Power Assets company. Husky Midstream opened major new connections to the Cold Lake Gathering System, the Saskatchewan Gathering System, and tanks in the Hardisty terminal.

In the Netherlands, Dutch Enviro Energy saw increased demand for CO_2, sustainable steam supply and electricity flexibility services. The company will further expand the amount of CO_2 it captures and sustainable steam it supplies to maintain the balance of the national grid.

Wellington Electricity in New Zealand continued to maintain a reliable network. During the year, the company managed to minimise supply disruption for customers in severe weather events.

In Mainland China, the Jinwan co-generation power plant recorded losses in the year due to the upsurge of coal price. The two windfarms in Dali and Laoting jointly offset 166,240 tonnes of carbon emissions.

INFRASTRUCTURE INVESTMENTS IN UNITED KINGDOM

In the United Kingdom, CKI has investments in electricity and gas distribution, water and wastewater services, electricity generation as well as railway rolling stock. These investments include UK Power Networks, the electricity distribution network operator that serves London, South East England and the east of England; Northern Gas Networks, a gas distribution business that serves the north of England; Wales & West Gas Networks, a gas distribution business that serves Wales and South West England; Seabank Power, an electricity generation plant located near Bristol; Northumbrian Water, a water supply, sewerage and wastewater company that serves the North East and provides water supply to certain areas in South East England; and UK Rails, one of the three major rolling stock leasing companies in the United Kingdom.

UK POWER NETWORKS

UK Power Networks owns and maintains electricity networks across London, the South East and the East of England. The company's network is approximately 190,000 kilometres in length and covers an area of over 29,000 square kilometres, serving 8.4 million homes and businesses. The company also has a non-regulated business – UK Power Networks Services – which designs, builds, owns and operates private networks for both public and private sector clients.

UK Power Networks' outstanding customer service received recognition from a wide array of organisations. In the UK Customer Satisfaction Index compiled by the Institute of Customer Service in July 2022, UK Power Networks was named the best in the utilities category in the UK for customer service. This is an exceptional accolade and represents the first time that a UK utility company has achieved this top ranking. In the Broad Measure of Customer Service and that of Performance conducted by Ofgem, UK Power Networks was again rated the number one electricity distribution network operator in both areas.

At the European Contact Centre and Customer Service Awards, UK Power Networks won in the Large Contact Centre of the Year category. The award event is considered the "Oscars" of the call centre industry. The company was also presented with the top prize for Best Customer Experience as well as Employee Engagement Strategy of the Year by the UK Contact Centre Forum. The award recognises the company's efforts to sustain and support the communities it serves. In addition, the company also garnered the Employer of the Year Award in the Utility Week Awards in March 2022, and Capital Project of the Year Award in the same Awards in December 2022.

During the year, the company continuously made investments to upgrade its network assets, one of which is the electrical infrastructure around Biggleswade, Bedfordshire. The project is part of the Central Bedfordshire Council's initiative to support planned housing growth of around 3,000 homes to the east of the town. The new facilities will increase power capacity in Biggleswade and help the community move towards a low-carbon economy. Construction work will take around three years with energisation planned in the winter of 2024.

UK Power Networks was named the best in the utilities category in the UK for customer service in the UK Customer Satisfaction Index compiled by the Institute of Customer Service.

In addition, UK Power Networks Services won a contract to supply new electrical technology to the Port of Felixstowe. This is the company's first major project in the ports industry and one of its largest projects in the last five years. The three-year decarbonisation project includes upgrading the existing 11,000 V electricity network to supply power to the 17 new electric gantry cranes, and introducing 48 new electric tractor units to replace some of the existing diesel vehicles, helping the Port meet its net zero aspirations.

Work on a major upgrade for key electrical substations along London's Piccadilly underground line commenced during the year. New electrical infrastructure, electrical control systems and cables will be installed along the line. The upgrade project is scheduled for completion by 2025. The increased electrical capacity will allow Transport for London to launch a new fleet of air-conditioned trains with improved reliability, efficiency and accessibility for passengers.

In 2022, UK Power Networks started to use the new 36 kV double busbar AirPlus switchgear to replace components that utilise sulphur hexafluoride, one of the most potent greenhouse gases. The first batch of the new switchgear was installed at the substation in Dartford, Kent.

Currently, UK Power Networks is delivering £66 million of "Green Recovery" investments to support low-carbon energy projects to achieve the UK Government's Ten Point Plan towards Net Zero by 2050. A total of 86 "Green Recovery" schemes are being fast-tracked, including Electric Vehicle charging hubs at motorway service stations, fleets of electric buses, community energy schemes and heat pumps.

NORTHUMBRIAN WATER

Northumbrian Water is one of ten regulated water and sewerage companies in England and Wales. The company operates approximately 26,000 kilometres of water mains and 30,000 kilometres of sewers, providing water and wastewater services to 2.7 million people in North East England, and supplying drinking water to 1.8 million people in South East England.

In addition to regulated businesses, Northumbrian Water's operations include Kielder Reservoir, the largest man-made reservoir in northwestern Europe; the company also has a portfolio of long-term water and wastewater contracts in Scotland and Ireland.

On 14th July, 2022, CKI together with CK Asset and CK Hutchison jointly announced an agreement for Kohlberg Kravis Roberts & Co. L.P. (KKR) to acquire a 25% shareholding of Northumbrian Water. Financial close took place in December 2022. CKI currently owns a 39% interest in Northumbrian Water and continues to have the largest economic benefit in the company.

Northumbrian Water received a number of accolades in 2022. It attained a four-star rating from the UK Environment Agency, while in the North East England Chamber of Commerce Business Awards, Northumbrian Water was named Community Business of the Year. The company was again included in the UK's Best Workplaces™ list in the Super Large category published by Great Place to Work. This is the second time Northumbrian Water received this recognition; it is also the only water and sewerage company to make the list. In the Constructing Excellence National Awards, the company's employee wellbeing programme called "Living Well" obtained a "Highly Commended" rating. Furthermore, Northumbrian Water was listed among the World's Most Ethical Companies compiled by the Ethisphere Institute for the 11th time. It is the only water company recognised on this list. Additionally, in the annual UK Water Company Performance Survey conducted in 2022 by British Water, Northumbrian Water captured the first place.

Northumbrian Water attained a four-star rating from the UK Environment Agency and was named Community Business of the Year in the North East England Chamber of Commerce Business Awards.

Subsequent to the approval by the United Nations to become part of the Race to Zero campaign, Northumbrian Water released its first annual update on taking positive steps towards achieving its net zero goal by 2027. The company has cut its carbon emissions by more than 90% from its 2008 baseline.

During the year, Northumbrian Water participated in sponsored projects that will help to reduce leakage and enable innovations across the utilities sector. The first of these initiatives is the setting up of the National Leakage Centre, which is the creation of a large-scale five-kilometre-long buried water network and control room used to accelerate the development of leakage detection and repair solutions. Researchers will use the site to trial leakage solution ideas without any interruption to customer supplies or risks to water quality. The second project, known as Stream, is the development of a new open data-sharing platform for the water and utilities industry. This platform will allow all UK water companies to share data amongst themselves, and with other utility companies.

In another sponsored research project named Treatment-to-Tap, Northumbrian Water collaborated with other water companies and technology partners to launch Europe's largest network of water quality and leakage sensors and analytics software. In phase one of the project, Northumbrian Water installed new sensors on the inlet and outlet of reservoirs across its Teeside network to understand impacts such as sediment in the network. In phase two, around 30 different water quality instruments were deployed, with further collaboration to monitor pressure via artificial intelligence and hydraulic simulation through the network.

Utilising new technology developed from its Innovation Festival 2021, Northumbrian Water reduced leakage by 25% in parts of Newcastle and Dagenham in a trial. The prediction model made use of existing data from the company's network together with pressure sensors in pipes to identify the location of leakage in two of the highest leakage areas in the network. With this new technology, leakage problems can be tackled more proactively.

Hosted by Northumbrian Water, the sixth annual Innovation Festival returned to Newcastle Racecourse in July 2022 after a two-year hiatus. Over 2,000 innovative thinkers from across the globe gathered at Newcastle Racecourse to brainstorm solutions to difficult problems, such as water scarcity and cyber security. One of the innovations known as No Dig is a piece of technology made of water, gel and minerals. When injected into underground pipes that are leaking, it can quickly stop or stem leakages without the need for excavation. Trials and tests are underway for No Dig and many other projects that have been developed from the Innovation Festival, in the hope of bringing these novel concepts to fruition to yield real world benefits.

During the year, Northern Gas Networks' Hydrogen Home project was named Project of the Year 2022 in the Institution of Gas Engineers & Managers Awards.

NORTHERN GAS NETWORKS

Northern Gas Networks is a gas distribution company that serves the north of England. The network spans 36,000 kilometres of gas distribution pipelines which stretches from Northern Cumbria to the North East, including much of Yorkshire and covering large cities as well as rural areas. It transports approximately 13% of the nation's gas, serving a population of 6.7 million.

During the year, Northern Gas Networks' Hydrogen Home project was named Project of the Year 2022 in the Institution of Gas Engineers and Managers (IGEM) Awards. Its Ivory Street project in Leeds received the Most Considerate Site Award of the Considerate Constructors Scheme.

In the first quarter of 2022, Northern Gas Networks was awarded innovation funding as part of Ofgem's £450 million Strategic Innovation Fund (SIF), for innovation feasibility projects aimed at accelerating the UK's transition to net zero emissions by 2050. The SIF is delivered in partnership with Innovate UK, part of UK Research and Innovation (UKRI). Working with strategic partners including Newcastle University, National Grid, Synnovate and Eversholt Rail, five projects began a six-month "Discovery" phase examining different aspects of the transition. The Thermal Imaging initiative – which uses analysis of thermal imagery to assess fluid and pressure condition of pipes – has now progressed to the next funding phase.

During the year, Northern Gas Networks continued to take the lead on various pioneering hydrogen projects that contribute to the United Kingdom's progress towards decarbonisation. One of these initiatives is H21, the gas industry's flagship project funded by Ofgem, which aims to demonstrate that the existing gas network can be repurposed to carry 100% hydrogen.

The South Bank programme, part of the H21 initiative, was concluded after a six-month trial period. The project is designed to test the use of 100% hydrogen on an existing, disused gas distribution network. Engineers used a unique site located in the South Bank area of Middlesbrough, where 70 homes had been demolished, leaving the underground gas infrastructure intact. Recommendations on the suitability of the UK's existing gas network to carry hydrogen will be made following a thorough analysis of the results of a comprehensive range of operational tests.

Northern Gas Networks was also given the green light by the United Kingdom Government and Ofgem to develop its proposal for the UK's first hydrogen village by switching the gas supply from natural gas to clean burning hydrogen for around 2,000 homes and businesses in parts of Redcar, including the town centre, Warrenby, Coatham and an area of Kirkleatham. The company will be responsible for developing a detailed proposal and will liaise with the local community and stakeholders in the area. After all approvals are obtained, the project is expected to commence in 2025 and run for around two years.

A trial for HyDeploy, a project that blended up to 20% hydrogen into an existing gas supply with no changes required to pipework or appliances, was completed in August 2022. Over a period of 11 months, up to 20% by volume of hydrogen was blended with natural gas on a closed section of the network at Winlaton in Gateshead, supplying the blended mix to 668 houses as well as a church and school. This is the second phase of the HyDeploy project, but the first time hydrogen has been blended into an existing public gas network. The first phase of the HyDeploy project was conducted on a private gas network at Keele University; it served 100 homes and around 30 commercial buildings. A report on the findings from the trial at Winlaton will be submitted to the government ahead of its decision on the wider blending of hydrogen into the UK gas grid.

With the support of Bradford Council, Northern Gas Networks partnered with two companies to establish a low carbon hydrogen production hub and dispensing facility in Bradford. The project will be built on Northern Gas Networks' decommissioned gas storage site in Bradford with the objective of using renewable energy to power electrolyser producing hydrogen. The site will also provide refuelling service for hydrogen vehicles, EV charging, and will feature a low carbon technology education centre.

WALES & WEST GAS NETWORKS

Wales & West Gas Networks is the holding company of Wales & West Utilities, one of eight gas distribution networks in the United Kingdom. The company has 2.5 million supply points and a pipeline network of 35,000 kilometres. It serves an area of 42,000 square kilometres and a population of 7.5 million in Wales and South West England.

Wales & West Gas Networks received the Gold Medal from the Royal Society for the Prevention of Accidents (RoSPA) in 2022 for its high standards in health and safety. This is the ninth year in a row that the company has been recognised with this award.

During the year, Wales & West Gas Networks continued to upgrade its infrastructure facility in order to ensure the delivery of safe and quality service. The company replaced 455 kilometres of mains and completed over 13,000 mains as well as service repairs and has also connected its 20th biomethane production site to provide enough capacity for heating 160,000 homes. In addition, it opened a new depot in Bristol on a decommissioned gas holder site. The company has approximately 150 employees in Bristol, and the new base will accommodate both operational and office-based teams.

In the first quarter of 2022, Wales & West Gas Networks received a grant from Ofgem's Strategic Innovation Fund for the HyPark project, which includes a compact, intelligently controlled fuel-cell to charge electric vehicles via connection to the gas grid. HyPark uses smart technology to identify the best ways to charge vehicles, and the gas grid connection ensures that the fuel cell could also be converted to run on hydrogen; this initiative is in preparation for the fuelling of hydrogen vehicles in the future. The grant enables the company to assess the suitability of potential charging locations and test technology configurations that support net zero transport across the United Kingdom.

In a plan published by energy network companies, Wales & West Gas Networks outlined how it will meet the Government's target for gas pipes to be ready to

Wales & West Gas Networks received the Gold Medal from the Royal Society for the Prevention of Accidents in 2022 for its high standards in health and safety. This is the ninth year in a row that the company has been recognised with this award.

deliver up to 20% hydrogen to homes and businesses from 2023 as replacement for up to a fifth of the natural gas currently used. Between 2021 and 2026, a total of £400 million will be invested by the company to prepare its gas network to transport hydrogen and biomethane to power a green future.

In a collaborative project, Wales & West Gas Networks and other partners demonstrated the world's first smart hydrogen hybrid heating system in Pembrokeshire. The trial was funded by UK Research and Innovation, and was conducted in a commercial building at the Port of Milford Haven, the UK's largest energy port. Hybrid heating systems was switched flexibly between renewable electricity and green gases such as hydrogen. This smart technology will help enable the full decarbonisation of heating in a cost-effective way.

In 2022, Wales & West Gas Networks participated in the Cartrefi Hydrogen Homes project in which unoccupied existing socially rented homes were retrofitted to use 100% hydrogen.

Wales & West Gas Networks also joined the Hydrogen South West consortium which will create an infrastructure ecosystem for the South West of England to decarbonise transport, commerce and power. The collaboration of key industries will facilitate cross-sector partnerships to drive the development of hydrogen infrastructure and technology, as well as create highly skilled new jobs in the region.

In addition, HyLine Cymru, a plan to build a major hydrogen pipeline along the south coast of Wales, was unveiled by Wales & West Gas Networks in 2022. Under the plan, the hydrogen pipeline will run from Pembroke to the Swansea Bay area, connecting low-carbon hydrogen producers in Pembrokeshire, Port Talbot and the Celtic Sea with energy intensive industrial customers to enable fuel-switching from natural gas in the 2030s. It will also facilitate the conversion of home heating to hydrogen, enabling towns in south Wales to go green. Led by Wales & West Gas Networks in collaboration with eight key organisations, HyLine Cymru will explore the feasibility of transporting hydrogen in south Wales, working towards reducing carbon in the area.

SEABANK POWER

Seabank Power is the owner and operator of a combined cycle gas turbine power plant located near Bristol in the South West of England. The power plant's total generating capacity is approximately 1,140 MW. In 2022, Seabank and Shell Energy Europe agreed to enter into a fixed 100% toll arrangement for Seabank's output, covering an initial six-year period from October 2022 to September 2028. The new arrangement positively impacts Seabank's financial position and predictability of cashflows.

UK RAILS

UK Rails is one of the three major rolling stock leasing companies in the United Kingdom. The company leases regional, commuter and high-speed passenger trains on long-term contracts to train operating companies, as well as freight locomotives to freight operating companies. UK Rails' rolling stock portfolio includes 19 different fleets of passenger trains comprising about 3,000 passenger vehicles; and 80 freight locomotives. It also leases two depots.

During the year, UK Rails signed new leases for its fleets, including those with ScotRail, Great Western Railway and East Midlands Railway.

UK Rails has a new product for the high-speed freight market, which has been growing rapidly in recent years with the expansion of e-commerce. In October 2022, UK Rails entered into an agreement with Varamis Rail for the leasing of a Class 321 Swift Express Freight train for the delivery of light goods running on electric traction. UK Rails has also repurposed former passenger trains for freight use on high-speed all-electric, 100mph services. The company plans to sign further lease agreements for these innovative trains.

During the year, an agreement was signed by UK Rails and Hitachi Rail to upgrade Class 395 Javelin trains that are on lease to Southeastern Trains. These trains are currently providing high-speed services between London St Pancras and Kent. The upgrade will improve the passenger experience on the UK's fastest domestic passenger fleet. Scope of the £27 million programme includes full interior refurbishment, live passenger information system, and the latest standards in comfort and convenience. The Javelin fleet will also be one of the first in the UK to install Hitachi Rail's digital infrastructure monitoring technology. Exterior roof mounted high-definition cameras are to be installed to facilitate live monitoring of overhead lines and surrounding equipment.

UK Rails received eight trophies at the annual country-wide Golden Spanner Awards for train performance. The company's Class 222 and Class 185 fleets were recognised with Golden Spanners for being the most reliable trains based on miles per technical incident. The Class 320, Class 170 and Class 195 fleets received Silver Spanners for being the most improved train fleet in terms of percentage improvement in miles per technical incident. The Class 315, Class 397 and Class 171 fleets were presented with Bronze Spanners in the passenger experience index category. In addition, UK Rails' Revolution Very Light Rail (RVLR) Train developed in partnership with Transport Design International won a number of industry awards including the Global Light Rail Technical Innovation of the Year Award in the Rolling Stock.

In October 2022, UK Rails entered into an agreement with Varamis Rail for the leasing of a Class 321 Swift Express Freight train for the delivery of light goods running on electric traction.

INFRASTRUCTURE INVESTMENTS IN

AUSTRALIA

In Australia, CKI has investments in electricity and gas transmission and distribution, as well as renewable and remote energy solutions. It owns SA Power Networks, the primary electricity distributor in the state of South Australia; Victoria Power Networks, whose member companies CitiPower and Powercor, distribute electricity to approximately 65% of the state of Victoria, and Energy Solutions, a leader in developing large-scale renewable energy generation; United Energy, an electricity distribution business in Victoria serving more than 700,000 customers across east and southeast Melbourne and the Mornington Peninsula; Australian Gas Networks and Multinet Gas, which are natural gas distribution businesses operating across Australia; Dampier Bunbury Pipeline, Western Australia's principal gas transmission pipeline; as well as Energy Developments, a sustainable distributed energy producer of clean and renewable electricity, renewable natural gas as well as remote renewable energy. The Group's portfolio also includes Australian Energy Operations, a renewable energy power transmission business in Victoria.

In the National Electricity Market (NEM), SA Power Networks, CitiPower, Powercor and United Energy have been ranked first, second, third and fifth respectively by Australian Energy Regulator (AER) based on their total productivity.

SA POWER NETWORKS

SA Power Networks is South Australia's sole electricity distributor, which serves more than 900,000 homes and businesses. Its network covers an area of about 178,000 square kilometres, and has a route length is approximately 90,000 kilometres. The company has been ranked first in the national electricity market by Australian Energy Regulatory (AER) for its productivity.

SA Power Networks hosts the largest source of renewable energy generation in South Australia – more than 300,000 household customers are powered by solar and 30,000 by batteries.

In 2022, SA Power Networks introduced the innovative Flexible Exports scheme which allows compatible smart inverters to access a variable solar export limit of between 1.5 kW and 10 kW per phase while automatically adjusting to the export capacity of the local network throughout the day. Flexible Exports was a popular choice for customers in trials in 2022 as it enabled them to increase their power export to the grid. SA Power Networks is working towards making Flexible Exports a standard service in the coming years.

South Australia's distribution network was a net exporter of energy – the output of rooftop solar and other distribution-connected generation was more than the daytime electricity demand on the network – on 12 days in 2022. On 16th October, SA Power Networks achieved a new "negative demand" record of -236 MW with the distribution network being a net exporter for more than 5.5 hours, the longest duration recorded in South Australia's energy transition.

SA Power Networks intends to double the amount of solar on the network by 2025. In the next five to ten years, the company expects to see South Australia's energy needs during the middle parts of the day regularly 100% supplied from rooftop solar.

SA Power Networks released its first comprehensive, externally audited sustainability report in September 2022. Among the highlights is that over 80% of total waste generated within the company has been diverted from landfill, a high achievement for a large and complex business that spans across the entire state. The company will continue to improve its sustainability performance and is working towards reaching net-zero emissions by 2035.

SA Power Networks has been ranked first in the national electricity market by Australian Energy Regulator for its productivity.

CitiPower and Powercor of Victoria Power Networks adapted the Dynamic Voltage Management System to allow network controllers to optimise solar export capacity across their networks.

In July, SA Power Networks completed construction of a large-scale substation in St Kilda to provide the required load for a testing facility at the Navy's new Hunter Class frigate facility.

VICTORIA POWER NETWORKS

Victoria Power Networks comprises electricity distribution networks CitiPower and Powercor, as well as energy infrastructure developer Energy Solutions (trading as "Beon"). In the National Electricity Market (NEM), CitiPower and Powercor continued to be ranked second and third respectively by the Australian Energy Regulator (AER) based on their total productivity.

CitiPower owns and operates a network that serves 340,000 customers in the central business district and inner suburbs of Melbourne, while Powercor covers a service area that includes regional and rural areas in central and western Victoria as well as Melbourne's outer western suburbs, supplying electricity to around 930,000 customers. Beon is a leader in the design, construction and maintenance of large-scale renewable energy and infrastructure projects in Australia.

CitiPower and Powercor adapted the Dynamic Voltage Management System ("DVMS") to allow network controllers to optimise solar export capacity across their networks. The innovative system tracks data from the companies' fleet of 1.1 million highly advanced smart meters in Victoria. DVMS automatically adjusts voltage up or down in real time to keep the networks performing within an optimal range, optimizing operational capability to keep power accessible and affordable for all their customers while supporting a clean energy future. This has been a significant enhancement in managing voltage across the distribution networks in real time.

In July, CitiPower and Powercor launched the "Daytime Saver" trial to incentivise customers to shift their power demand to daylight hours when energy is more abundant. The companies are offering a $0 network charge to encourage customers to use major appliances between 10am and 3pm to maintain network stability while reducing emissions. The time-based price incentive is available for 27,000 customers until June 2026.

As part of CitiPower and Powercor's ongoing Future Networks Programme, network capacity upgrades have allowed more customers to export excess power generated by their solar panels back onto the network. CitiPower and Powercor have more than 200,000 households with rooftop solar that are generating over 800 MW – this amount is larger than the output of any gas-fired power station, coal-fired generation unit, windfarm or solar farm in Victoria. The networks have approved more than 90% of applications from customers seeking to export excess solar onto the network.

CitiPower and Powercor also continued to roll out their year-round vegetation inspection and tree-cutting programme to keep the network and community safe. This vegetation management programme is the largest in the state, with 100% of the more than 80,000 kilometres of powerlines inspected by the company's two helicopters which are fitted with advanced Light Detection and Ranging (LiDAR) technology. Significant investments in aerial services have been made in recent years to improve vegetation management. More accurate scanning have been carried out for trees near powerlines to identify branches that require trimming. Additionally, more targeted cutting performance have been achieved and better planning for annual re-growth rates have been made.

During the year, Powercor carried out intensive works to replace and reinforce power poles to strengthen the resilience of its electricity network in western Victoria. This is part of a five-year programme which takes a proactive and precautionary approach to replace and reinforce over 34,650 poles across western Victoria between 2022 and 2026, the aim of which is to build a stronger and safer network to prepare for unstable weather conditions in the future.

Beon has continued to demonstrate leadership within the solar farm construction sector. During the year, Beon completed construction and achieved commercial status with the full commissioning of the 115 MW Metz solar farm in New South Wales. The company also completed construction of the 18 MW Eastern Treatment Solar Farm, and the 9 MW Winneke Solar farm in Victoria.

Furthermore, Beon continued delivering multiple substation projects, including transformer and switchboard replacements at Ormond and Hastings for United Energy, a new 66 kV substation for Hickory's data centre in Truganina in Melbourne's western suburbs, and a 275 kV switchyard and powerline for the Kidston Pumped Hydro Project in Queensland.

UNITED ENERGY

United Energy distributes electricity to more than 700,000 customers across east and southeast Melbourne and the Mornington Peninsula with greater than 99.99% reliability. With an electricity distribution network that covers an area of approximately 1,500 square kilometres, the company is an industry leader in network technology and innovation.

United Energy launched a "Daytime Saver" trial to educate customers to shift their energy demand from traditional evening peaks to daylight hours when energy is more abundant.

In June 2022, United Energy announced a major investment in its low-voltage electricity network to allow more rooftop solar power to be shared between homes and businesses. United Energy has close to 110,000 household customers with rooftop solar and the number continues to increase. With rooftop solar capacity in the network exceeding 550 MW – more than the output of Victoria's largest gas-fired power generator – United Energy uses smart technology and network upgrades to improve voltages and increase hosting capacity, allowing more solar to be exported back into the grid.

Increased renewable generation is also being supported by the installation of neighbourhood batteries during the year. Eight 30 kW batteries have been installed on power poles in a project funded by United Energy and the Australian Renewable Energy Agency. In total 40 such batteries will be installed. It is the largest rollout of community-based batteries in Australia. Once completed in 2023, the fleet of batteries will store 1.2 MW of power and support up to 5,000 customers.

United Energy launched a "Daytime Saver" trial to educate customers to shift their energy demand from traditional evening peaks to daylight hours when energy is more abundant. The company is offering a $0 network tariff to 14,000 households in Melbourne's southeast to encourage them to set timers or use major appliances between 10am and 3pm. The goal is to test if time-based price incentives will help improve network performance and reduce energy costs for customers. The trial commenced in July 2022 and will be completed in June 2026.

United Energy partnered with electricity network Jemena for a 12-month "smart charger" trial in Victoria, Tasmania and the ACT to gain more visibility on the energy demand of electric vehicles on the grid. The smart chargers charge electric vehicles during periods when excess solar energy is available, whether it is after midnight or during the day, allowing vehicles to absorb surplus electricity and in return help to manage grid voltage.

AUSTRALIAN GAS INFRASTRUCTURE GROUP

Australian Gas Infrastructure Group is one of the largest gas infrastructure businesses in Australia. It owns and operates gas transmission and distribution pipelines as well as storage assets to supply gas to more than two million homes and businesses across the country.

In June 2022, Australian Gas Infrastructure Group released its first Environmental, Social and Governance (ESG) report, detailing its performance and achievements for 2021, as well as sharing its vision for the future. Australian Gas Infrastructure Group aims to deliver 100% carbon-free gas no later than 2050, and with at least 10% renewable gas blends to homes and businesses by 2030. It is the company's goal to use its existing world-class gas networks to deliver renewable gas, including renewable hydrogen and biomethane, to provide the most secure and lowest cost transition to a low-carbon future.

Australian Gas Infrastructure Group consists of Australian Gas Networks, Multinet Gas and Dampier Bunbury Pipeline.

Australian Gas Networks

Australian Gas Networks is one of Australia's largest natural gas distribution companies. It owns approximately 27,000 kilometres of distribution networks and 1,000 kilometres of transmission pipelines, delivering gas to around 1.4 million homes and businesses in South Australia, Victoria, Queensland, New South Wales and the Northern Territory.

Hydrogen Park South Australia ("HyP SA") is Australian Gas Networks' first renewable gas project. Based in Adelaide, HyP SA is also Australia's largest renewable hydrogen facility, and one of a handful of projects in the world that deliver a renewable gas blend to customers on an existing gas network. HyP SA won the 2022 South Australian Premier's Community Engagement Award, and received the Hydrogen Project of the Year Award at the Connecting Green Hydrogen MENA 2022 Hydrogen Future Awards in Dubai.

Australian Gas Infrastructure Group aims to deliver 100% carbon-free gas no later than 2050, and with at least 10% renewable gas blends to homes and businesses by 2030.

Launched in May 2021, the facility has been supplying 5% blended gas to more than 700 homes in the nearby suburbs, with plans to extend this footprint to over 3,700 homes in early 2023. In August 2022, HyP SA began making weekly shipments of 100% renewable hydrogen to Whyalla Steelworks and other local industry companies via tube trailer. This new supply chain replaces past shipments from Victoria.

Australian Gas Infrastructure Group is planning to develop Hydrogen Park Murray Valley ("HyP Murray Valley"), its second renewable hydrogen project. HyP Murray Valley will comprise a 10 MW electrolyser to blend up to 10% renewable hydrogen into Australian Gas Infrastructure Group's existing Murray Valley gas network to supply more than 40,000 residential, commercial and industrial customers in Albury and Wodonga in 2024.

In September, Australian Gas Networks, together with Multinet Gas Networks and AusNet, received the 2022 Energy Networks Industry Consumer Engagement Award from Energy Networks Australia and Energy Consumers Australia. Over an 18-month period, more than 40 workshops were held with residential and business customers to find out what are important to customers and how the companies can provide the services customers most value. Customers expected the companies to continue to deliver reliable and affordable gas services while preparing the networks for a renewable gas future. The feedback was reflected in Australian Gas Networks' five-year plan which was submitted to the Australia Energy Regulator (AER).

Multinet Gas

Multinet Gas operates a regulated natural gas network that covers approximately 1,860 square kilometres in the eastern and south eastern suburbs of Melbourne, the Yarra Ranges and South Gippsland. It serves approximately 720,000 residential, commercial and industrial customers.

Multinet Gas joined forces with Australian Gas Networks and AusNet to design and deliver a single integrated customer and stakeholder engagement programme to support the companies' Victorian Final Plans for the five-year period commencing 1st July, 2023. Feedback from customers and stakeholders on the affordability, safety and reliability of energy supplies were reflected in the five-year plan submitted to the Australia Energy Regulator.

The 18-month engagement programme won the 2022 Energy Networks Industry Consumer Engagement Award from Energy Networks Australia and Energy Consumers Australia.

Dampier Bunbury Pipeline is the operator of the Dampier to Bunbury Natural Gas Pipeline, the principal gas transmission pipeline in Western Australia.

Dampier Bunbury Pipeline

Dampier Bunbury Pipeline is the operator of the Dampier to Bunbury Natural Gas Pipeline ("DBNGP"), the principal gas transmission pipeline in Western Australia.

The pipeline stretches approximately 1,600 kilometres, linking the gas fields in the Carnarvon Basin off the Pilbara coast and the Perth Basin to mining, industrial, and commercial customers, as well as to residential customers in Perth via other distribution networks. The total length of the pipeline including looping and lateral pipelines is approximately 4,100 kilometres.

In April 2022, the Pluto-Karratha Gas Plant Interconnector project was completed ahead of schedule and began operation. The project involves an installation of a 3.3 kilometre pipeline to the existing DBNGP corridor along the Burrup Peninsula, allowing gas to be transported from the Pluto LNG plant to the Karratha Gas Plant for processing for both domestic and international consumption.

During the year, Australian Gas Infrastructure Group also completed a feasibility study to evaluate the potential of introducing hydrogen into its DBNGP feedstock mix.

ENERGY DEVELOPMENTS

Energy Developments Pty Limited ("EDL") is a leading global sustainable energy producer. It specialises in (i) producing clean electricity from low greenhouse gas emissions sources such as wind and solar, as well as waste gases from landfills and underground coal mines; (ii) producing renewable natural gas ("RNG") from landfills, as well as (iii) providing innovative and reliable, low-carbon energy solutions in remote, off-grid regions. EDL owns and operates a global portfolio of 90 power and gas facilities in Australia, North America and Europe.

In Australia, EDL's Coober Pedy Hybrid Renewable Power Station celebrated five years of operation in 2022. As EDL's first major hybrid renewable power station with wind turbines, solar farm, battery and diesel power station, the project provided significant learnings to design more recent sites including Jabiru and Agnew.

EDL successfully completed the Jabiru Hybrid Renewable Power Station in February 2022. As the Northern Territory's highest renewable penetration microgrid of its scale, the 11.4 MW solar-battery-diesel power station replaced Jabiru's previous diesel-fuelled electricity supply and now provides the town's residents equitable access to stable, reliable and low emissions energy.

Jabiru Hybrid Renewable Power Station integrates a 3.9 MW solar farm with a 3 MW/5 MWh battery and 4.5 MW diesel generation. It draws on 100% solar to supply Jabiru during the day, and stores the excess solar energy in a battery to extend renewable energy penetration beyond daylight hours, enabling the power station to deliver more than 50% renewable energy to the isolated off-grid community.

The Jabiru project was recognised at the 2022 Asian Power Awards, winning Solar Power Project of the Year. EDL's collaborative relationship with the traditional owners of Mirrar country, the Northern Territory Government, indigenous and local businesses as well as the community throughout the Jabiru project was also acknowledged as a finalist in the Indigenous and Community Engagement Award at the Australian Mining Prospect Awards.

EDL's Agnew Hybrid Renewable Power station was also recognised in 2022, winning the Australian Mining Prospect Awards for Excellence in Environmental Management.

In October, EDL completed the Weipa Renewable Energy Project's Stage 2 solar farm and battery energy storage system, and integration to the existing Stage 1 solar farm was also completed.

In the U.S., the Wood Road Renewable Natural Gas facility celebrated its first year of commercial operations in Lansing, Michigan, in October. The facility is EDL's second RNG project. It extracts and converts about 19,000 tonnes of methane from landfill gas into approximately 870,000 mmBtu of pipeline quality RNG each year. Using RNG instead of natural gas eliminates the equivalent of about 29,000 tonnes of carbon dioxide (tCO2-e) per year as comparable fossil fuels would be combusted otherwise – this is equivalent to taking 5,700 cars off the road each year. RNG production for EDL's Tessman facility in San Antonio, Texas also commenced in March.

Further expanding EDL's portfolio of RNG projects across the U.S., Lorain and Limestone, both in Ohio, are in the final stages of construction. Once online, EDL will have more than 7 PJ of RNG capacity by mid-2023, making it one of North America's top producers of RNG from landfill gas.

In 2022, EDL's Agnew Hybrid Renewable Power station won the Australian Mining Prospect Awards for Excellence in Environmental Management.

INFRASTRUCTURE INVESTMENTS IN NEW ZEALAND

In New Zealand, CKI has investments in electricity distribution and waste management. The Group's Wellington Electricity is the electricity distributor which serves New Zealand's capital city, Wellington, and its surrounding areas, while EnviroNZ is New Zealand's leading waste and recycling resource management company.

WELLINGTON ELECTRICITY

Wellington Electricity owns and operates the electricity distribution network in the cities of Wellington, Upper Hutt, Lower Hutt and Porirua in New Zealand. Its network extends about 4,800 kilometres, and supplies electricity to more than 170,000 connections across the domestic, commercial and industrial sectors.

EnergyMate, a collaboration between Wellington Electricity and the Electricity Retailers' Association of New Zealand won the 2022 Outcomes Award by the New Zealand Energy Excellence Awards. EnergyMate is a programme designed to support families in energy hardship to keep their homes warm and electricity bills low. It offers families free energy coaching in regard to how they can make their homes more energy-efficient and how to get access to services such as insulation or budgeting support.

In 2022, Wellington Electricity published a 10-year Asset Management Plan to communicate its long-term investment plans that focus on delivering high levels of safety, reliability and service. The plan describes how stakeholder interests are considered and integrated into business planning processes to achieve an optimum balance between the levels of service, price, and cost-effective investments for the 10-year period from April 2022 to March 2032. The plan includes Wellington Electricity's initial views on the impact that New Zealand's Emissions Reduction Plan will have on electricity demand. The electrification of transportation and the transition away from fossil gas are expected to significantly increase electricity demand over the next 20 years. Future editions of the plan will include network reinforcement investments which are needed to deliver the demand increase.

In 2022, Wellington Electricity published a 10-year Asset Management Plan to communicate its long-term investment plans that focus on delivering high levels of safety, reliability and service.

Wellington Electricity developed an EV Connect Roadmap to set out changes needed to support the introduction of electric vehicles (EVs) and offer managed EV charging flexibility services. The plan was developed in collaboration with New Zealand electricity sector participants. It proposed changes to New Zealand electricity sector regulations and policy to allow EVs to safely and securely connect to local distribution networks. The EV Connect Roadmap has now been adopted by an industry working group tasked with developing flexibility services (including EV charging flexibility services). The development of flexibility services has been identified as essential for allowing local distribution networks to deliver more electricity with existing infrastructure and in turn to support New Zealand's decarbonisation targets.

Throughout the year, Wellington Electricity continued to proactively engage with WorkSafe, the Commerce Commission, the Electricity Authority, the Climate Change Commission, and the Infrastructure Commission on improvements in safety and wellbeing performance, the price-quality path, market regulations, and the step changes required for sustainable asset investment to ensure customers can receive long-term benefits from a secure and affordable electricity infrastructure.

ENVIRONZ

EnviroNZ is one of New Zealand's leading waste and recycling resource management companies. It provides waste and recycling collection, resource recovery and reuse, and disposal services to more than half a million commercial and residential customers. It also owns and manages one of New Zealand's largest disposal and resource recovery sites located in Hampton Downs. Covering an area of 360 hectares, the Hampton Downs facility receives an estimated 40% of Greater Auckland's landfill volumes. The operation utilises state-of-the-art technology to capture and convert methane gas to electricity and turns garden and food waste into compost at its organics facility.

During the year, EnviroNZ collaborated with the New Zealand Food Network ("NZFN") to facilitate large food manufacturers and producers to donate bulk surplus food to charities and communities in need. Food that is edible is distributed by NZFN to its food hubs, while the remaining inedible items are repurposed, processed, or recycled by EnviroWaste's product recovery division. The partnership won the Organic Materials category at the WasteMINZ (New Zealand's waste industry body) Awards for Excellence in 2022.

EnviroNZ also trialled a breakthrough AI-powered hazard detection system to identify safety risks on site. EnviroNZ worked with a market-leading AI software company to develop and test a new hazard detection system which features computer vision and 5G connected video cameras. The system triggers alerts when a person is situated too close to an excavator in the waste disposal area. With 5G connectivity, data is transferred back to the cloud-based application more quickly, enabling instant response capability. EnviroNZ is now looking to extend the trial in different site situations.

EnviroNZ released its first sustainability report in 2022 which articulates the company's role in helping New Zealand shift to low-carbon, low-waste living. EnviroNZ is committed to focusing on processing and recovering waste streams, including organics and construction and demolition materials. It also has plans to establish science-based climate targets to maximise and measure the company's sustainability impact.

EnviroNZ released its first sustainability report in 2022 which articulates the company's role in helping New Zealand shift to low-carbon, low-waste living.

EnviroNZ designed the Municipal Plus digital platform specifically to help municipalities manage kerbside collection services. The app seamlessly passes information between residents and local councils, enabling reports on service request information, billing, presentation rates and contamination to be processed on a close to real time basis. Municipal Plus also won an excellence award from WasteMINZ. The system is now used by four councils and is available to over 100,000 households.

EnviroNZ opened a new generation materials recovery facility ("MRF") in Timaru for household and commercial recycling. Timaru's new MRF has a per-hour sorting and processing capacity of five tonnes of materials which include plastics, aluminium, steel paper and cardboard. It is a critical piece of regional infrastructure that expands local recycling capabilities and reduces the amount of waste that goes to landfill.

Further to working with the Dunedin City Council for a decade, EnviroNZ signed a new 10-year kerbside collection contract with the Council in November. The service is set to improve Dunedin's whole waste system and support the city's zero waste and zero carbon aspirations. With the new contract which will commence on 1st July, 2023, the company will extend waste and recycling collection services, introduce kerbside food and garden waste collection, construct and manage modern resource recovery facilities, improve options for recycling and rubbish collection, as well as expand waste minimisation education.

Cementing its reputation as a trusted municipal partner, EnviroNZ was awarded a four-year contract extension for kerbside refuse and recycling collection services with Wellington City Council. It also signed a 10-year contract with Central Otago District Council.

In Continental Europe, CKI has investments in energy-from-waste and household infrastructure businesses. Dutch Enviro Energy owns AVR, the Netherlands' largest energy-from-waste company. In the household infrastructure portfolio, ista is a leading sub-metering player in Europe, with key markets covering Germany, France, the Netherlands and Denmark.

DUTCH ENVIRO ENERGY

Dutch Enviro Energy owns AVR, which operates five waste treatment plants in Duiven, near the German border, as well as Rozenburg in the Port of Rotterdam area. Collectively, these plants have an energy-from-waste capacity of 2,300 kilotonnes per year. Long-term contracts are in place for both gate fees for processing waste, as well as offtake for energy produced. In addition to serving the domestic market, all AVR's waste treatment plants are accredited with "R1" status, enabling the treatment of waste imported from European Union countries. The waste products that AVR treats include biomass, industrial wastewater, municipal solid waste, commercial waste, and hazardous waste, all of which are treated and converted into energy – namely electricity, steam and heat. AVR is also one of the largest renewable district heating producers in the Netherlands.

AVR received the ISO 50001 certificate in 2022, demonstrating its commitment to continually maximize its energy and resource efficiency. The company expects its energy efficiency to improve 20% by 2030 under a systematic framework with key performance indicators. The ISO 50001 is the latest addition to the company's ISO portfolio, which encompasses ISO 14001 for environment, ISO 9001 for quality and ISO 45001 for safety.

AVR has partnered with Swedish company HaloSep AB to evaluate the possibilities of locally managing its hazardous flue gas cleaning residues. The HaloSep's solution would enable AVR in Rotterdam to recover material resources and reduce the plant's environmental footprint. The HaloSep process treats the fly ash and the contaminated acid scrubber liquid in a patented process, turning the hazardous waste into three harmless and useful fractions. The three fractions are (i) a metal fraction ready for recycling, (ii) purified salt brine that can be refined and re-used in the industry, and (iii) a non-hazardous inorganic product that can be used in construction material. If the results of this feasibility study turn out to be positive, this technology can become an integral part of the flue gas treatment process and by doing so further fill-in company's zero waste strategy.

Dutch Enviro Energy received a subsidy from the Dutch Government in May 2022 to build and operate its second Carbon Capture and Usage plant in Duiven. Preparations are underway for the construction of the facility. The goal is to have plant commissioning within five years.

AVR received the ISO 50001 certificate in 2022, demonstrating its commitment to continually maximize its energy and resource efficiency.

ISTA

Headquartered in Essen, Germany, ista is a leading international provider of sub-metering and related services with over 100 years of experience. ista's operations range from hardware development, manufacturing, installation and maintenance to meter reading, individual billing, data collection and processing, as well as energy data management. In addition, ista offers other services for buildings, including the provision of smoke alarms, humidity sensors, drinking water analyses, leakage detection and energy performance certificates. With a presence in over 20 countries, ista services more than 14 million dwellings with over 60 million installed measuring devices. The company's major markets are Germany, France, the Netherlands and Denmark.

In Germany, a recast of the Ordinance on Heating Cost Settlement (HeizkostenV) came into force on 1st December 2021. With this amendment, the requirements of the EU Energy Efficiency Directive were transposed into German law, and building owners thereby have to take on new energy and water related usage obligations. ista's new product EcoTrend was specially developed to cope with this latest change. The product gives apartment residents monthly snapshots of their heating energy and hot water consumption, as well as supplementary information such as comparisons with the previous year and with reference users. Demand for this product has been high since early 2022.

In several other European countries, implementation of the standards of the EU Energy Efficiency Directive is also leading to an increase in demand for submetering services for residential properties. With the commercial real estate and public buildings sector increasingly managing its carbon footprint to realise a climate-neutral building stock, it is expected that there would be growth potential for metering technology and solutions for data analysis.

ista has been operating carbon-neutral since June 2021 and intends to become carbon-free by 2030. The company continues to monitor and measure its carbon footprint and evaluate the success of efforts carried out to achieve this goal. Actions taken include increasing energy efficiency and adopting the use of renewable energy. ista also supports certified climate protection and reforestation projects to offset unavoidable emissions.

ista continues to monitor and measure its carbon footprint and evaluate the success of efforts carried out to achieve carbon-free by 2030.

INFRASTRUCTURE INVESTMENTS IN

CANADA

In Canada, CKI has investments in Canadian Power, which holds a portfolio comprising stakes in Okanagan Wind in British Columbia and five electricity generation plants in Ontario, Alberta and Saskatchewan; Park'N Fly, the largest off-airport car park provider in the country; Canadian Midstream Assets, which holds oil and gas midstream assets in Alberta and Saskatchewan; and Reliance Home Comfort, a residential services company under the Household Infrastructure portfolio of the Group.

Canadian Power completely owns Okanagan Wind which comprises two wind farms in British Columbia with a combined generating capacity of 30 MW.

CANADIAN POWER

Canadian Power owns (i) 100% of Okanagan Wind, which comprises two wind farms in British Columbia with a combined generating capacity of 30 MW; (ii) 100% of the Meridian cogeneration plant, a 220 MW natural gas-fired cogeneration plant in Saskatchewan; and (iii) 49.99% of TransAlta Cogeneration, L.P. ("TransAlta"), which operates three natural gas-fired cogeneration plants in Alberta and Ontario, as well as a gas-fired plant in Alberta.

Favourable market conditions supported strong performance in 2022. All assets performed reliably.

PARK'N FLY

Park'N Fly is the leading off-airport car park company in Canada, providing parking solutions to both business and leisure travellers coast-to-coast. Headquartered in Mississauga, Ontario, the company operates in seven Canadian cities – Vancouver, Edmonton, Winnipeg, Ottawa, Toronto, Montreal, and Halifax. The company offers valet and self-park options, as well as a host of other vehicle related services, such as detailing and oil changes in selected cities.

Further to the elimination of COVID-19 travel restrictions in Q1, Park'N Fly witnessed an acceleration in demand in Q2. The rebound in leisure travel had an immediate and positive impact on Park'N Fly's business. The company's management had made good preparation plans for the return of travel through its "Readiness Plan", ensuring its returning labour force was available and trained to handle the anticipated volumes.

The Readiness Plan also calls for investments in technology and processes to improve the customer experience. The mobile app was further enhanced, integrating a payment option that allows for a more efficient and effortless experience for both the customer and the company.

With the elimination of COVID-19 travel restrictions, the rebound in leisure travel had an immediate and positive impact on Park'N Fly's business in 2022.

CANADIAN MIDSTREAM ASSETS

Canadian Midstream Assets comprises approximately 2,300 kilometres of crude oil pipelines, approximately six million barrels of oil storage capacity, as well as natural gas infrastructure assets in Alberta and Saskatchewan, Canada. The company's portfolio of long-term contracts generates secure and predictable returns for CKI.

The construction of the Onion Lake lateral was completed and went into service in March 2022. The 8-inch blended crude and 4-inch condensate pipelines have been connected to a customer's thermal production facilities and a 15-year take-or-pay contract has been signed for the project.

Several important projects were completed in 2022 at Canadian Midstream Assets' Hardisty Terminal. The projects, which were supported by long-term contracts, will significantly improve the quality of service at the terminal. The Hardisty Terminal now has 4.9 million barrels of operational and contract storage with 14 inbound pipeline connections and 9 outbound pipeline connections.

Canadian Midstream Assets completed the construction of the Onion Lake lateral in March 2022.

RELIANCE HOME COMFORT

Reliance Home Comfort is principally engaged in the home and commercial services sector, providing the sale and rental of water heaters, HVAC (heating, ventilation and air conditioning) equipment, water purification, plumbing, electrical, comfort protection plans and other related services primarily in Ontario, Canada. Other geographical areas which Reliance Home Comfort has operations span across Canada and the United States. The company serves over 2 million customers and has one of the largest networks of licensed technicians in Canada.

Reliance Home Comfort became a sponsor of the Canadian Home Builders' Association's Net Zero Council to champion advancement in net-zero energy housing solutions.

Reliance Home Comfort was once again presented with Canada's Top 10 Most Admired™ Corporate Cultures Award by Waterstone Human Capital in 2022. This national programme recognises Best-in-Class Canadian organisations for building cultures that drive enhanced performance and competitive advantage.

Reliance Home Comfort continued to proceed with acquisitions to expand the scope of its business. Two transactions were completed during the year; they include an HVAC company in Florida, USA and a rental asset portfolio in the Greater Toronto Area.

The company's SAP Billing system went live in the first half of 2022 after a two-year implementation and preparation period. This infrastructure upgrade will facilitate sustainable corporate growth.

During the year, Reliance Home Comfort teamed up with Google Nest to offer home builders tailored smart home products such as video doorbells, water leak detection and shutoff systems, thermostats, central control hubs, as well as Wi-Fi routers and points. In addition, the company became a sponsor of the Canadian Home Builders' Association's Net Zero Council to champion advancement in net-zero energy housing solutions. To implement this commitment, Reliance Home Comfort has been offering energy efficient bundles for electricity, gas or hybrid solutions.

INFRASTRUCTURE INVESTMENTS IN

HONG KONG AND MAINLAND CHINA

CKI's Hong Kong and Mainland China portfolio comprises infrastructure materials manufacturing businesses and Mainland infrastructure investments and operations.

Green Island Cement has been aggressively developing eco-friendly initiatives such as green cement products and hazardous waste treatment.

The Group's infrastructure projects in Mainland China include toll roads and bridges in Guangdong province, namely the Shen-Shan Highway (Eastern Section), Shantou Bay Bridge, and Panyu Beidou Bridge. Further to tight control of COVID-19 measures in Mainland China, there were a marked decrease in economic activities, resulting in the Group's revenue for toll roads and bridges dropping quite substantially in 2022. Traffic flow is growing as Mainland China opens its border and economic activities gradually return to pre-COVID-19 levels. During the year, the Group allocated resources to Shen-Shan Highway (Eastern Section) to enhance the safety aspects of the operation in view of more frequent extreme weather incidents, comprehensive inspections were carried out on all the slopes along the highway.

In Hong Kong, CKI's infrastructure materials manufacturing business leads the industry in the production of cement, concrete and aggregates.

Green Island Cement ("GIC") operates an integrated cement plant in Hong Kong and three cement facilities in Guangdong Province. GIC also runs shipping and mining operations in Southeast Asia. The company encourages continuous innovation to develop competitive products and services in the market. In recent years, GIC has also been aggressively developing eco-friendly initiatives such as green cement products and hazardous waste treatment.

In recognition of GIC's outstanding performance and achievements in green management, environmental, health and safety management, green governance and sustainable procurement, the Green Council presented the Gold Award in the category of Green Management Award – Corporate (Large Corporation) to Green Island Cement at the Hong Kong Green Awards 2022. This is the fourth consecutive year that GIC has received this prestigious award.

Alliance Construction Materials Limited ("Alliance"), which operates CKI's concrete and aggregates businesses, is a joint venture between CKI and Heidelberg Cement AG.

At the height of the fifth wave of COVID-19 in 2022, when the construction materials supply chain was severely disrupted, Alliance gave its full support to the Hong Kong SAR Government to ensure uninterrupted concrete supply to expedite the construction of six urgently needed quarantine facilities.

In December 2022, Alliance started full operation of its new Sai Tso Wan 2 ("STW2") mega concrete plant in Hong Kong. Demonstrating the latest digital technologies, green features and ESG practices, this STW2 plant together with the other two concrete plants in Tsing Yi form a smart, eco-friendly and highly productive concrete supply chain to support the infrastructure development of Hong Kong on a sustainable basis. Due to its advanced green production process, the STW2 plant was given the recognition of Pioneering Organisation in Net-Zero Contribution by the Hong Kong Quality Assurance Agency.

In December 2022, Alliance started full operation of its new Sai Tso Wan 2 mega concrete plant in Hong Kong.

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, 2022, cash and bank deposits on hand amounted to HK$18,045 million and the total borrowings of the Group amounted to HK$28,211 million, which included Hong Kong dollar borrowings of HK$2,673 million and foreign currency borrowings of HK$25,538 million. Of the total borrowings, 18 per cent were repayable in 2023 and 82 per cent were repayable between 2024 and 2027. 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, 2022, the Group maintained a net debt position with a net debt to net total capital ratio of 7.3 per cent. This was based on HK$10,166 million of net debt and HK$139,548 million of net total capital, which represents the total borrowings plus total equity net of cash and bank deposits. This ratio was lower than that of 14.7 per cent at the year end of 2021, mainly attributable to the cash inflows from the investment portfolios together with the sale proceeds from the partial disposal of interest in joint ventures.

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, 2022, the notional amounts of these derivative instruments amounted to HK$51,625 million.

CHARGE ON GROUP ASSETS

As at 31st December, 2022, certain assets were pledged to secure bank borrowings totalling HK$1,523 million granted to the Group.

CONTINGENT LIABILITIES

As at 31st December, 2022, the Group was subject to the following contingent liabilities:

HK$ million	
Guarantee in respect of bank loan drawn by an affiliated company	548
Other guarantee given in respect of an affiliated company	253
Performance bond indemnities	168
Sub-contractor warranties	14
Total	983

EMPLOYEES

The Group, including its subsidiaries but excluding affiliated companies, employs a total of 2,361 employees. Employees' cost (excluding directors' emoluments) amounted to HK$941 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.

BOARD AND KEY PERSONNEL

Front *(from left to right)* **Joanna Chen, Andrew Hunter, H L Kam, Victor Li, Edmond Ip, Dominic Chan**
Back *(from left to right)* **Duncan Macrae, Victor Luk, Pak Lam Lun, Ivan Chan, Wendy Tong Barnes, Chiu Yue Seng**

DIRECTORS' BIOGRAPHICAL INFORMATION

LI Tzar Kuoi, Victor

aged 58, has been the Chairman of the Company since its incorporation in May 1996. He has been a member of the Remuneration Committee of the Company since March 2005, the Chairman of the Executive Committee of the Company since April 2005 and a member of the Nomination Committee of the Company since January 2019. Mr. Li is the Chairman and Group Co-Managing Director of CK Hutchison Holdings Limited, and the Chairman and Managing Director and the Chairman of the Executive Committee of CK Asset Holdings Limited. He is also the Chairman of CK Life Sciences Int'l., (Holdings) Inc., a Non-executive Director of Power Assets Holdings Limited and HK Electric Investments Manager Limited ("HKEIM") as the trustee-manager of HK Electric Investments, and a Non-executive Director and the Deputy Chairman of HK Electric Investments Limited. Except for HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong. Mr. Li is also the Deputy Chairman of Li Ka Shing Foundation Limited and Li Ka Shing (Global) Foundation, the Member Deputy Chairman of Li Ka Shing (Canada) Foundation, and a Director of The Hongkong and Shanghai Banking Corporation Limited. Mr. Li serves as a member of the 14th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China and a member of the Chief Executive's Council of Advisers of the Hong Kong Special Administrative Region ("HKSAR"). He is also Vice Chairman of the Hong Kong General Chamber of Commerce. Mr. Li is the Honorary Consul of Barbados in Hong Kong and is awarded the Grand Officer of the Order of the Star of Italy. He is a director of certain substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Bachelor of Science degree in Civil Engineering, a Master of Science degree in Civil Engineering and a degree of Doctor of Laws, honoris causa (LL.D.). Mr. Li is a nephew of Mr. Kam Hing Lam, the Group Managing Director of the Company.

KAM Hing Lam

aged 76, has been the Group Managing Director of the Company since its incorporation in May 1996 and a member of the Executive Committee of the Company since April 2005. He is the Deputy Managing Director of CK Hutchison Holdings Limited, the Deputy Managing Director and Executive Committee Member of CK Asset Holdings Limited, and the President of CK Life Sciences Int'l., (Holdings) Inc. All the companies mentioned above are listed companies. Mr. Kam is also the Chairman of Hui Xian Asset Management Limited, which manages Hui Xian Real Estate Investment Trust, a real estate investment trust listed on The Stock Exchange of Hong Kong Limited ("SEHK"). Mr. Kam is a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration. Mr. Kam is an uncle of Mr. Li Tzar Kuoi, Victor, the Chairman of the Company.

IP Tak Chuen, Edmond

aged 70, has been an Executive Director of the Company since its incorporation in May 1996, the Deputy Chairman of the Company since February 2003, a member of the Executive Committee of the Company since April 2005 and the Chairman of the Sustainability Committee of the Company since December 2020. He is Deputy Managing Director of CK Hutchison Holdings Limited, and Deputy Managing Director and Executive Committee Member of CK Asset Holdings Limited. He is also the Senior Vice President and Chief Investment Officer of CK Life Sciences Int'l., (Holdings) Inc. All the companies mentioned above are listed companies. Mr. Ip is also a Non-executive Director of Hui Xian Asset Management Limited, which manages Hui Xian Real Estate Investment Trust, a real estate investment trust listed on the SEHK. He is a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Bachelor of Arts degree in Economics and a Master of Science degree in Business Administration.

FOK Kin Ning, Canning

aged 71, has been an Executive Director and Deputy Chairman of the Company since March 1997. He is currently the Group Co-Managing Director of CK Hutchison Holdings Limited. Mr. Fok is also the Chairman of Hutchison Telecommunications Hong Kong Holdings Limited, Hutchison Telecommunications (Australia) Limited, Hutchison Port Holdings Management Pte. Limited ("HPHM") as the trustee-manager of Hutchison Port Holdings Trust, Power Assets Holdings Limited, TPG Telecom Limited, HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited. Mr. Fok is also the Deputy President Commissioner of PT Indosat Tbk and a Director of Cenovus Energy Inc. Except for HPHM and HKEIM, all the companies/business trust/investment trust mentioned above are listed in Hong Kong or overseas. Mr. Fok is a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a fellow of Chartered Accountants Australia and New Zealand.

BOARD AND KEY PERSONNEL

DIRECTORS' BIOGRAPHICAL INFORMATION (CONT'D)

Frank John SIXT

aged 71, has been an Executive Director of the Company since its incorporation in May 1996. Mr. Sixt is the Group Finance Director and Deputy Managing Director of CK Hutchison Holdings Limited. He is also the Non-executive Chairman of TOM Group Limited, a Non-executive Director of TPG Telecom Limited, a Director of Hutchison Telecommunications (Australia) Limited and Cenovus Energy Inc., a Commissioner of PT Indosat Tbk, and an Alternate Director of Hutchison Telecommunications (Australia) Limited, HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited. Except for HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong or overseas. He has almost four decades of legal, global finance and risk management experience, and possesses deep expertise in overseeing financial reporting system, risk management and internal control systems as well as sustainability issues and related risks. Mr. Sixt is a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Quebec and Ontario, Canada.

Andrew John HUNTER

aged 64, has been an Executive Director of the Company since December 2006, Deputy Managing Director of the Company since May 2010 and a member of the Executive Committee of the Company since March 2007. He acted as the Chief Operating Officer of the Company from December 2006 to May 2010. Mr. Hunter is also an Executive Director of Power Assets Holdings Limited, a listed company. Prior to the appointment to the board of Power Assets Holdings Limited in 1999, Mr. Hunter was the Finance Director of the Hutchison Property Group. He holds a Master of Arts degree and a Master's degree in Business Administration. He is a member of the Institute of Chartered Accountants of Scotland and of the Hong Kong Institute of Certified Public Accountants. He has over 39 years of experience in accounting and financial management.

CHAN Loi Shun

aged 60, has been an Executive Director of the Company since January 2011, Chief Financial Officer of the Company since January 2006 and a member of the Executive Committee of the Company since April 2005. He joined the CK Group in January 1992. Mr. Chan is also an Executive Director of Power Assets Holdings Limited, HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited. Except for HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong. Mr. Chan is a director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr. Chan is a fellow of the Hong Kong Institute of Certified Public Accountants, a fellow of the Association of Chartered Certified Accountants and also a member of the Institute of Certified Management Accountants (Australia).

CHEN Tsien Hua

aged 60, has been an Executive Director of the Company since January 2017, a member of the Executive Committee of the Company since March 2007 and the Head of Business Development of the Company since 2005. She joined Hutchison Whampoa Limited in August 1992 and has been with the Company since July 1996. Ms. Chen holds a Bachelor's degree in Social Sciences and a Master's degree in Business Administration.

CHEONG Ying Chew, Henry

aged 75, has been an Independent Non-executive Director of the Company since its incorporation in May 1996. He has been a member of the Audit Committee of the Company since December 1998 and acted as the Chairman of the Audit Committee of the Company from December 1998 to December 2006. Mr. Cheong has been a member of the Remuneration Committee of the Company since January 2005 and the Chairman of the Remuneration Committee of the Company since January 2012. He is also an Independent Non-executive Director of CK Asset Holdings Limited, New World Department Store China Limited and Skyworth Group Limited, and an Independent Director of BTS Group Holdings Public Company Limited. Mr. Cheong is an Executive Director and the Deputy Chairman of Worldsec Limited. All the companies mentioned above are listed companies. He holds a Bachelor of Science degree in Mathematics and a Master of Science degree in Operational Research and Management.

KWOK Eva Lee

aged 80, has been an Independent Non-executive Director of the Company since September 2004. She has been a member of the Nomination Committee of the Company since January 2019 and the Chairperson of the Nomination Committee of the Company since December 2020. She acted as a member of the Audit Committee of the Company from September 2004 to June 2019. She is also an Independent Non-executive Director of CK Asset Holdings Limited and CK Life Sciences Int'l., (Holdings) Inc., and a Director of Li Ka Shing (Canada) Foundation ("LKS Canada Foundation"). She currently serves as the Chair and Chief Executive Officer of Amara Holdings Inc. ("Amara"). Mrs. Kwok also acts as a Director of Cenovus Energy Inc. Mrs. Kwok currently acts as the Chairperson of the Remuneration Committee of CK Life Sciences Int'l., (Holdings) Inc. and also sits on the Human Resources and Compensation Committee and the Governance Committee of Cenovus Energy Inc. Except for LKS Canada Foundation and Amara, all the companies mentioned above are listed companies. She is a director of a company controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. In addition, she was an Independent Director of Bank of Montreal, a listed company, and previously sat on the Compensation Committee, Corporate Governance Committee and the Audit Committee of Husky Energy Inc., the Audit Committee of CK Life Sciences Int'l., (Holdings) Inc., the Audit Committee and Pension Fund Society of the Bank of Montreal, the Nominating and Governance Committee of Shoppers Drug Mart Corporation, the Independent Committee of Directors and Human Resources Committee of Telesystems International Wireless (TIW) Inc., the Independent Committee of Directors and the Corporate Governance Committee of Fletcher Challenge Canada Ltd., the Audit and Corporate Governance Committees of Clarica Life Insurance Company, the Corporate Governance Committee of Air Canada, the Innovation Saskatchewan (IS) Board of Directors and the Saskatchewan-Asia Advisory Council of Saskatchewan.

DIRECTORS' BIOGRAPHICAL INFORMATION (CONT'D)

SNG Sow-mei alias POON Sow Mei

aged 81, has been an Independent Non-executive Director of the Company since September 2004. She has been a member of the Audit Committee of the Company since September 2004 and a member of the Remuneration Committee of the Company since September 2022. She acted as the Chairperson of the Audit Committee of the Company from July 2020 to May 2022. She is an Independent Non-executive Director of CK Asset Holdings Limited, a listed company. She is also an Independent Non-executive Director and the Lead Independent Director of Hutchison Port Holdings Management Pte. Limited as the trustee-manager of Hutchison Port Holdings Trust, a business trust listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"), and an Independent Non-executive Director of ARA Asset Management (Prosperity) Limited, which manages Prosperity Real Estate Investment Trust, a real estate investment trust listed on the SEHK. Mrs. Sng is also a member of the Audit Committee of HPHM and ARA Asset Management (Prosperity) Limited. Mrs. Sng is a director of a company controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. Mrs. Sng was previously an Independent Director and a member of the Audit Committee of ARA Trust Management (Suntec) Limited, which manages Suntec Real Estate Investment Trust, a real estate investment trust listed on SGX-ST, and an Independent Non-executive Director and a member of the Audit Committee of ARA Asset Management (Fortune) Limited, which manages Fortune Real Estate Investment Trust, a real estate investment trust listed on the SEHK. Mrs. Sng was also previously a Director of INFA Systems Ltd. and the Senior Consultant (International Business) of Singapore Technologies Electronics Ltd. Prior to her appointment with Singapore Technologies Pte Ltd. where Mrs. Sng was the Director, Special Projects (North East Asia) in 2000 and a Consultant in 2001, Mrs. Sng was the Managing Director of CapitaLand Hong Kong Ltd. for investments in Hong Kong and the region including Japan and Taiwan. In Hong Kong from 1983 to 1997, Mrs. Sng was the Centre Director and then as Regional Director of the Singapore Economic Development Board and Trade Development Board respectively. Mrs. Sng was Singapore's Trade Commissioner in Hong Kong from 1990 to 1997. Mrs. Sng holds a Bachelor of Arts degree from the Nanyang University in Singapore and has wide experience in various fields of industrial investment, business development, strategic and financial management, especially in property investment and management. In 1996, Mrs. Sng was conferred the title of PPA(P) – Pingat Pentadbiran Awam (Perak), the Singapore Public Administration Medal (Silver) by the Republic of Singapore.

LAN Hong Tsung, David

aged 82, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since February 2005. He is an Independent Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited, a listed company, and also an Independent Non-executive Director of Cinda Financial Holdings Co., Limited. Dr. Lan is an Independent Non-executive Director of ARA Asset Management (Prosperity) Limited, which manages Prosperity Real Estate Investment Trust, a real estate investment trust listed on SEHK. He is a director of a company controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. He was previously an Independent Non-executive Director of SJM Holdings Limited, a listed company, for 11 years. Dr. Lan was also previously an Independent Non-executive Director of ARA Asset Management (Fortune) Limited, which manages Fortune Real Estate Investment Trust, a real estate investment trust listed on the SEHK. He is currently the Chairman of David H T Lan Consultants Limited and holds directorship at Nanyang Commercial Bank, Limited and International Probono Legal Services Association Limited. Dr. Lan acted as Supervisor of Nanyang Commercial Bank (China), Limited for 12 years and 9 months since December 2007 until his reappointment as Senior Consultant from October 2020. Dr. Lan was a Senior Advisor of Mitsui & Company (Hong Kong) Limited for 19 years till his retirement in March 2019. He was also the President of the International Institute of Management for almost 7 years till his retirement in June 2019. He was the Secretary for Home Affairs of the HKSAR Government till his retirement in July 2000. He had served as civil servant in various capacities for 39 years and was awarded the Gold Bauhinia Star Medal on 1st July, 2000. He was appointed as the 10th and 11th National Committee Member of the Chinese People's Political Consultative Conference of the People's Republic of China. Dr. Lan is a Chartered Secretary and a Fellow Member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. He received his Bachelor of Arts degree from the University of London and completed the Advanced Management Program of the Harvard Business School, Boston. He was also a Fellow at Queen Elizabeth House, University of Oxford. Dr. Lan was conferred with Doctor of Business Administration, honoris causa by University of the West of England, Bristol, Doctor of Humanities, honoris causa by Don Honorio Ventura Technological State University, and holder of Visiting Professorship Awards of Bulacan State University and Tarlac State University.

Barrie COOK

aged 80, acted as an Executive Director of the Company from 2000 to September 2003 and a Non-executive Director of the Company from October 2003 to December 2011. Mr. Cook has been an Independent Non-executive Director of the Company since January 2012, a member of the Nomination Committee of the Company since January 2019 and a member of the Sustainability Committee of the Company since December 2022. He is the Honorary Chairman of the Hong Kong Construction Materials Association. Mr. Cook is a past Chairman of the East Asian Cement Forum, the Hong Kong Cement Association and the Waste Reduction Committee of the HKSAR Government. He was previously a member of the Advisory Council on the Environment and the Council for Sustainable Development of the HKSAR Government, and was the Convenor of the Hong Kong Business Coalition on the Environment. Mr. Cook was very active in community affairs through his work with the Hong Kong General Chamber of Commerce ("HKGCC") and was a past Chairman of the HKGCC's Environment and Arab/Africa Committees. Mr. Cook holds a Bachelor of Science Degree in Civil Engineering from University of Durham and a Diploma in Traffic Engineering from the Institution of Highway Engineers in the United Kingdom. He is a Chartered Civil Engineer of the United Kingdom. He was previously a Member of the Institution of Highway Engineers of the United Kingdom and the Hong Kong Institution of Engineers.

DIRECTORS' BIOGRAPHICAL INFORMATION (CONT'D)

Paul Joseph TIGHE

aged 66, has been an Independent Non-executive Director of the Company since April 2017. He has been a member of the Audit Committee of the Company since March 2019 and the Chairman of the Audit Committee of the Company since May 2022. He has been a member of the Sustainability Committee of the Company since December 2020. He is also an Independent Non-executive Director of CK Hutchison Holdings Limited and CK Life Sciences Int'l., (Holdings) Inc., both listed companies. Mr. Tighe is a director of a substantial shareholder of the Company within the meaning of Part XV of the SFO, and a director of a company controlled by a substantial shareholder of the Company. He is a former career diplomat with Australia's Department of Foreign Affairs and Trade. He has around 37 years of experience in government and public policy, including 28 years as a diplomat. He has served as Australian Consul-General to Hong Kong and Macau (from 2011 to 2016), Australian Ambassador to Greece, Bulgaria and Albania (from 2005 to 2008), Deputy Head of Mission and Permanent Representative to the United Nations' Economic and Social Commission for Asia and the Pacific at the Australian Embassy in Bangkok (from 1998 to 2001) and as Counsellor in the Australian Delegation to the Organisation for Economic Co-operation and Development in Paris (from 1991 to 1995). In between overseas assignments, Mr. Tighe has held several positions at the headquarters of the Department of Foreign Affairs and Trade in Canberra, including as head of the Department's Trade and Economic Policy Division, head of the Diplomatic Security, Information Management and Services Division, head of the Agriculture and Resources Branch and Director of the International Economic Analysis Section. Before joining the Department of Foreign Affairs and Trade, Mr. Tighe worked in the Overseas Economic Relations Division of the Australian Treasury (from 1986 to 1988), in the Secretariat of the Organisation for Economic Co-operation and Development in Paris (from 1984 to 1986) and in the Australian Industries Assistance Commission (from 1980 to 1984). He holds a Bachelor of Science degree from the University of New South Wales.

LEE Pui Ling, Angelina

aged 74, has been a Non-executive Director of the Company since September 2004 and prior to that an Independent Non-executive Director of the Company from May 1996. Mrs. Lee is a solicitor and a Fellow of the Institute of Chartered Accountants in England and Wales. She holds a Bachelor of Laws degree from and was awarded an Honorary Fellowship by University College London, University of London. Amongst her public appointments, Mrs. Lee was a Member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority and a Non-executive Director of the Securities and Futures Commission. Mrs. Lee is a Non-executive Director of Henderson Land Development Company Limited and TOM Group Limited and an Independent Non-executive Director of Great Eagle Holdings Limited, all of which are listed companies. Mrs. Lee is also a director of a company controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO.

George Colin MAGNUS

aged 87, acted as an Executive Director and Deputy Chairman of the Company from May 1996 to October 2005, has been a Non-executive Director of the Company since November 2005. He is also a Non-executive Director of CK Hutchison Holdings Limited and an Independent Non-executive Director of HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited. He acted as an Executive Director of Cheung Kong (Holdings) Limited ("CKH") since 1980 and Deputy Chairman since 1985 until he retired from these offices in October 2005. He has been a Non-executive Director of CKH since November 2005 until his resignation in June 2015. He has been an Executive Director of Hutchison Whampoa Limited ("HWL") since 1980 and was re-designated as a Non-executive Director since November 2005 until his resignation in June 2015. He served as Deputy Chairman of HWL from 1984 to 1993. Mr. Magnus was previously the Chairman of Power Assets Holdings Limited (formerly known as Hongkong Electric Holdings Limited) from 1993 to 2005, a Non-executive Director from 2005 to 2012 and an Independent Non-executive Director until January 2014. Except for HKEIM, CKH and HWL, all the companies/investment trust mentioned above are listed in Hong Kong. He is a director of a substantial shareholder of the Company within the meaning of Part XV of the SFO. He holds a Master's degree in Economics from King's College, Cambridge.

WOO Mo Fong, Susan (alias CHOW WOO Mo Fong, Susan)

aged 69, acted as an Executive Director of the Company from March 1997 to July 2016 and an Alternate Director to Mr. Frank John Sixt, an Executive Director of the Company, from May 2006 to July 2016, and has been an Alternate Director to Mr. Fok Kin Ning, Canning, Deputy Chairman of the Company, since May 2006. Mrs. Chow is a Non-executive Director of CK Hutchison Holdings Limited, a Director of Hutchison Telecommunications (Australia) Limited and an Alternate Director of HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited. Mrs. Chow is also an Independent Non-executive Director of Hong Kong Exchanges and Clearing Limited. Except for HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong or overseas. She is a director of a substantial shareholder of the Company within the meaning of Part XV of the SFO, and a director of a company controlled by a substantial shareholder of the Company. She is a qualified solicitor and holds a Bachelor's degree in Business Administration.

MAN Ka Keung, Simon

aged 65, has been an Alternate Director to Mr. Ip Tak Chuen, Edmond, Deputy Chairman of the Company, since February 2008. He joined the CK Group in December 1987. He is Executive Committee Member and General Manager of Accounts Department of CK Asset Holdings Limited, a listed company. He is a director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. He has over 42 years of experience in accounting, auditing, tax and finance. He holds a Bachelor's degree in Economics and is a member of Chartered Accountants Australia and New Zealand.

Eirene YEUNG

aged 62, Alternate Director to Mr. Kam Hing Lam, the Group Managing Director of the Company, and the Company Secretary and a member of the Sustainability Committee of the Company. She is also Executive Committee Member and Company Secretary, and General Manager of Company Secretarial Department of CK Asset Holdings Limited. She is also the Company Secretary of CK Life Sciences Int'l., (Holdings) Inc. Ms. Yeung is a Non-executive Director of ARA Asset Management (Fortune) Limited, the manager of Fortune Real Estate Investment Trust. All the companies/investment trust mentioned above are listed in Hong Kong. She is a director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. Ms. Yeung joined the CK Group in August 1994. She is a solicitor of the High Court of the HKSAR and a non-practising solicitor of the Senior Courts of England and Wales. She is also a fellow member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute.

BOARD AND KEY PERSONNEL

KEY PERSONNEL'S BIOGRAPHICAL INFORMATION

HONG KONG

CHAN Kee Ham, Ivan

aged 60, Chief Planning and Investment Officer, has been with the Company since September 1999. He is also the Chief Financial Officer of Power Assets Holdings Limited. He has over 35 years of experience in investment, banking and finance. He holds a Bachelor's degree in Science, a Bachelor's degree in Chinese Law and a Master's degree in Business Administration.

CHIU Yue Seng

aged 46, Head of Corporate Finance, joined the Company in January 2017. He is also the Head of Special Projects of CK Asset Holdings Limited. He has over 20 years of experience in investment banking and finance. He holds a Bachelor of Arts degree and a Master's degree in Business Administration.

Donald William JOHNSTON

aged 80, Executive Director of Anderson Asia (Holdings) Limited, Green Island Cement (Holdings) Limited and Green Island International (BVI) Limited, has been with the CK Group since 1988. He holds a Bachelor's degree in Civil Engineering and a Master's degree in Business Administration and is a Chartered Professional Engineer (Retired). He is a member of the Institute of Engineers (Australia) and a fellow of the Institute of Quarrying.

LUK Sai Hong, Victor

aged 59, Group General Counsel, has been with the Company since July 1998. He has over 30 years of experience in the legal field. He holds a Bachelor's degree in Social Science. He was admitted as solicitor of the Supreme Court in England in 1992 and was admitted as solicitor in Hong Kong in 1993. He is a solicitor of the High Court of the HKSAR and is a member of The Law Society of Hong Kong.

LUN Pak Lam

aged 65, Head of China Infrastructure, joined Hutchison Whampoa Limited and Cheung Kong (Holdings) Limited in May 1993 and June 1994 respectively and has been with the Company since July 1996. He holds a Bachelor's and a Master's degree in Engineering, a Master of Finance degree in Investment Management and a Master of Science degree in Financial Analysis.

Duncan Nicholas MACRAE

aged 52, Head of International Business, joined the CK Group since February 2011. He has over 29 years of experience in the infrastructure investment field. He holds Bachelor's and Master's degrees in Philosophy, Politics & Economics, and is a member of the Institute of Directors, UK.

TONG BARNES Wai Che, Wendy

aged 62, Chief Corporate Affairs Officer, joined the CK Group in March 1999. She is also the Chief Corporate Affairs Officer of CK Asset Holdings Limited and CK Life Sciences Int'l., (Holdings) Inc. and the Deputy Chief Executive Officer of Hui Xian Asset Management Limited. She holds a Bachelor's degree in Business Administration.

TSANG Pak Chung, Eddy

aged 65, Chief Executive Officer of CK Infrastructure Materials. He is also an Executive Director of Green Island Cement (Holdings) Limited, Green Island International (BVI) Limited, Green Island Environment Limited and Anderson Asia (Holdings) Limited. He joined the CK Group in January 2005. He holds a Bachelor's degree in Economics and a Master's degree in Commerce. He is a member of Chartered Accountants Australia and New Zealand, the Hong Kong Institute of Certified Public Accountants, the Chartered Governance Institute and is currently the Chairman of Hong Kong Construction Materials Association Limited, a fellow member of Institute of Quarrying, and a member of Construction Business Development Committee of Construction Industry Council.

YIP Cheung, Lawrence

aged 59, Head of Internal Audit, has been with the Company since November 1997. He holds a Master's degree in Business Administration. He is a fellow of the Hong Kong Institute of Certified Public Accountants, a fellow of the Association of Chartered Certified Accountants and a fellow of the Institute of Chartered Accountants in England and Wales.

KEY PERSONNEL'S BIOGRAPHICAL INFORMATION (CONT'D)

OVERSEAS

Christopher AUGHTON

aged 52, has been Chief Executive Officer of Enviro (NZ) Limited ("EnviroNZ") since January 2018. His career spans management and board positions at a variety of international organisations, as well as senior advisory roles in corporate finance and private equity. Prior to joining EnviroNZ, Mr. Aughton was Chief Executive Officer of a multi-national healthcare group headquartered in Sydney, Australia. He had also previously served as Director of Enviro Waste Services Limited (a wholly owned subsidiary of EnviroNZ) from 2007 to 2013. Mr. Aughton holds a Bachelor's degree in Science and a Bachelor's degree in Commerce.

Craig DE LAINE

aged 48, is Chief Executive Officer of Australian Gas Infrastructure Group, which consists of AGN, Multinet Group Holdings Pty Limited, Dampier Bunbury Pipeline and AGI Development Group. He joined the company in 2005. Prior to being appointed his current position in November 2021, Mr. de Laine had responsibility for a broad range of key corporate functions, including business strategy, low carbon strategy and transition, hydrogen growth and development, ESG, corporate affairs, media, communications, regulation, customer service and business development, community engagement, risk and compliance and people and culture. He is currently the Chairman of the Australian Hydrogen Centre and Chairman of the Gas Committee of Energy Networks Australia. Mr. de Laine holds a Master of Economics.

Graham Winston EDWARDS

aged 69, has been Chief Executive of Wales & West Utilities Limited since the business commenced in 2005. Mr. Edwards has significant senior management experience across the utility sector. Prior to his tenure in Wales & West Utilities, he worked in the electricity and water sectors, where he held senior posts in human resources, operations, and business leadership roles with full P&L responsibilities. He has also spent many years in the manufacturing sector with global automotive and consumer goods companies. Mr. Edwards has a Master's degree in Business Administration, and is a Fellow of the Chartered Institute of Personnel and Development. He is a Non-Executive Director of Dwr Cymru Welsh Water and also that of the Institute of Customer Service. He is a previous Wales Chair of both the Confederation of British Industry and Business in the Community.

Derek David GOODMANSON

aged 56, is Chief Executive Officer of Canadian Power Holdings Inc. He joined the company as Technical and Commercial Director in 2011, and was promoted to his current position in 2012. Mr. Goodmanson has over 30 years of experience in engineering, maintenance, project management, operations, and commercial management in the power industry, having held a number of key leadership roles in the power generation and transmission sectors throughout Canada. He holds a Bachelor of Mechanical Engineering degree, and is a Registered Professional Engineer in Canada. He also completed the Ivey Executive Development Programme.

James Christopher HARMAN

aged 54, is Chief Executive Officer of Energy Developments Pty Limited ("EDL"). Before joining EDL in 2016, Mr. Harman had over 20 years of experience in the natural resource industry in the United Kingdom and Australia, and has extensive international leadership and business development experience. Prior to his current position, he was Group Head of Business Development of a top-tier natural resource company. He holds a Bachelor's degree in Commerce and a Master's degree in Laws.

Mark John HORSLEY

aged 63, has been Chief Executive Officer of Northern Gas Networks Limited since 2011. He has more than 40 years of experience in the energy sector. Mr. Horsley has held a number of senior appointments in the industry, which include an international built asset consultancy and power companies. Mr. Horsley held the post of Chairman of the UK Energy Networks Association from 2004 to 2006 and was Chairman of the Energy Innovation Centre from 2014 to 2017.

Mary KENNY

aged 57, is Chief Executive Officer of Eversholt Rail. Ms. Kenny was first involved in Eversholt Rail in 1997 as part of the due diligence team of the bank which acquired Eversholt Leasing (now known as Eversholt Rail). Subsequently she worked in Eversholt Rail as Commercial Manager until 2001, before returning to banking where she held various finance roles around the asset and structured finance portfolio. In 2007, Ms. Kenny rejoined Eversholt Rail as Head of Finance and Chief Operating Officer before being promoted to her current position in 2008. During her time with Eversholt Rail, she has overseen a number of significant investment programmes in addition to operational and ownership changes. Ms. Kenny has a Bachelor's degree in Business and is a qualified Chartered Management Accountant.

Hagen LESSING

aged 49, has been Chief Executive Officer of the ista Group since June 2021. He joined ista as Chief Executive Officer of ista Germany in October 2019. Prior to joining ista, Dr. Lessing worked for a world renowned consulting group for more than 15 years, having supported clients from the energy and industrial goods sectors in Germany, Scandinavia and the United Kingdom with a focus on strategy, transformation and digitization. Dr. Lessing studied Business Management and Engineering in Germany and the United States, and holds a Doctor's degree in Applied Computer Science.

Yves Willy André LUCA

aged 57, has been Chief Executive Officer of AVR-Afvalverwerking B.V. ("AVR") since 2013, where he managed the acquisition by a consortium led by the Group and the transition of AVR. Mr. Luca has 26 years of experience in the waste management industry, where he held several regional and national executive positions, as well as directorships in both managing board and group board in Europe's leading waste service, raw materials and energy provider group. Over the years, he has been responsible for waste collection operations, recycling activities and energy-from-waste activities in Belgium and Eastern Europe. Mr. Luca holds a Master's degree in Applied Economic Science.

KEY PERSONNEL'S BIOGRAPHICAL INFORMATION (CONT'D)

OVERSEAS (CONT'D)

Carlo MARRELLO

aged 58, is Chief Executive Officer of Park'N Fly. He joined the company in 2014. Mr. Marrello has over 25 years of experience in executive management, consulting, sales, and operations in both the financial and commercial logistics industries. He has a Bachelor's degree, and has previously held a number of senior appointments, which include the Global Head of Commodities Logistics at a leading bank in Canada.

Stuart Michael MAYER

aged 56, is General Manager of Seabank Power Limited. He joined the company as Commercial Financial Controller in 2001, and was promoted to his current position in 2007. Mr. Mayer held a variety of commercial and financial roles in the civil and military aero engine sectors in the United Kingdom and overseas. Mr. Mayer is a Chartered Management Accountant with over 30 years of experience in engineering and utilities.

Heidi MOTTRAM

aged 58, is Chief Executive Officer of the Northumbrian Water Group Limited and Northumbrian Water Limited Boards. Ms. Mottram has held the positions since 2010 before Northumbrian Water's acquisition by a consortium led by the Group in October 2011. Prior to her current position, Ms. Mottram has held a number of senior management roles in the rail and transport sector, and she was awarded an OBE in the New Year Honours List 2010 for services to the rail industry. Ms. Mottram is currently a board member of the North East Local Enterprise Partnership, and a Vice-Chair of Newcastle University Council. In 2016, she was selected to be the Prince of Wales' Business Ambassador to the North East, in conjunction with Business in the Community. In the same year, Ms. Mottram was also named North East Business Executive of the Year for her contribution to business in the North East of England. In 2018, Ms. Mottram was awarded a CBE in the Queen's Birthday Honours List for her contribution to the water industry and business community. Ms. Mottram received the Chair's Award for Excellence in Director and Board Practice by Institute of Directors in Yorkshire and North East in 2020.

Sean O'BRIEN

aged 56, is President and Chief Executive Officer of Reliance Home Comfort. Mr. O'Brien has over 20 years of senior leadership experience in sales, general management, marketing and business development, with an emphasis on fostering a high performance culture. Prior to his current role, he was President of Canada's largest industrial supplies distribution company. In 2016 he was recognised as Canada's Most Admired™ CEO and in 2017 won Glassdoor Highest Rated CEO of the Year Award. Mr. O'Brien holds a Bachelor's degree in Social Studies.

Richard Clive PEARSON

aged 77, has been Chairman of Wellington Electricity Distribution Network Limited and its subsidiary companies since the organisation's establishment in 2008. He was also appointed Chairman of Enviro (NZ) Limited in 2013. Prior to his current positions, Mr. Pearson worked for Hutchison Whampoa Group (now known as CK Hutchison Holdings) from 1975 to 2007, holding various senior roles in Hutchison Port Holdings Group, including Managing Director – Europe Division from 2005 to 2007, President of ECT Rotterdam from 2002 to 2004, as well as Managing Director of Hongkong International Terminals Ltd from 1996 to 1998. Mr. Pearson holds a Bachelor's degree in Commerce and is a member of the New Zealand Society of Accountants.

Duane RAE

aged 59, has been Chief Executive Officer of Husky Midstream General Partnership (a subsidiary of Canadian Midstream Assets) since May 2017. He is an experienced executive with broad-based technical, financial, commercial, and regulatory experience in the upstream and midstream energy sectors in Canada and the United States. Before joining Husky Midstream, Mr. Rae was President of the liquids pipelines business unit of a major North American energy infrastructure company. Mr. Rae holds a Bachelor of Science degree in Mechanical Engineering and a Master's degree in Business Administration.

Timothy Hugh ROURKE

aged 51, is Chief Executive Officer of Victoria Power Networks Pty Ltd. and its subsidiaries. He is also the Chief Executive Officer of United Energy Distribution Holdings Pty Limited. Prior to joining Victoria Power Networks in April 2013, Mr. Rourke was Chief Executive Officer of an energy infrastructure business operating in Australia and New Zealand. Previous experience included senior executive roles with a number of Australian based energy and infrastructure companies. Before entering the energy sector, he worked for a multi-national mining company and an international accounting and consultancy firm. Mr. Rourke is a Director of Energy Networks Australia, the national industry association representing electricity and gas distribution business. He holds a Bachelor of Commerce degree.

Basil SCARSELLA

aged 67, has been Chief Executive Officer of UK Power Networks Holdings Limited since its establishment in late 2010. Prior to his current appointment, Mr. Scarsella held a number of senior positions in the Group's businesses, including Chief Executive Officer of Northern Gas Networks Limited in the United Kingdom from 2005 to 2010, and Chief Executive Officer of SA Power Networks in Australia from 1998 to 2005. Before SA Power Networks was acquired by the Group, he worked in ETSA Utilities and other energy companies in Australia. Mr. Scarsella has a degree in Economics and is a Certified Practising Accountant. He is a Life Member of Football Australia and received the Australian Sports Medal in 2000, and in 2003 became a Member of the Order of Australia (AM) for his services to sport. Mr. Scarsella was the Chairman of the Energy Networks Association in the United Kingdom from 2014 to 2017.

KEY PERSONNEL'S BIOGRAPHICAL INFORMATION (CONT'D)

OVERSEAS (CONT'D)

Greg Donald SKELTON

aged 58, is Chief Executive Officer of Wellington Electricity Lines Limited. He has been with the company since its formation in 2009. Mr. Skelton has over 30 years of experience in the fields of production engineering, electrical engineering and business management. He holds a Bachelor's degree in Electrical Engineering, a Master's degree in Business Administration, and is a Fellow of Engineering New Zealand.

Robert STOBBE

aged 66, has been Chief Executive Officer of SA Power Networks since 2010. He has held senior executive positions from 1999 to 2008 at various businesses of the Group including Northern Gas Networks Limited in the United Kingdom; as well as Victoria Power Networks Pty Ltd. and SA Power Networks in Australia. Before returning to SA Power Networks to assume his current position, he held leadership roles in rail and infrastructure investment corporations. Mr. Stobbe holds directorships in various charitable organisations including Australia Day Council of SA Inc, Asthma Foundation SA and James Brown Memorial Trust. Mr. Stobbe has a Bachelor of Business (Accounting) degree and is a Fellow of CPA Australia. He is a Member of the Australian Institute of Company Directors.

Peter Peace TULLOCH

aged 79, has been Chairman of SA Power Networks, Victoria Power Networks Pty Ltd., as well as its subsidiaries since 2005. He was appointed Chairman of Australian Gas Networks Limited ("AGN") in late 2014, and he is also a Non-executive Director of CK Life Sciences Int'l., (Holdings) Inc. Mr. Tulloch has over 30 years of banking experience in Asia. He was educated in Scotland and is a Fellow of the Institute of Canadian Bankers.

REPORT OF THE DIRECTORS

The Directors are pleased to present shareholders their report together with the audited financial statements of the Group for the year ended 31st December, 2022.

PRINCIPAL ACTIVITIES

The Group's principal activities during the year are development, investment and operation of infrastructure businesses in Hong Kong, Mainland China, the United Kingdom, Continental Europe, Australia, New Zealand, Canada and the United States.

BUSINESS REVIEW

A fair review of the Group's business, and an indication of likely future development in the Group's business are provided in the Business Review, Chairman's Letter and Group Managing Director's Report on pages 24 to 55, pages 6 to 11 and pages 12 to 18 of this Annual Report respectively. An analysis of the Group's performance using financial key performance indicators is set out in the Ten-year Financial Summary on page 5 and Financial Review on pages 56 to 57. A description of the principal risks and uncertainties facing the Group can be found in the Risk Factors on pages 185 to 192. In addition, particulars of important events affecting the Group that have occurred since the end of the year 2022, if any, are set out in the Chairman's Letter on pages 6 to 11. The above discussions form part of the Report of the Directors.

As a core participant in the energy sector, the Group understands that utilities play a key role in achieving the net zero target adopted by many governments which are parties to the Paris Agreement. At the same time, the regulatory requirements and stakeholder interest in these topics have increased significantly and will continue to grow. Governments in countries where we operate made strong commitments to combat climate change and set net zero targets by the coming few decades. Many businesses within our group have made net zero commitments that match or in advance of their governments' agenda. For the first time ever, we present the Group's Low Carbon Transition Plan in our Sustainability Report this year. We set a group-level carbon reduction target of 50% for scope 1 and 2 emission by 2035 compared to 2020 level, and committed to the pursuit of net zero by 2050. In support of our carbon emissions targets, we are focused on emissions reductions that encompass decarbonisation of the generation portfolio, modernisation and digitalisation of electricity networks, blending of hydrogen into existing gas distribution networks, and helping customers with energy efficiency.

Also, as an effort of building trust with our stakeholders, we are enhancing the transparency of our reporting by preparing for the adoption of Task Force on Climate-related Financial Disclosures (TCFD) recommendations. The preparation for reporting on risks and opportunities induced by climate change, climate-related policies and technological advancement will provide a chance to review existing management systems, better the climate resilience and adaptiveness of our operations.

BUSINESS REVIEW (CONT'D)

Many of the Group's businesses and investments in relation to energy, transportation, water, waste management and infrastructure in different parts of the world are subject to local laws and legislations including, for instance, Gas Act 1986 (and associated regulations) and Electricity Safety, Quality and Continuity Regulations in the United Kingdom; National Gas Law and Rules, Gas Distribution System Code and National Electricity (Victoria) Act 2005 in Australia; European Union Energy Efficiency Directive in Europe; Consumer Protection Act, 2002 (Ontario) and Canadian Environmental Protection Act 1999 in Canada. Each of such businesses is required to work within the ambit of its operating licence(s) in the jurisdictions where it operates and ensures that its local operations comply with relevant laws and regulations that have significant impact on the operation(s) through performing regular audits, completing regular internal compliance reports and putting in place regulatory compliance guidelines and procedures.

The Group endeavours to communicate openly and transparently with its key stakeholders including its employees, customers and suppliers to gather their views on the issues that concern them the most. The Group uses stakeholders' input to understand the shifting market needs, which in turn helps to inform the Group's decision making in relation to its practices, initiatives and disclosures.

The Group understands the importance of committing to a just transition towards a more sustainable future. The Group strives to support this concept which recognises that the transition to a green economy is not only environmentally sustainable but also socially sustainable. Together with our decarbonisation journey, we continue to enhance the social well-being of our employees and communities through this transition via different initiatives to respect human rights alongside our entire value chain and improve their quality of life. For instance, NGN is working collaboratively with the gas networks of the UK via the "Gas Goes Green" initiative to demonstrate the environmental, social and economic opportunities of converting the UK's natural gas networks to transport 100% hydrogen. Consideration of the employment opportunities of a hydrogen future is included in the work stream with the potential to create 221,000 jobs in the UK in 2050 via the hydrogen economy identified.

The Group's top priority is the safety of our customers. We take various measures to regularly update our customers on the information relating to the health, safety, and environmental hazards and risks associated with our products and services. For example, our business units' websites are frequently updated with important and relevant information. Furthermore, emergency plans are designed to incorporate best practices with regard to safety management, and hotlines are provided to our customers to report in case of an emergency.

The Group is well aware of the environmental and social impacts that may ensue along the supply chain and is committed to minimising such risks in the collaborations with suppliers. ESG-related factors form an important part of the assessment process and have a due weighting in our consideration of potential suppliers and contractors. We carry out regular monitoring, audits and evaluations to assess the performance of our suppliers. Our business units have developed a number of approaches to ensure the implementation of the monitoring systems, and almost all suppliers will be involved in the assessment.

Details of the discussion of the Group's environmental policies and performance, the Group's compliance with relevant laws and regulations that have a significant impact on the Group, and an account of the Group's relationships with the key stakeholders are set out in the Sustainability Report, which has been published on the website of the Stock Exchange and the Company's website at www.cki.com.hk for inspection and download.

RESULTS AND DIVIDENDS

Results of the Group for the year ended 31st December, 2022 are set out in the Consolidated Income Statement on page 91.

The Directors recommend the payment of a final dividend of HK$1.83 per share which, together with the interim dividend of HK$0.70 per share paid on 15th September, 2022, makes the total dividend of HK$2.53 per share for the year.

GROUP FINANCIAL SUMMARY

Results, assets and liabilities of the Group for the last ten years are summarised on page 5.

DIRECTORS

The Directors of the Company in office at the date of this Annual Report are listed on page 202 and their biographical information is set out on pages 58 to 65.

In accordance with the Company's Bye-laws, the Directors of the Company (including Non-executive Directors) shall be subject to retirement by rotation at each annual general meeting. Accordingly, Mr. Victor T K Li, Mr. Fok Kin Ning, Canning, Ms. Chen Tsien Hua, Mrs. Sng Sow-mei alias Poon Sow Mei, Mr. Paul Joseph Tighe and Mrs. Lee Pui Ling, Angelina will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Each of the Independent Non-executive Directors had made an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). The Company considered that all Independent Non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its parent company, subsidiary or fellow subsidiary a party to any arrangements which enabled any Director to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save for otherwise disclosed under the section headed "Connected Transaction", there were no other transactions, arrangements or contracts of significance in relation to the businesses of the Company and its subsidiaries to which the Company or a specified undertaking of the Company was a party and in which a Director of the Company or his/her connected entity had a material interest, whether directly or indirectly, subsisted at any time during the year 2022 and as at the date of this Annual Report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors of the Company has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

PERMITTED INDEMNITY PROVISION

The Company's Bye-laws and the Bermuda Companies Act provide that the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty in their offices, provided that this indemnity shall not extend to any matter in respect of any wilful negligence, wilful default, fraud or dishonesty which may attach to the Directors concerned, or any liability incurred by him in defending any proceedings, whether civil or criminal in which judgement is given against him or in which he is convicted. A Directors Liability Insurance is in place to protect the Directors against potential costs and liabilities arising from claims brought against the Directors.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31st December, 2022, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company ("Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

(1) Long Positions in Shares

			Number of Ordinary Shares/Share Stapled Units					
Name of Company	Name of Director	Capacity	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	Approximate % of Shareholding
Company	Li Tzar Kuoi, Victor	Interest of child or spouse & beneficiary of trusts	–	227,000	–	5,428,000 (Note 1)	5,655,000	0.22%
	Kam Hing Lam	Beneficial owner	100,000	–	–	–	100,000	0.003%
CK Hutchison Holdings Limited	Li Tzar Kuoi, Victor	Beneficial Owner, interest of child or spouse, interest of controlled corporations & beneficiary of trusts	220,000	405,200	3,523,850 (Note 3)	1,161,272,710 (Note 2)	1,165,421,760	30.42%
	Kam Hing Lam	Beneficial owner & interest of child or spouse	51,040	57,360	–	–	108,400	0.002%
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	6,011,438 (Note 9)	–	6,011,438	0.15%
	Frank John Sixt	Beneficial owner	166,800	–	–	–	166,800	0.004%
	Lan Hong Tsung, David	Beneficial owner	13,680	–	–	–	13,680	0.0003%
	Lee Pui Ling, Angelina	Beneficial owner	111,334	–	–	–	111,334	0.002%
	George Colin Magnus	Beneficial owner, interest of child or spouse & founder & beneficiary of a discretionary trust	85,361	16,771	–	833,868 (Note 10)	936,000	0.02%

Name of Company	Name of Director	Capacity	Number of Ordinary Shares/Share Stapled Units: Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	Approximate % of Shareholding
	Chow Woo Mo Fong, Susan	Beneficial owner	129,960	–	–	–	129,960	0.003%
	Man Ka Keung, Simon	Beneficial owner & interest of child or spouse	9,895 (Note 11)	11,895 (Note 11)	–	–	11,895	0.0003%
Power Assets Holdings Limited	Kam Hing Lam	Interest of child or spouse	–	100,000	–	–	100,000	0.004%
	Lee Pui Ling, Angelina	Beneficial owner	8,800	–	–	–	8,800	0.0004%
HK Electric Investments and HK Electric Investments Limited	Li Tzar Kuoi, Victor	Interest of controlled corporations & beneficiary of trust	–	–	5,170,000 (Note 5)	2,700,000 (Note 6)	7,870,000	0.08%
	Kam Hing Lam	Interest of child or spouse	–	1,025,000	–	–	1,025,000	0.01%
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	2,000,000 (Note 9)	–	2,000,000	0.02%
	Lee Pui Ling, Angelina	Beneficial owner	2,000	–	–	–	2,000	0.00002%
Hutchison Telecommunications (Australia) Limited	Fok Kin Ning, Canning	Beneficial owner & interest of controlled corporation	4,100,000	–	1,000,000 (Note 9)	–	5,100,000	0.037%
	Frank John Sixt	Beneficial owner	1,000,000	–	–	–	1,000,000	0.007%
Hutchison Telecommunications Hong Kong Holdings Limited	Li Tzar Kuoi, Victor	Interest of child or spouse, interest of controlled corporations & beneficiary of trusts	–	192,000	353,047,203 (Note 7)	398,826 (Note 8)	353,638,029	7.33%
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	1,202,380 (Note 9)	–	1,202,380	0.024%
	Frank John Sixt	Beneficial owner	255,000	–	–	–	255,000	0.005%
	George Colin Magnus	Beneficial owner & interest of child or spouse	13,201	132	–	–	13,333	0.0002%
	Chow Woo Mo Fong, Susan	Beneficial owner	250,000	–	–	–	250,000	0.005%

(2) Long Positions in Debentures

Name of Company	Name of Director	Capacity	Amount of Debentures: Personal Interests	Family Interests	Corporate Interests	Other Interests	Total
Cheung Kong Infrastructure Finance (BVI) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	–	–	US$10,000,000 4.2% Guaranteed Perpetual Capital Securities (Note 4)	–	US$10,000,000 4.2% Guaranteed Perpetual Capital Securities

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONT'D)

Notes:

1. The discretionary beneficiaries of each of The Li Ka-Shing Unity Discretionary Trust ("DT1") and another discretionary trust ("DT2") are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard. Each of the trustees of DT1 and DT2 holds units in The Li Ka-Shing Unity Trust ("UT1") but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of UT1 holds a total of 5,428,000 shares of the Company.

   The entire issued share capital of TUT1 and of the trustees of DT1 and DT2 are owned by Li Ka-Shing Unity Holdings Limited ("Unity Holdco"). Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are respectively interested in one-third and two-thirds of the entire issued share capital of Unity Holdco. TUT1 is interested in the shares of the Company by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of the Company independently without any reference to Unity Holdco or any of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor as a holder of the shares of Unity Holdco as aforesaid.

   By virtue of the above and as a director of the Company and a discretionary beneficiary of each of DT1 and DT2, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the shares of the Company held by TUT1 as trustee of UT1 under the SFO.

2. The 1,161,272,710 shares in CK Hutchison Holdings Limited ("CK Hutchison") comprise:

   (a) 1,004,457,744 shares held by TUT1 as trustee of UT1 together with certain companies which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings ("TUT1 related companies"). By virtue of being a director of the Company and a discretionary beneficiary of each of DT1 and DT2 as described in Note 1 above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares of CK Hutchison held by TUT1 as trustee of UT1 and TUT1 related companies under the SFO.

   (b) 72,387,720 shares held by Li Ka-Shing Castle Trustee Company Limited ("TUT3") as trustee of The Li Ka-Shing Castle Trust ("UT3") together with certain companies which TUT3 as trustee of UT3 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings ("TUT3 related companies"). The discretionary beneficiaries of each of the two discretionary trusts ("DT3" and "DT4") are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard. Each of the trustees of DT3 and DT4 holds units in UT3 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust.

       The entire issued share capital of TUT3 and of the trustees of DT3 and DT4 are owned by Li Ka-Shing Castle Holdings Limited ("Castle Holdco"). Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are respectively interested in one-third and two-thirds of the entire issued share capital of Castle Holdco. TUT3 is only interested in the shares of CK Hutchison by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of CK Hutchison independently without any reference to Castle Holdco or any of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor as a holder of the shares of Castle Holdco as aforesaid.

       By virtue of the above and as a director of the Company and a discretionary beneficiary of each of DT3 and DT4, Mr. Li Tzar Kuoi, Victor is also taken to have a duty of disclosure in relation to the said 72,387,720 shares of CK Hutchison held by TUT3 as trustee of UT3 and TUT3 related companies under the SFO.

   (c) 84,427,246 shares held by a company controlled by Li Ka-Shing Castle Trustee Corporation Limited as trustee of DT3.

3. The 3,523,850 shares in CK Hutchison comprise:

   (a) 3,223,850 shares held by certain companies in which Mr. Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.

   (b) 300,000 shares held by Li Ka Shing Foundation Limited ("LKSF"). By virtue of the terms of the constituent documents of LKSF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF.

4. Such interests are held by a company of which Mr. Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at its general meetings.

5. The 5,170,000 share stapled units in HK Electric Investments and HK Electric Investments Limited ("HKEI") are held by LKSF. By virtue of the terms of the constituent documents of LKSF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF.

6. The 2,700,000 share stapled units in HKEI are held by TUT1 as trustee of UT1. By virtue of being a director of the Company and a discretionary beneficiary of each of DT1 and DT2 as described in Note 1 above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said 2,700,000 shares stapled units of HKEI held by TUT1 as trustee of UT1 under the SFO.

7. The 353,047,203 shares in Hutchison Telecommunications Hong Kong Holdings Limited ("HTHK") comprise:

   (a) 2,519,250 shares held by certain companies in which Mr. Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.

   (b) 350,527,953 shares held by LKSF. By virtue of the terms of the constituent documents of LKSF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF.

8. The 398,826 shares in HTHK comprise:

   (a) 153,280 shares held by TUT3 as trustee of UT3. By virtue of being a director of the Company and a discretionary beneficiary of each of DT3 and DT4 as described in Note 2(b) above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said 153,280 shares of HTHK held by TUT3 as trustee of UT3 under the SFO.

   (b) 245,546 shares held by TUT1 as trustee of UT1. By virtue of being a director of the Company and a discretionary beneficiary of each of DT1 and DT2 as described in Note 1 above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said 245,546 shares of HTHK held by TUT1 as trustee of UT1 under the SFO.

9. Such interests are held by a company which is equally owned by Mr. Fok Kin Ning, Canning and his wife.

10. Such interests comprise 184,000 shares held by a company controlled by a trust under which Mr. George Colin Magnus is a discretionary beneficiary and 649,868 shares indirectly held by a trust of which Mr. George Colin Magnus is the settlor and a discretionary beneficiary.

11. Such 9,895 shares are jointly held by Mr. Man Ka Keung, Simon and his wife, the remaining 2,000 shares are held by his wife.

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 31st December, 2022, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at 31st December, 2022, shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Positions of Substantial Shareholders in the Shares of the Company

Name	Capacity	Number of Ordinary Shares	Total	Approximate % of Shareholding
Hutchison Infrastructure Holdings Limited	Beneficial owner	1,906,681,945	1,906,681,945	75.67%
Aspire Rich Limited	Interest of controlled corporation	1,906,681,945 (Note i)	1,906,681,945	75.67%
Robust Faith Limited	Interest of controlled corporation	1,906,681,945 (Note i)	1,906,681,945	75.67%
CK Hutchison Capital Securities (2) Limited	Interest of controlled corporations	1,906,681,945 (Note ii)	1,906,681,945	75.67%
CK Hutchison Capital Securities (3) Limited	Interest of controlled corporations	1,906,681,945 (Note iii)	1,906,681,945	75.67%
CK Hutchison Global Investments Limited	Interest of controlled corporations	1,906,681,945 (Note iv)	1,906,681,945	75.67%
CK Hutchison Holdings Limited	Interest of controlled corporations	1,906,681,945 (Note v)	1,906,681,945	75.67%

Notes:

i. This represents the same block of shares in the Company as shown against the name of Hutchison Infrastructure Holdings Limited ("HIHL") above. Since HIHL is equally controlled by Aspire Rich Limited ("Aspire Rich") and Robust Faith Limited ("Robust Faith"), each of Aspire Rich and Robust Faith is deemed to be interested in the same number of shares in which HIHL is interested under the SFO.

ii. As Aspire Rich is wholly-owned by CK Hutchison Capital Securities (2) Limited ("CK 2"), CK 2 is deemed to be interested in the same number of shares in which Aspire Rich is deemed to be interested under the SFO.

iii. As Robust Faith is wholly-owned by CK Hutchison Capital Securities (3) Limited ("CK 3"), CK 3 is deemed to be interested in the same number of shares in which Robust Faith is deemed to be interested under the SFO.

iv. As CK 2 and CK 3 are wholly-owned by CK Hutchison Global Investments Limited ("CK Global"), CK Global is deemed to be interested in the same number of shares in which CK 2 and CK 3 are deemed to be interested under the SFO.

v. As CK Global is wholly-owned by CK Hutchison Holdings Limited ("CK Hutchison"), CK Hutchison is deemed to be interested in the same number of shares in which CK Global is deemed to be interested under the SFO.

Save as disclosed above, as at 31st December, 2022, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONNECTED TRANSACTION

On 14th July, 2022, Mara Development Inc. ("Mara"), an indirect wholly-owned subsidiary of CK Asset Holdings Limited ("CKA"), CKI UK Co 5 Limited ("CKI 5"), an indirect wholly-owned subsidiary of the Company, Brockhill Investments Corporation ("Brockhill") (collectively, the "Sellers") and Nimbus UK Bidco Limited (the "Purchaser") entered into a share purchase agreement ("Share Purchase Agreement") in relation to the acquisition of 25% of each of the fully diluted ordinary share capital of Northumbrian Water Group Limited ("NWG") and Northumbrian Services Limited ("NSL") by the Purchaser from the Sellers ("KKR Investment"). The KKR Investment completed on 22nd December, 2022 at an aggregate consideration of approximately GBP872 million (equivalent to approximately HK$8 billion).

Upon the completion of the KKR Investment, the issued share capital of each of NWG and NSL would be owned as to 15%, 30%, 30% and 25% by Mara, CKI 5, Brockhill and the Purchaser, respectively. In respect of the 30% of the issued share capital of each of NWG and NSL which would be owned by Brockhill upon completion of the KKR Investment, pursuant to the agreements dated 31st August, 2018 between Henley Riches Limited (a wholly-owned subsidiary of CK Hutchison Holdings Limited ("CKHH")) and CKHH on one hand and the relevant subsidiaries of CKA, the Company and Power Assets Holdings Limited ("PAH") on the other hand (as amended and supplemented from time to time), CKA and its subsidiaries ("CKA Group"), the Company and its subsidiaries (the "Group"), PAH and its subsidiaries ("PAH Group") and CKHH and its subsidiaries ("CKHH Group") (other than the Group which is part of the CKHH Group) would respectively have effective economic benefits of 12%, 9%, 6% and 3% in NWG and NSL. The aggregate economic benefits of the CKA Group, the Group, the PAH Group and the CKHH Group (other than the Group which is part of the CKHH Group) respectively in NWG and NSL would become 27%, 39%, 6% and 3%.

At closing, the Sellers and the Purchaser would enter into (i) the NWG shareholders' agreement with NWG to govern the rights and obligations of NWG and its shareholders ("NWG Shareholders' Agreement") and (ii) the NSL shareholders' agreement with NSL to govern the rights and obligations of NSL and its shareholders ("NSL Shareholders' Agreement").

Given that Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and the Trust (as defined and more particularly described in the announcement of the Company dated 14th July, 2022) have been deemed as a group of connected persons by the Stock Exchange, CKA may be regarded as a connected person of the Company under the Listing Rules. Therefore, the entering into of the NWG Shareholders' Agreement, the NSL Shareholders' Agreement and an agreement entered into between the Sellers on closing as to how the rights of the Sellers under the NWG Shareholders' Agreement and the NSL Shareholders' Agreement, including but not limited as to the appointment of the director(s) of NWG and the director(s) of NSL, should be exercised (the "Sellers' Agreement"), constituted connected transactions for the Company under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTION (CONT'D)

All of the applicable percentage ratios of the Company in respect of the entering into of the NWG Shareholders' Agreement and the NSL Shareholders' Agreement, and the Sellers' Agreement by CKI 5 are less than 0.1%. All of the applicable percentage ratios of the Company in respect of the entering into of the Share Purchase Agreement by CKI 5 are also less than 5%. Accordingly, the transactions are not subject to the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, 38.63 per cent of the Group's purchases were attributable to the Group's five largest suppliers with the largest supplier accounted for 16.25 per cent of the Group's purchases. The Group's five largest customers accounted for less than 30 per cent of the Group's sales of goods or services.

None of the Directors, their close associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5 per cent of the number of issued shares of the Company) has any interest in the Group's five largest suppliers.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year, the interests of Directors in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group ("Competing Business") as required to be disclosed pursuant to the Listing Rules were as follows:

(a) Core Business Activities of the Group

(1) Development, investment and operation of energy infrastructure;
(2) Development, investment and operation of transportation infrastructure;
(3) Development, investment and operation of water infrastructure;
(4) Development, investment and operation of waste management and waste-to-energy businesses;
(5) Development, investment and operation of household infrastructure;
(6) Development, investment and operation and commercialisation of infrastructure related business;
(7) Investment holding and project management; and
(8) Securities investment.

(b) Interests in Competing Business

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
Victor T K Li	CK Asset Holdings Limited	Chairman and Managing Director	(1), (2)[i], (3), (4) & (5)
	CK Hutchison Holdings Limited	Chairman and Group Co-Managing Director	(1), (2), (3), (4) & (7)
	Power Assets Holdings Limited	Non-executive Director	(1), (4), (7) & (8)
	HK Electric Investments and HK Electric Investments Limited	Non-executive Director and Deputy Chairman	(1) & (7)
	CK Life Sciences Int'l., (Holdings) Inc.	Chairman	(8)

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
Kam Hing Lam	CK Asset Holdings Limited	Deputy Managing Director	(1), (2)[i], (3), (4) & (5)
	CK Hutchison Holdings Limited	Deputy Managing Director	(1), (2), (3), (4) & (7)
	CK Life Sciences Int'l., (Holdings) Inc.	President	(8)
Ip Tak Chuen, Edmond	CK Asset Holdings Limited	Deputy Managing Director	(1), (2)[i], (3), (4) & (5)
	CK Hutchison Holdings Limited	Deputy Managing Director	(1), (2), (3), (4) & (7)
	CK Life Sciences Int'l., (Holdings) Inc.	Senior Vice President and Chief Investment Officer	(8)
Fok Kin Ning, Canning	CK Hutchison Holdings Limited	Group Co-Managing Director	(1), (2), (3), (4) & (7)
	Power Assets Holdings Limited	Chairman	(1), (4), (7) & (8)
	HK Electric Investments and HK Electric Investments Limited	Chairman	(1) & (7)
	Hutchison Telecommunications Hong Kong Holdings Limited	Chairman	(7)
	Cenovus Energy Inc.	Director	(1)
Frank John Sixt	CK Hutchison Holdings Limited	Group Finance Director and Deputy Managing Director	(1), (2), (3), (4) & (7)
	HK Electric Investments and HK Electric Investments Limited	Alternate Director	(1) & (7)
	TOM Group Limited	Non-executive Chairman	(7) & (8)
	Cenovus Energy Inc.	Director	(1)
Andrew John Hunter	Power Assets Holdings Limited	Executive Director	(1), (4), (7) & (8)
Chan Loi Shun	Power Assets Holdings Limited	Executive Director	(1), (4), (7) & (8)
	HK Electric Investments and HK Electric Investments Limited	Executive Director	(1) & (7)
Lee Pui Ling, Angelina	TOM Group Limited	Non-executive Director	(7) & (8)
	Henderson Land Development Company Limited	Non-executive Director	(1), (2) & (7)
George Colin Magnus	CK Hutchison Holdings Limited	Non-executive Director	(1), (2), (3), (4) & (7)
Chow Woo Mo Fong, Susan	CK Hutchison Holdings Limited	Non-executive Director	(1), (2), (3), (4) & (7)
	HK Electric Investments and HK Electric Investments Limited	Alternate Director	(1) & (7)
Man Ka Keung, Simon	CK Global Investments (HK) Limited (Formerly known as Vermillion Aviation Holdings Limited)	Director	(2)[ii]
	Highbury (HK) Limited	Director	(4)
	Moonstone Global Investment Limited	Director	(1)
	DUET Company Pty Limited	Director	(1)
	Northumbrian Water Group Limited	Director	(3)[iii]
	UK Power Networks Holdings Limited	Director	(1)[iv]
Eirene Yeung	Accipiter Holdings Designated Activity Company	Director	(2)[v]
	CKP (Canada) Holdings Limited	Director	(5)
	Highbury (HK) Limited	Director	(4)
	Moonstone Global Investment Limited	Director	(1)

DIRECTORS' INTERESTS IN COMPETING BUSINESSES (CONT'D)

(b) Interests in Competing Business (Cont'd)

Note: Such businesses may be conducted through subsidiaries, associated companies or by way of other forms of investments.

(i) CK Asset Holdings Limited completed the disposal of its investments in aircraft assets and discontinued the operation of aircraft leasing business in April 2022.

(ii) CK Global Investments (HK) Limited completed the disposal of its investment in aircraft assets and discontinued the operation of aircraft leasing business in April 2022.

(iii) With effect from 28th April, 2022, Mr. Man Ka Keung, Simon was appointed as Director of Northumbrian Water Group Limited.

(iv) With effect from 14th April, 2022, Mr. Man Ka Keung, Simon was appointed as Director of UK Power Networks Holdings Limited.

(v) With effect from 12th April, 2022, Ms. Eirene Yeung ceased as Director of Accipiter Holdings Designated Activity Company upon completion of CK Asset Holdings Limited's disposal of its investment in aircraft assets and discontinuation of the operation of aircraft leasing business in April 2022.

Save as disclosed above, none of the Directors is interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with businesses of the Group.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws and there are no restrictions against such rights under the laws of Bermuda.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31st December, 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

EQUITY-LINKED AGREEMENTS

For the year ended 31st December, 2022, the Company has not entered into any equity-linked agreement, and there did not subsist any equity-linked agreement entered into by the Company as at 31st December, 2022.

MANAGEMENT CONTRACTS

No contracts concerning to the management and administration of the whole or any substantial part of any business of the Group were entered into or existed during the year.

PUBLIC FLOAT

As announced by the Company on 8th January, 1997 and 17th February, 1997, the Stock Exchange granted a waiver from strict compliance with Rule 8.08 of the Listing Rules to the Company on 9th January, 1997 subject to approximately not less than 15.2 per cent of the issued share capital of the Company being held in public hands. Based on information available and within the knowledge of the Directors, the obligation has been complied with.

DONATIONS

Donations made by the Group during the year amounted to HK$1,131,000.

DISCLOSURE UNDER CHAPTER 13 OF THE LISTING RULES

The following information is disclosed in accordance with Rule 13.22 of Chapter 13 of the Listing Rules:

As at 31st December, 2022, the Group's financial assistance to certain affiliated companies exceeded the assets ratio of 8 per cent. A combined statement of financial position of the affiliated companies as at 31st December, 2022 is set out below:

HK$ million	
Non-current assets	548,744
Current assets	27,453
Current liabilities	(57,224)
Non-current liabilities	(353,969)
Net assets	165,004
Share capital	44,196
Reserves	120,693
Non-controlling interests	115
Total equity	165,004

As at 31st December, 2022, the consolidated attributable interest of the Group in these affiliated companies amounted to HK$90,060 million.

AUDIT COMMITTEE

The Group's annual report for the year ended 31st December, 2022 has been reviewed by the audit committee of the Company ("Audit Committee"). Information on the work of Audit Committee and its composition are set out in the Code Provision D.3 of the Corporate Governance Report on pages 173 to 175.

AUDITOR

The financial statements for the year have been audited by Messrs. Deloitte Touche Tohmatsu who retire and offer themselves for re-appointment at the 2023 annual general meeting.

On behalf of the Board
VICTOR T K LI
Chairman

15th March, 2023

Deloitte. 德勤

TO THE MEMBERS OF CK INFRASTRUCTURE HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of CK Infrastructure Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 91 to 150, which comprise the consolidated statement of financial position as at 31st December, 2022, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st December, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

KEY AUDIT MATTER (CONT'D)

Valuation of interests in joint ventures

Key audit matter	How our audit addressed the key audit matter
We identified the valuation of interests in joint ventures as a key audit matter due to the significance of the Group's interests in joint ventures in the context of the Group's consolidated financial statements. As at 31st December, 2022, the carrying amount of interests in joint ventures amounted to HK$99,302 million as stated in note 18 to the consolidated financial statements, which represented approximately 60% of the Group's total assets. As disclosed in note 3(e) to the consolidated financial statements, interests in joint ventures are carried in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the joint ventures, less impairment in the values of individual investments. As such, the Group is required to assess at the end of each reporting period whether there is any indication that the carrying amount of interests in joint ventures may be impaired. For those joint ventures in which such indication exists, the Group assessed the carrying amounts for impairment.	Our procedures in relation to the valuation of interests in joint ventures included: • Assessing the appropriateness of the management's accounting for interests in joint ventures; • Understanding and evaluating the management's process for identifying the existence of impairment indicators in respect of the interests in joint ventures; • Where indicators of impairment have been identified, assessing the reasonableness of the recoverable amounts of each of the joint ventures and obtaining an understanding from the management of their financial position and future prospects; • Understanding the management process for determining and assessing the reasonableness of key inputs and assumptions used by management in their estimation of recoverable amounts of those interests in joint ventures with impairment indicators, including projections of cash flows, growth rates and discount rates applied; and comparing cash flow projections to supporting evidence, such as approved budgets.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Hung Suk Fan.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
15th March, 2023

CONSOLIDATED INCOME STATEMENT

for the year ended 31st December

HK$ million	Notes	2022	2021
Turnover	6	**39,236**	40,730
Sales and interest income from infrastructure investments	6	**6,615**	7,048
Other income	7	**925**	412
Operating costs	8	**(4,364)**	(4,627)
Finance costs	9	**(519)**	(383)
Exchange gain		**111**	189
Share of results of associates		**2,442**	2,590
Share of results of joint ventures		**3,084**	2,886
Profit before taxation	10	**8,294**	8,115
Taxation	11(a)	**(121)**	(161)
Profit for the year	12	**8,173**	7,954
Attributable to:			
Shareholders of the Company		**7,748**	7,515
Owners of perpetual capital securities		**438**	434
Non-controlling interests		**(13)**	5
		8,173	7,954
Earnings per share	13	**HK$3.08**	HK$2.98

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31st December

HK$ million	2022	2021
Profit for the year	**8,173**	7,954
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Gain from fair value changes of derivatives designated as effective cash flow hedges	**250**	228
Gain from fair value changes of derivatives designated as effective net investment hedges	**4,231**	1,751
Exchange differences on translation of financial statements of foreign operations	**(7,069)**	(1,948)
Share of other comprehensive income of associates	**1,496**	998
Share of other comprehensive income of joint ventures	**4,832**	187
Reserves released upon disposal of joint ventures	**863**	–
Income tax relating to components of other comprehensive income	**(1,886)**	(241)
	2,717	975
Items that will not be reclassified to profit or loss:		
Share of other comprehensive (expense)/income of associates	**(33)**	809
Share of other comprehensive (expense)/income of joint ventures	**(654)**	1,983
Income tax relating to components of other comprehensive income	**94**	(605)
	(593)	2,187
Other comprehensive income for the year	**2,124**	3,162
Total comprehensive income for the year	**10,297**	11,116
Attributable to:		
Shareholders of the Company	**9,883**	10,673
Owners of perpetual capital securities	**438**	434
Non-controlling interests	**(24)**	9
	10,297	11,116

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31st December

HK$ million	Notes	2022	2021
Property, plant and equipment	15	**3,017**	3,029
Investment properties	16	**408**	408
Interests in associates	17	**38,527**	37,998
Interests in joint ventures	18	**99,302**	106,802
Other financial assets	19	**1,590**	1,613
Derivative financial instruments	20	**1,249**	441
Goodwill and intangible assets	21	**2,246**	2,447
Deferred tax assets	27	**3**	6
Total non-current assets		**146,342**	152,744
Inventories	22	**309**	171
Derivative financial instruments	20	**53**	768
Debtors and prepayments	23	**1,118**	1,231
Bank balances and deposits	24	**18,045**	8,085
Total current assets		**19,525**	10,255
Bank and other loans	25	**5,148**	10,389
Derivative financial instruments	20	**891**	177
Creditors, accruals and others	26	**6,173**	5,963
Taxation		**56**	134
Total current liabilities		**12,268**	16,663
Net current assets/(liabilities)		**7,257**	(6,408)
Total assets less current liabilities		**153,599**	146,336
Bank and other loans	25	**23,063**	19,458
Derivative financial instruments	20	**314**	164
Deferred tax liabilities	27	**493**	476
Other non-current liabilities		**347**	391
Total non-current liabilities		**24,217**	20,489
Net assets		**129,382**	125,847
Representing:			
Share capital	29	**2,520**	2,520
Reserves		**116,873**	113,314
Equity attributable to shareholders of the Company		**119,393**	115,834
Perpetual capital securities	30	**9,885**	9,885
Non-controlling interests		**104**	128
Total equity		**129,382**	125,847

VICTOR T K LI
Director

IP TAK CHUEN, EDMOND
Director

15th March, 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31st December

	Attributable to shareholders of the Company											
HK$ million	Share capital	Share premium	Treasury shares	Contributed surplus	Property revaluation reserve	Hedging reserve	Exchange translation reserve	Retained profits	Sub-total	Perpetual capital securities	Non-controlling interests	Total
At 1st January, 2021	2,651	25,299	(9,245)	6,062	68	(5,551)	(5,532)	97,690	111,442	14,701	119	126,262
Profit for the year	–	–	–	–	–	–	–	7,515	7,515	434	5	7,954
Gain from fair value changes of derivatives designated as effective cash flow hedges	–	–	–	–	–	228	–	–	228	–	–	228
Gain from fair value changes of derivatives designated as effective net investment hedges	–	–	–	–	–	–	1,751	–	1,751	–	–	1,751
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	–	(1,952)	–	(1,952)	–	4	(1,948)
Share of other comprehensive income/(expense) of associates	–	–	–	–	–	1,091	(93)	809	1,807	–	–	1,807
Share of other comprehensive income of joint ventures	–	–	–	–	–	187	–	1,983	2,170	–	–	2,170
Income tax relating to components of other comprehensive income	–	–	–	–	–	(241)	–	(605)	(846)	–	–	(846)
Total comprehensive income/(expense) for the year	–	–	–	–	–	1,265	(294)	9,702	10,673	434	9	11,116
Final dividend paid for the year 2020	–	–	–	–	–	–	–	(4,510)	(4,510)	–	–	(4,510)
Interim dividend paid	–	–	–	–	–	–	–	(1,739)	(1,739)	–	–	(1,739)
Distribution paid on perpetual capital securities	–	–	–	–	–	–	–	–	–	(570)	–	(570)
Issue of perpetual capital securities (note 30)	–	–	–	–	–	–	–	–	–	4,680	–	4,680
Direct costs for issue of perpetual capital securities	–	–	–	–	–	–	–	(32)	(32)	–	–	(32)
Redemption of perpetual capital securities (note 30)	(131)	(9,114)	9,245	–	–	–	–	–	–	(9,360)	–	(9,360)
At 31st December, 2021	2,520	16,185	–	6,062	68	(4,286)	(5,826)	101,111	115,834	9,885	128	125,847
Profit for the year	–	–	–	–	–	–	–	7,748	7,748	438	(13)	8,173
Gain from fair value changes of derivatives designated as effective cash flow hedges	–	–	–	–	–	250	–	–	250	–	–	250
Gain from fair value changes of derivatives designated as effective net investment hedges	–	–	–	–	–	–	4,231	–	4,231	–	–	4,231
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	–	(7,058)	–	(7,058)	–	(11)	(7,069)
Share of other comprehensive income/(expense) of associates	–	–	–	–	–	2,541	(1,045)	(33)	1,463	–	–	1,463
Share of other comprehensive income/(expense) of joint ventures	–	–	–	–	–	4,832	–	(654)	4,178	–	–	4,178
Reserves released upon disposal of joint ventures	–	–	–	–	–	101	762	–	863	–	–	863
Income tax relating to components of other comprehensive income	–	–	–	–	–	(1,886)	–	94	(1,792)	–	–	(1,792)
Total comprehensive income/(expense) for the year	–	–	–	–	–	5,838	(3,110)	7,155	9,883	438	(24)	10,297
Final dividend paid for the year 2021	–	–	–	–	–	–	–	(4,560)	(4,560)	–	–	(4,560)
Interim dividend paid	–	–	–	–	–	–	–	(1,764)	(1,764)	–	–	(1,764)
Distribution paid on perpetual capital securities	–	–	–	–	–	–	–	–	–	(438)	–	(438)
At 31st December, 2022	**2,520**	**16,185**	**–**	**6,062**	**68**	**1,552**	**(8,936)**	**101,942**	**119,393**	**9,885**	**104**	**129,382**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31st December

HK$ million	Notes	2022	2021
OPERATING ACTIVITIES			
Cash generated from operating activities before finance costs and income tax paid	32(a)	**2,234**	3,595
Finance costs paid		**(403)**	(335)
Income taxes paid		**(114)**	(205)
Net cash from operating activities		**1,717**	3,055
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(473)**	(363)
Disposals of property, plant and equipment		**7**	37
Additions to intangible assets		**(6)**	(4)
Purchase of other financial assets		**(15)**	(57)
Advances to associates		**(5)**	(29)
Loan repaid from an associate		**–**	53
Investment in joint ventures		**(89)**	(1,214)
Advances to joint ventures		**(56)**	(221)
Advances repaid from a joint venture		**–**	1
Loan repaid from a joint venture		**–**	316
Disposal of joint ventures		**4,307**	–
Dividends received from associates		**2,296**	2,592
Dividends received from joint ventures		**3,544**	2,757
Net cash received on hedging instruments		**5,358**	443
Net cash from investing activities		**14,868**	4,311
Net cash flows before financing activities		**16,585**	7,366
FINANCING ACTIVITIES			
New bank and other loans	32(b)	**10,523**	9,687
Repayments of bank and other loans	32(b)	**(10,342)**	(10,864)
Repayment of lease principal	32(b)	**(32)**	(38)
Interest paid on lease liabilities	32(b)	**(12)**	(12)
Dividends paid		**(6,324)**	(6,249)
Distribution paid on perpetual capital securities		**(438)**	(570)
Issue of perpetual capital securities		**–**	4,680
Direct costs for issue of perpetual capital securities		**–**	(32)
Redemption of perpetual capital securities		**–**	(9,360)
Net cash utilised in financing activities		**(6,625)**	(12,758)
Net increase/(decrease) in cash and cash equivalents		**9,960**	(5,392)
Cash and cash equivalents at 1st January		**8,085**	13,477
Cash and cash equivalents at 31st December	24	**18,045**	8,085

1. GENERAL

CK Infrastructure Holdings Limited (the "Company") is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange"). The addresses of its registered office and principal place of business are disclosed in the section headed "Corporate Information" of the Annual Report of the Company and its subsidiaries (collectively, the "Group"). The Company's ultimate holding company is CK Hutchison Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on Hong Kong Stock Exchange.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

The Group's principal activities are the development, investment and operation of infrastructure businesses in Hong Kong, Mainland China, the United Kingdom, Continental Europe, Australia, New Zealand, Canada and the United States.

2. CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has adopted the 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, 2022. The adoption of the 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.

The Group has not early adopted the following new and amendments to HKFRSs issued by the HKICPA that have been issued but are not yet effective. The Group is continuing to assess the implication of the adoption of these standards. The Directors anticipate that the adoption of the new and amendments to HKFRSs listed below will have no material impact on the results and financial position of the Group.

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

3. PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on Hong Kong Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as explained in the principal accounting policies set out below.

(a) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the year together with the Group's interests in associates and joint ventures on the basis set out in (e) below.

The results of subsidiaries, share of results of associates and joint ventures acquired or disposed of during the year are included in the consolidated income statement from the date the Group gains control / exercises significant influences / gains joint control until the date when the Group ceases to control / ceases to exercise significant influences / ceases to joint control, as appropriate.

(b) Goodwill

In relation to business combination that took place on or after 1st January, 2010, goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the subsidiaries, and the fair value of the Group's previously held equity interests in the subsidiaries (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill recognised prior to 1st January, 2010 was measured as the excess of costs of acquisition over the net fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the subsidiaries, associates and joint ventures acquired.

Goodwill is recognised as an asset less any identified impairment loss. Goodwill recognised in reserves prior to 1st January, 2001 continues to be held in the reserves and are transferred to retained profits when the business to which the goodwill relates is disposed of or becomes impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the business acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, associate, joint venture or relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(c) Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation of intangible assets is provided over their estimated useful lives using the straight-line method, at the following rates per annum:

Brand name and trademarks	Indefinite useful lives
Customer contracts	Over the contract lives
Resource consents (excluding landfills)	4% or over the contract lives
Computer software	33% or over the license period
Operation license	7%
Others	Over the contract lives

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired through business combination are carried at cost less accumulated impairment losses.

The useful life of the resource consents for the landfills is dependent on the total capacity of the landfills, the level of tonnage of waste, the compacting rate and other variable. As such the landfills useful life is reassessed annually and the amortisation rate of the landfills resource consents is adjusted accordingly.

The carrying amount of intangible assets with indefinite useful life is tested for impairment annually. The carrying amount of intangible assets with finite useful life is reviewed for indications of impairment at the end of each reporting period. An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(d) Subsidiaries

A subsidiary is an entity that is controlled by the Company. The Company controls an entity when it has power over the investees; it is exposed, or has rights, to variable returns from its involvement with the entity; and has the ability to affect those returns through its power over the entity.

The acquisition of a subsidiary is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. After 1st January, 2010, acquisition-related costs are generally recognised in profit or loss as incurred.

Prior to 1st January, 2010, any costs directly attributable to business combination were included as part of the cost of the acquisition.

The acquiree's identifiable assets, liabilities and contingent liabilities, where appropriate, are recognised at their fair values at the acquisition date.

(e) Associates and Joint Ventures

An associate is a company, other than a subsidiary or joint venture, in which the Group has a long-term equity interest and over which the Group is in a position to exercise significant influence over its management, including participation in the financial and operating policy decisions.

A joint venture is a contractual arrangement whereby the venturers agree to share control of the arrangement which exists only when the decisions about the relevant activities require unanimous consent of the parties sharing control, and have rights to the net assets of the arrangement.

The results and assets and liabilities of associates / joint ventures are incorporated in the Group's consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates / joint ventures are carried in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate / joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group.

Losses of an associate / joint venture in excess of the Group's interest in that associate / joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate / joint venture) are not recognised.

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(f) Property, Plant and Equipment

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use, including costs of testing whether the related asset is functioning properly.

Freehold land is not depreciated. Depreciation of property, plant and equipment is provided to write off their depreciable amounts over their estimated useful lives using the straight-line method, at the following rates per annum:

Leasehold land	Over the unexpired lease term
Buildings	2% to 3% or over the unexpired lease terms of the land, whichever is the higher
Mains, pipes, other plant and machinery	3% to 26% or over the expected useful lives
Leased properties and others	Over the lease term or expected useful lives
Furniture, fixtures and others	3% to 33% or over the expected useful lives

When an asset is disposed of or retired, any gain or loss, representing the difference between the carrying value and the sales proceeds, if any, is included in the consolidated income statement.

(g) Investment Properties

Investment properties, which are properties held to earn rentals and / or for capital appreciation, are stated at its fair value at the end of the reporting period. Gains or losses arising from changes in the fair values of investment properties are recognised in the consolidated income statement for the period in which they arise.

(h) Inventories

Inventories are stated at the lower of cost, computed on a weighted-average or a first-in first-out basis as appropriate, and net realisable value. Cost includes cost of purchase and where applicable, cost of conversion and other costs that have been incurred in bringing the inventories to their present location and condition. Net realisable value is determined on the basis of anticipated sales proceeds less estimated costs to completion and costs necessary to make the sale.

(i) Financial Instruments

Investments in securities

Equity securities and debt securities are classified as "financial assets at fair value through profit or loss" and "financial assets at amortised cost", respectively, according to the business model.

Financial assets at fair value through profit or loss are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(i) Financial Instruments (Cont'd)

Other investments

Other investments are classified as financial assets at fair value through profit or loss in accordance with HKFRS 9.

Derivative financial instruments and hedge accounting

Derivative financial instruments are initially measured at fair values on the dates at which the contracts are entered into, and are remeasured to their fair values at subsequent reporting dates.

Hedging accounting relationships are aligned with the Group's risk management objectives and strategy.

Changes in the fair values of derivative financial instruments that are designated as effective in hedging future cash flows are recognised directly in hedging reserve. Amounts deferred in the equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss. Any ineffective portion is recognised immediately in the consolidated income statement.

When a hedged item in a cash flow hedge is amended to reflect the changes that are required by the interest rate benchmark reform, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

Changes in fair values of derivative financial instruments that are designated and qualify as net investment hedges are recognised directly in exchange translation reserve. Any ineffective portion is recognised immediately in the consolidated income statement.

Changes in the fair values of derivative financial instruments that do not qualify for hedge accounting are recognised in the consolidated income statement.

Any changes made to the hedged risk, hedged item or hedging instrument required by interest rate benchmark reform, do not constitute neither the discontinuation of the hedging relationship nor the designation of a new hedging relationship.

The Group discontinues hedge accounting prospectively only when the hedging relationship ceases to meet the qualifying criteria, including instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it, in which case hedge accounting continues for the remainder of the hedging relationship. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the hedged risk associated with the hedged item is ultimately recognised in profit or loss. The cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss when a forecast transaction is no longer expected to occur in relation to hedging of a forecast transaction.

For the purpose of determining whether a forecast transaction is highly probable and assessing the economic relationship between the hedged item and the hedging instrument, the Group assumes that the interest rate benchmark is not altered as a result of interest rate benchmark reform.

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(i) Financial Instruments (Cont'd)

Debtors

Debtors are classified as financial assets at amortised cost in accordance with HKFRS 9, and subsequently measured at amortised cost using the effective interest method.

Appropriate allowances for expected credit loss are recognised in the consolidated income statement to reflect the initial expected credit losses and the changes in credit risk since initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Bank and other loans

Interest-bearing bank and other loans are initially measured at fair values, and are subsequently measured at amortised cost, using the effective interest method.

Creditors

Creditors are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Perpetual capital securities issued by the Group are classified as equity instruments and are initially recorded at the proceeds received.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of the initial fair value less subsequent amortisation and the amount of the expected loss determined in accordance with HKFRS 9.

Fair value

Fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices. Fair value of derivative financial instruments and certain financial assets not traded on active liquid markets are determined with reference to fair value estimated by independent professionals or the present value of the estimated future cash flows discounted at the effective interest rate.

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(i) Financial Instruments (Cont'd)

Impairment

The Group recognises a loss allowance for expected credit loss on financial assets and financial guarantee which are subject to impairment under HKFRS 9. The amount of expected credit loss is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime expected credit loss represents the expected credit loss that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month expected credit loss represents the portion of lifetime expected credit loss that is expected to result from default events that are possible within 12 months after the reporting date.

The Group recognises lifetime expected credit loss for trade receivables. For all other financial instruments, the Group measures the loss allowance equal to 12-month expected credit loss, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime expected credit loss.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate prospectively. Such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

(j) Revenue Recognition

Sales of goods

Revenue from sales of goods is recognised when a performance obligation is satisfied, which is recognised at a point in time, based on the timing of control of the goods underlying the particular performance obligation being transferred to the customer.

Revenue is measured at the fair value of the consideration received or receivable and is arrived at after deduction of any sales returns and discounts and taxes.

Sales of services

Revenue from sales of services is recognised when a performance obligation is satisfied, which is recognised at a point in time, based on the timing of control of the services underlying the particular performance obligation being transferred to the customer.

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(j) Revenue Recognition (Cont'd)

Interest income

Interest income from a financial asset excluding financial assets at fair value through profit or loss is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(k) Foreign Currencies

The individual financial statements of each group entity is prepared and presented in the currency of the primary economic environment in which the entity operates ("functional currency"). For the purpose of the consolidated financial statements, the result and financial position of each entity are presented in Hong Kong dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was measured. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the consolidated income statement for the year, except for exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation, in which case, such exchange differences are recognised directly in other comprehensive income. Exchange differences arising on the retranslation of non-monetary items carried at fair values are included in the consolidated income statement for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income and accumulated in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Hong Kong dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as other comprehensive income and included in the Group's exchange translation reserve. Such translation differences are recognised in the consolidated income statement in the year in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in the exchange translation reserve.

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(l) Taxation

Hong Kong Profits Tax is provided for at the prevailing tax rate on the estimated assessable profits less available tax relief for losses brought forward of each individual company comprising the Group. Overseas tax is provided for at the applicable local tax rates on the estimated assessable profits less available tax losses of the individual company concerned.

Deferred tax is provided for all temporary differences arising between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit of the corresponding year. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(m) Leases

For lessees, right-of-use assets and lease liabilities are recognised at the lease commencement date, except for leases with a lease term of 12 months or less, or those low-value assets, which are recognised as expenses on a straight-line basis over the lease terms.

Lease liabilities are initially measured at the present value of the remaining lease payments with reference to an expected lease term, which includes optional lease periods when the lessee is reasonably certain to exercise the option to extend or not to terminate the lease. The remaining lease payments are discounted using the interest rate implicit in the lease. If the interest rate implicit in the lease is not readily determinable, the Group uses the incremental borrowing rate at the lease commencement date. Subsequently, lease liabilities are adjusted by interest accretion and lease payments. Lease payments are separated into principal portion and interest portion and presented within financing activities in the consolidated statement of cash flows.

At inception, the right-of-use assets comprise the initial lease liabilities, initial direct costs and the obligation to restore the asset, less any incentive granted by the lessor. The right-of-use assets are depreciated over the shorter of the lease term or the useful life of the underlying asset. The carrying amount of right-of-use assets is reviewed for indications of impairment at the end of each reporting period. All impairment loss is recognised in profit or loss if the carrying amount of an asset exceeds its recoverable amount.

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(n) Employee Retirement Benefits

The Group operates defined contribution and defined benefit retirement plans for its employees.

The costs of defined contribution plans are charged to the consolidated income statement as an expense when employees have rendered service entitling them to the contributions.

The cost of providing retirement benefits under the Group's defined benefit retirement plans is determined using the projected unit credit method, with actuarial valuations being carried out annually. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained profits and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a planned amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. The amount recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the plans.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include other financial assets, derivative financial instruments, bank balances and deposits, bank and other loans, and debtors and creditors. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Currency Risk

The Group is exposed to currency risk primarily arising from foreign investments and borrowings denominated in currencies other than the functional currency of individual subsidiaries, which accounted for 24 per cent of the Group's borrowings (2021: 25 per cent). The Group generally hedges those investments with the appropriate level of borrowings denominated in the local currencies of relevant countries. The Group also entered into currency derivatives to hedge most foreign investments financed by internal resources. Given this, the management considers that the net exposure to currency risk is kept to an appropriate level. Details of the currency derivatives entered into by the Group at the end of the reporting period are set out in note 20.

The Group is also exposed to currency risk arising from bank deposits denominated in foreign currencies, which accounted for 92 per cent of the Group's bank balances and deposits at the end of the reporting period (2021: 85 per cent). Those bank balances and deposits are mainly denominated in United States dollars, Australian dollars, Pounds sterling, New Zealand dollars and Renminbi. The management maintains the portfolio of bank deposits denominated in different currencies and the exposure to currency risk is kept to an appropriate level.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Currency Risk (Cont'd)

Sensitivity analysis

The following table indicates the approximate change in the Group's profit for the year and other comprehensive income in response to a 5 per cent strengthening in foreign currencies (except for United States dollars) against Hong Kong dollars to which the Group has significant exposure related to monetary financial assets and liabilities and derivative financial instruments in existence at the end of the reporting period:

	2022		2021	
HK$ million	Effect on profit for the year increase/ (decrease)	Effect on other comprehensive income decrease	Effect on profit for the year increase/ (decrease)	Effect on other comprehensive income decrease
Australian dollars	**21**	**(403)**	28	(475)
Pounds sterling	**154**	**(1,164)**	79	(1,316)
Japanese yen	**(89)**	**–**	(102)	–
Canadian dollars	**13**	**(316)**	3	(352)
New Zealand dollars	**4**	**(68)**	11	(74)
Euros	**6**	**(416)**	18	(460)

A 5 per cent weakening in the above foreign currencies against Hong Kong dollars would have had an equal but opposite effect on the Group's profit for the year and other comprehensive income.

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to each of the Group's entities exposure to currency risk for both monetary financial assets and liabilities and derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of the next reporting period. In this respect, the management does not expect any significant movements in the pegged rate of 7.8 between the United States dollars and Hong Kong dollars. It is also assumed that such pegged rate would be materially unaffected by any changes in movement in value of the United States dollars against other currencies.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Interest Rate Risk

The Group's interest rate risk relates primarily to floating rate borrowings and deposits. In relation to these floating rate borrowings, the management aims at keeping borrowings at fixed rates at appropriate level by entering into interest rate swaps. In order to achieve this result, the Group entered into interest rate swaps to hedge against certain exposures to changes in interest rates of the borrowings.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates with nearly risk-free alternative rates. The Group's risk exposure arising from the interest rate benchmark reform and the progress towards implementation of alternative benchmark interest rates are set out in note 4(f).

Details of the Group's interest rate swaps and borrowings entered into by the Group at the end of the reporting period are set out in notes 20 and 25, respectively.

Sensitivity analysis

At 31st December, 2022, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would decrease the Group's profit for the year by HK$6 million (2021: increase by HK$25 million). Other comprehensive income would increase by HK$66 million (2021: HK$104 million) in response to the general increase in interest rates. A decrease of 100 basis points in interest rate would have had an equal but opposite effect on the Group's profit for the year and other comprehensive income.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 100 basis points increase represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period.

(c) Credit Risk

The Group's credit risk is primarily attributable to derivative financial instruments entered into for hedging purposes, bank balances and deposits, trade debtors and other receivables.

In respect of trade debtors and other receivables, local management teams of subsidiaries are responsible for monitoring the procedures to ensure that follow-up actions are taken to recover overdue debts of the subsidiaries. In addition, the teams perform impairment assessment under expected credit loss model based on provision matrix or individual assessment on each debt at the end of the reporting period in relation to waste management services and sales of infrastructure materials to ensure that adequate impairment losses are recognised. Normally, the Group does not obtain collateral covering the outstanding balances.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Credit Risk (Cont'd)

The Group recognises lifetime expected credit loss for trade receivables. For all other financial instruments, the Group measures the loss allowance equal to 12-month expected credit loss, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime expected credit loss.

The estimated loss rates are estimated based on historically observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

Transactions involving derivative financial instruments and liquid funds are also with banks or financial institutions of high credit standing.

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. Except for the guarantees given by the Group as set out in note 35, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these guarantees at the end of the reporting period is disclosed in note 35.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade debtors and other receivables are set out in note 23.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

(d) Liquidity Risk

The Group's treasury activities are centralised to achieve better risk control and minimise the cost of funds. Cash is generally placed in short-term deposits mostly denominated in United States dollars, Hong Kong dollars, Australian dollars, Pounds sterling, New Zealand dollars and Renminbi. The management aims to maintain a balance between continuity of adequate funding and the flexibility through the use of bank and other borrowings. The Group's liquidity and financing requirements are reviewed regularly to mitigate the effects of fluctuations in cash flows. The management will consider new financing while maintaining appropriate gearing for new investments and refinancing of existing debts. The Group's risk exposure arising from the interest rate benchmark reform and the progress towards implementation of alternative benchmark interest rates are set out in note 4(f).

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Liquidity Risk (Cont'd)

The following table details the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial assets and liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	2022						2021					
HK$ million	Carrying amount	Total contractual undiscounted cash outflows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Carrying amount	Total contractual undiscounted cash outflows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
Unsecured bank loans	18,148	19,784	5,701	1,861	12,222	–	19,411	19,684	9,076	5,598	5,010	–
Secured bank loans	1,523	1,712	78	78	1,556	–	1,442	1,453	1,453	–	–	–
Lease liabilities	351	427	42	41	108	236	390	476	42	41	111	282
Unsecured notes and bonds	8,540	8,962	186	7,555	1,221	–	8,994	9,371	100	100	7,886	1,285
Trade creditors	313	313	313	–	–	–	243	243	243	–	–	–
Other payables and accruals	906	906	880	–	–	26	1,106	1,106	1,074	–	–	32
	29,781	32,104	7,200	9,535	15,107	262	31,586	32,333	11,988	5,739	13,007	1,599
Derivatives settled gross:												
Currency derivatives held as net investment hedging instruments:												
– outflow		48,207	30,832	4,883	12,492	–		52,103	36,898	701	6,006	8,498
– inflow		(48,405)	(29,918)	(5,394)	(13,093)	–		(53,714)	(37,960)	(674)	(6,195)	(8,885)
		(198)	914	(511)	(601)	–		(1,611)	(1,062)	27	(189)	(387)

(e) Other Price Risk

The Group is exposed to other price risk through its investments in securities and other investments as set out in note 19. The management manages this exposure by maintaining a portfolio of investments with different risks. For strategic purposes, the Group holds primarily equity or debt instruments operating in energy sector.

Sensitivity analysis

At 31st December, 2022, it is estimated that a 5 per cent decrease in the prices of the respective instruments, with all other variables held constant, would decrease the Group's profit for the year by HK$79 million (2021: HK$81 million). A 5 per cent increase in prices would have had an equal but opposite effect on the Group's profit for the year and other comprehensive income.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(e) Other Price Risk (Cont'd)

Sensitivity analysis (Cont'd)

The sensitivity analysis above has been determined assuming that the change in prices had occurred at the end of the reporting period and had been applied to the exposure to price risk for the Group's investments in securities and other investments at fair value in existence at that date (as set out in note 19). The 5 per cent decrease in prices represents management's assessment of a reasonably possible change in the prices of those instruments over the period until the end of the next reporting period.

(f) Interest Rate Benchmark Reform

During the year, the GBP LIBOR bank loan and JPY LIBOR bank loans of the Group have been transitioned to Sterling Overnight Index Average ("SONIA") and Tokyo Overnight Average Rate ("TONAR"), respectively.

Subsequent to the end of the reporting period, the Group was negotiating with counterparties to transition USD LIBOR revolving loan facilities to Secured Overnight Financing Rate ("SOFR"). The Directors anticipate that the interest rate benchmark reform will have no material impact on the Group's risk exposure.

(g) Fair Value

Except for certain investments in securities which are stated at cost, the carrying values of all financial assets and financial liabilities approximate to their fair values.

The fair value of the Group's financial instruments and non-financial instruments are grouped into Level 1 to 3 with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 31st December, 2022, investment properties amounting to HK$408 million (2021: HK$408 million) and unlisted investment in securities amounting to HK$338 million (2021: HK$367 million) were measured at fair value based on value inputs, other than quoted prices, that are observable either directly or indirectly. Other investments amounting to HK$1,252 million (2021: HK$1,246 million) were measured at fair value based on value inputs that are not observable market data but change of these value inputs to reasonable possible alternatives would not have material effect on the Group's results and financial position.

Derivative financial instruments were measured at fair value based on value inputs, other than quoted prices, that are observable either directly or indirectly.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(h) Offsetting Financial Assets and Financial Liabilities

The following tables set out the carrying amounts of financial assets and financial liabilities that are subject to enforceable master netting arrangements or similar agreements, irrespective of whether they are offset in the Group's consolidated statement of financial position.

				Related amounts not offset in the consolidated statement of financial position		
As at 31st December, 2022 HK$ million	**Gross amounts of recognised financial assets/ (liabilities)**	**Gross amounts offset in the consolidated statement of financial position**	**Net amounts presented in the consolidated statement of financial position**	**Financial assets/ (liabilities)**	**Cash collateral pledged/ (received)**	**Net amounts**
Financial asset						
Derivative financial instruments	90	–	90	(90)	–	–
Financial liability						
Derivative financial instruments	(857)	–	(857)	90	–	(767)

				Related amounts not offset in the consolidated statement of financial position		
As at 31st December, 2021 HK$ million	Gross amounts of recognised financial assets/ (liabilities)	Gross amounts offset in the consolidated statement of financial position	Net amounts presented in the consolidated statement of financial position	Financial assets/ (liabilities)	Cash collateral pledged/ (received)	Net amounts
Financial asset						
Derivative financial instruments	395	–	395	(64)	–	331
Financial liability						
Derivative financial instruments	(64)	–	(64)	64	–	–

5. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Significant estimates and assumptions concerning the future may be required in selecting and applying the appropriate accounting methods and policies in the financial statements. The Group bases its estimates and judgements on historical experience and various other assumptions that it believes are reasonable under various circumstances. Actual results may differ from these estimates and judgements under different assumptions and conditions.

(a) Impairment testing of goodwill

Goodwill is tested for impairment annually or more frequently when there is any indication of impairment which required the Group to estimate the value in use of the relevant cash-generating unit. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the relevant cash-generating unit and a suitable discount rate is used in order to calculate the present value. The carrying value of goodwill as at 31st December, 2022 is HK$843 million (2021: HK$907 million). Details of the impairment testing of goodwill are disclosed in note 21.

(b) Impairment testing of intangible assets

Impairment testing of intangible assets requires significant judgement and estimate. Intangible assets with indefinite useful lives are tested for impairment annually and intangible assets with definite useful lives are tested for impairment if there is any indication that the carrying value of these assets may not be recoverable and the assets are subject to an impairment loss. The recoverable amount is the higher of an asset's fair value less costs of disposals and value in use. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the relevant cash-generating unit and a suitable discount rate is used in order to calculate the present value. The carrying value of intangible assets as at 31st December, 2022 is HK$1,403 million (2021: HK$1,540 million).

6. 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	2022	2021
Sales of infrastructure materials	**2,066**	2,417
Interest income from loans granted to associates	**287**	311
Interest income from loans granted to joint ventures	**2,361**	2,466
Sales of waste management services	**1,901**	1,854
Sales and interest income from infrastructure investments	**6,615**	7,048
Share of turnover of joint ventures	**32,621**	33,682
Turnover	**39,236**	40,730

7. OTHER INCOME

Other income includes the following:

HK$ million	2022	2021
Gain on disposal of joint ventures	526	–
Bank interest income	203	45
Change in fair values of investment properties	–	12

8. OPERATING COSTS

Operating costs include the following:

HK$ million	2022	2021
Depreciation of property, plant and equipment	306	324
Amortisation of intangible assets	36	45
Cost of inventories sold	1,952	2,041
Cost of services provided	1,137	1,101

9. FINANCE COSTS

HK$ million	2022	2021
Interest and other finance costs on		
Bank loans	507	348
Notes and bonds	126	95
Lease liabilities	12	12
Others	(126)	(72)
Total	519	383

10. PROFIT BEFORE TAXATION

HK$ million	2022	2021
Profit before taxation is arrived at after charging:		
Staff costs	941	949
Lease expenses relating to short-term leases and leases of low-value assets	75	64
Directors' emoluments (note 33)	114	108
Auditor's remuneration	8	9

11. TAXATION

(a) 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	2022	2021
Current taxation – Hong Kong	1	1
Current taxation – outside Hong Kong	67	135
Deferred taxation (note 27)	53	25
Total	121	161

(b) Reconciliation between tax charge and accounting profit at Hong Kong profits tax rate:

HK$ million	2022	2021
Profit before taxation	8,294	8,115
Less: Share of results of associates	(2,442)	(2,590)
Share of results of joint ventures	(3,084)	(2,886)
	2,768	2,639
Tax at 16.5% (2021: 16.5%)	457	435
Tax impact on:		
Different domestic rates of subsidiaries operating in other tax jurisdictions	(211)	(115)
Income not subject to tax	(244)	(253)
Expenses not deductible for tax purpose	56	59
Tax losses and other temporary differences not recognised	34	18
Others	29	17
Tax charge	121	161

12. PROFIT FOR THE YEAR AND SEGMENT INFORMATION

for the year ended 31st December

			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	
HK$ million	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Turnover	–	–	18,795	20,535	6,703	6,535	4,827	4,963	3,395	3,673	3,064	2,602	2,452	2,422	39,236	40,730	–	–	39,236	40,730
Sales and interest income from infrastructure investments	–	–	1,184	1,287	658	596	556	638	2,066	2,417	250	256	1,901	1,854	6,615	7,048	–	–	6,615	7,048
Bank interest income	–	–	–	–	–	–	–	–	44	33	–	–	2	1	46	34	157	11	203	45
Other income	–	–	–	–	–	45	–	–	132	69	–	–	5	7	137	121	2	90	139	211
Change in fair value of derivative financial instruments / other financial assets	–	–	–	(329)	–	–	–	–	–	–	–	–	–	–	–	(329)	51	156	51	(173)
Depreciation and amortisation	–	–	–	–	–	–	–	–	(105)	(122)	–	–	(236)	(246)	(341)	(368)	(1)	(1)	(342)	(369)
Other operating costs	–	–	–	–	–	–	–	–	(2,096)	(2,179)	–	–	(1,500)	(1,464)	(3,596)	(3,643)	(420)	(286)	(4,016)	(3,929)
Finance costs	–	–	–	–	–	–	–	–	–	–	–	–	(69)	(47)	(69)	(47)	(450)	(336)	(519)	(383)
Exchange (loss) / gain	–	–	–	(9)	–	–	–	–	(32)	–	–	–	–	–	(32)	(9)	143	198	111	189
Gain on disposal of joint ventures	–	–	526	–	–	–	–	–	–	–	–	–	–	–	526	–	–	–	526	–
Share of results of associates and joint ventures #	2,033	2,208	1,359	1,422	1,318	1,262	108	56	189	181	430	259	89	88	5,526	5,476	–	–	5,526	5,476
Profit / (Loss) before taxation	2,033	2,208	3,069	2,371	1,976	1,903	664	694	198	399	680	515	192	193	8,812	8,283	(518)	(168)	8,294	8,115
Taxation	–	–	–	–	–	–	–	–	(15)	(78)	(63)	(40)	(25)	(23)	(103)	(141)	(18)	(20)	(121)	(161)
Profit / (Loss) for the year	2,033	2,208	3,069	2,371	1,976	1,903	664	694	183	321	617	475	167	170	8,709	8,142	(536)	(188)	8,173	7,954
Attributable to:																				
Shareholders of the Company	2,033	2,208	3,069	2,371	1,976	1,903	664	694	196	316	617	475	167	170	8,722	8,137	(974)	(622)	7,748	7,515
Owners of perpetual capital securities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	438	434	438	434
Non-controlling interests	–	–	–	–	–	–	–	–	(13)	5	–	–	–	–	(13)	5	–	–	(13)	5
	2,033	2,208	3,069	2,371	1,976	1,903	664	694	183	321	617	475	167	170	8,709	8,142	(536)	(188)	8,173	7,954

\# Included net amount of share of deferred tax charges on change in corporate tax rate of the United Kingdom and share of tax credit in respect of deferred tax liabilities on intangible assets amounting to HK$1,813 million in the year ended 31st December, 2021.

12. PROFIT FOR THE YEAR AND SEGMENT INFORMATION (CONT'D)

for the year ended 31st December

	Investment in Power Assets Holdings Limited		Infrastructure Investments: United Kingdom		Australia		Continental Europe		Hong Kong and Mainland China		Canada		New Zealand		Total before unallocated items		Unallocated items		Consolidated	
HK$ million	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Other information																				
Expenditure for segment non-current assets:																				
– Additions to property, plant and equipment	**–**	–	**–**	–	**–**	–	**–**	–	**90**	50	**–**	–	**426**	422	**516**	472	**–**	–	**516**	472
– Additions to intangible assets	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**6**	4	**6**	4	**–**	–	**6**	4
– Investments in joint ventures	**–**	–	**–**	–	**–**	–	**8,138**	–	**–**	–	**89**	1,214	**–**	–	**8,227**	1,214	**–**	–	**8,227**	1,214
as at 31st December																				
Assets																				
Interests in associates and joint ventures	**31,279**	31,200	**49,606**	55,997	**31,728**	31,254	**14,754**	15,314	**940**	912	**8,439**	9,000	**1,083**	1,123	**137,829**	144,800	**–**	–	**137,829**	144,800
Property, plant and equipment and investment properties	**–**	–	**–**	–	**–**	–	**–**	–	**1,667**	1,766	**–**	–	**1,757**	1,669	**3,424**	3,435	**1**	2	**3,425**	3,437
Other segment assets	**–**	–	**412**	378	**–**	–	**–**	–	**2,587**	2,976	**4**	9	**2,740**	2,924	**5,743**	6,287	**–**	–	**5,743**	6,287
Unallocated corporate assets	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**18,870**	8,475	**18,870**	8,475
Total assets	**31,279**	31,200	**50,018**	56,375	**31,728**	31,254	**14,754**	15,314	**5,194**	5,654	**8,443**	9,009	**5,580**	5,716	**146,996**	154,522	**18,871**	8,477	**165,867**	162,999
Liabilities																				
Segment liabilities	**–**	–	**64**	–	**–**	–	**97**	102	**1,039**	1,164	**90**	58	**2,608**	2,595	**3,898**	3,919	**–**	–	**3,898**	3,919
Unallocated corporate liabilities	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**32,587**	33,233	**32,587**	33,233
Total liabilities	**–**	–	**64**	–	**–**	–	**97**	102	**1,039**	1,164	**90**	58	**2,608**	2,595	**3,898**	3,919	**32,587**	33,233	**36,485**	37,152

12. 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.

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than financial assets of the Group's head office; and
- all liabilities are allocated to reportable segments other than financial and other liabilities of the Group's head office.

13. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to shareholders of the Company of HK$7,748 million (2021: HK$7,515 million) and on 2,519,610,945 shares (2021: 2,519,610,945 shares) in issue during the year.

The 131,065,097 shares issued in connection with the issue of perpetual capital securities in March 2016 (note 30), which were cancelled in December 2021, were excluded from the calculation of earnings per share since these shares are disregarded for the purpose of determining the number of shares held by the public.

14. DIVIDENDS

(a)

HK$ million	2022	2021
Interim dividend paid of HK$0.70 per share (2021: HK$0.69 per share)	**1,764**	1,739
Proposed final dividend of HK$1.83 per share (2021: HK$1.81 per share)	**4,611**	4,560
Total	**6,375**	6,299

During the year ended 31st December, 2021, dividends of HK$6,299 million are stated after elimination of HK$90 million paid for the shares issued in connection with the issue of perpetual capital securities (note 30). There is no such elimination in 2022 after the cancellation of such shares in December 2021.

(b)

HK$ million	2022	2021
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$1.81 per share (2021: HK$1.79 per share)	**4,560**	4,510

Final dividend in respect of the previous financial year, approved and paid during the year ended 31st December, 2021, is stated after elimination of HK$235 million for the shares issued in connection with the issue of perpetual capital securities (note 30).

15. PROPERTY, PLANT AND EQUIPMENT

HK$ million	Medium term leasehold land in Hong Kong	Medium term leasehold land outside Hong Kong	Freehold land outside Hong Kong	Buildings	Mains, pipes, other plant and machinery	Leased properties and others	Furniture, fixtures and others	Total
Cost								
At 1st January, 2021	393	154	338	1,446	3,432	456	75	6,294
Transfer between categories	–	–	–	44	(24)	(20)	–	–
Additions	–	–	10	8	342	109	3	472
Disposals	–	–	(26)	(1)	(53)	–	(1)	(81)
Termination of leases	–	–	–	–	–	(31)	–	(31)
Exchange translation differences	–	4	(14)	20	(65)	(23)	1	(77)
At 31st December, 2021	393	158	308	1,517	3,632	491	78	6,577
Transfer between categories	–	–	–	32	(32)	–	–	–
Additions	–	–	308	6	157	43	2	516
Disposals	–	–	–	(10)	(106)	–	(4)	(120)
Termination of leases	–	–	–	–	–	(29)	–	(29)
Exchange translation differences	–	(13)	(21)	(91)	(236)	(35)	(5)	(401)
At 31st December, 2022	393	145	595	1,454	3,415	470	71	6,543
Accumulated depreciation								
At 1st January, 2021	220	61	15	784	2,063	135	51	3,329
Charge for the year	7	4	9	36	226	38	4	324
Transfer between categories	–	–	–	–	13	(13)	–	–
Disposals	–	–	–	(1)	(47)	–	(1)	(49)
Termination of leases	–	–	–	–	–	(30)	–	(30)
Exchange translation differences	–	2	–	10	(32)	(6)	–	(26)
At 31st December, 2021	227	67	24	829	2,223	124	54	3,548
Charge for the year	7	3	12	28	215	36	5	306
Transfer between categories	–	–	–	7	(7)	–	–	–
Disposals	–	–	–	(8)	(102)	–	(4)	(114)
Termination of leases	–	–	–	–	–	(8)	–	(8)
Exchange translation differences	–	(6)	(2)	(41)	(145)	(9)	(3)	(206)
At 31st December, 2022	234	64	34	815	2,184	143	52	3,526
Carrying value								
At 31st December, 2022	**159**	**81**	**561**	**639**	**1,231**	**327**	**19**	**3,017**
At 31st December, 2021	166	91	284	688	1,409	367	24	3,029

16. INVESTMENT PROPERTIES

HK$ million	
Medium term leases in Hong Kong, at fair value	
At 1st January, 2021	396
Change in fair values	12
At 31st December, 2021	408
Change in fair values	–
At 31st December, 2022	**408**

The fair values of the Group's investment properties at 31st December, 2022 and 2021 are determined based on a valuation carried out by Mr. K. B. Wong for and on behalf of Cushman & Wakefield Limited, independent qualified professional valuers not connected with the Group. Mr. K. B. Wong is a member of the Hong Kong Institute of Surveyors. The valuation which reflects the highest and best use was arrived at by reference to comparable market transactions and also taking reference of capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the properties.

17. INTERESTS IN ASSOCIATES

HK$ million	2022	2021
Investment costs		
– Listed in Hong Kong	**8,036**	8,036
– Unlisted	**730**	730
Share of post-acquisition reserves	**26,942**	26,246
	35,708	35,012
Amounts due by unlisted associates (note 36)	**2,819**	2,986
	38,527	37,998
Market value of investment in a listed associate	**32,811**	37,300

Included in the amounts due by unlisted associates are subordinated loans of HK$2,687 million (2021: HK$2,856 million). The rights in respect of these loans are subordinated to the rights of any other lenders to the associates.

17. INTERESTS IN ASSOCIATES (CONT'D)

Summarised financial information of Power Assets Holdings Limited ("Power Assets"), the only material associate, adjusted for any differences in accounting policies and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below.

(a) Financial information of the material associate as at 31st December

	Power Assets	
HK$ million	2022	2021
Current assets	**6,880**	4,963
Non-current assets	**87,647**	89,341
Current liabilities	**(4,038)**	(3,554)
Non-current liabilities	**(3,632)**	(3,983)
Equity	**86,857**	86,767
Reconciled to the Group's interests in the material associate		
Group's effective interest	**36.01%**	35.96%
Group's shares of net assets of the material associate and its carrying amount in the consolidated financial statements	**31,279**	31,200

(b) Financial information of the material associate for the year ended 31st December

	Power Assets	
HK$ million	2022	2021
Turnover	**1,265**	1,276
Profit for the year	**5,649**	6,140
Other comprehensive income	**581**	1,880
Total comprehensive income	**6,230**	8,020
Dividend received from the material associate	**2,164**	2,164

17. INTERESTS IN ASSOCIATES (CONT'D)

(c) Aggregate information of associates that are not individually material

HK$ million	2022	2021
Aggregate carrying amount of individually insignificant associates in the consolidated financial statements	**4,429**	3,812
Aggregate amounts of the Group's share of those associates'		
Profit for the year	**408**	382
Other comprehensive income	**585**	592
Total comprehensive income	**993**	974

Particulars of the principal associates are set out in Appendix 2 on page 148.

18. INTERESTS IN JOINT VENTURES

HK$ million	2022	2021
Investment costs	**62,851**	58,077
Share of post-acquisition reserves	**8,097**	10,964
	70,948	69,041
Amounts due by joint ventures (note 36)	**28,354**	37,761
	99,302	106,802

Included in the amounts due by joint ventures are subordinated loans of HK$26,560 million (2021: HK$26,783 million). The rights in respect of these loans are subordinated to the rights of any other lenders to the joint ventures.

18. INTERESTS IN JOINT VENTURES (CONT'D)

Summarised financial information of CK William UK Holdings Limited ("CK William") and UK Power Networks Holdings Limited ("UK Power Networks"), the material joint ventures, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below.

(a) Financial information of the material joint ventures as at 31st December

	CK William		UK Power Networks	
HK$ million	**2022**	2021	**2022**	2021
Current assets	**4,371**	4,563	**4,748**	4,945
Non-current assets	**89,559**	92,637	**140,904**	147,303
Current liabilities	**(8,728)**	(15,175)	**(12,898)**	(9,508)
Non-current liabilities	**(61,361)**	(59,711)	**(75,854)**	(81,947)
Equity	**23,841**	22,314	**56,900**	60,793
Reconciled to the Group's interest in the joint ventures				
Group's effective interest	**40%**	40%	**40%**	40%
Group's share of net assets of the joint ventures	**9,536**	8,926	**22,761**	24,317
Consolidation adjustments at Group level and non-controlling interests	**350**	555	**110**	124
Carrying amount of the joint ventures in the consolidated financial statements	**9,886**	9,481	**22,871**	24,441
Included in the above assets and liabilities:				
Cash and cash equivalents	**1,422**	1,616	**1,254**	1,831
Current financial liabilities (excluding trade and other payables and provisions)	**(5,195)**	(10,955)	**(3,737)**	(986)
Non-current financial liabilities (excluding trade and other payables and provisions)	**(52,166)**	(51,328)	**(52,976)**	(61,835)

18. INTERESTS IN JOINT VENTURES (CONT'D)

(b) Financial information of the material joint ventures for the year ended 31st December

	CK William		UK Power Networks	
HK$ million	2022	2021	2022	2021
Turnover	**10,994**	10,490	**16,930**	17,848
Profit for the year	**1,068**	930	**3,590**	3,492
Other comprehensive income	**1,592**	1,004	**986**	1,369
Total comprehensive income	**2,660**	1,934	**4,576**	4,861
Dividend received from the joint ventures	**163**	194	**1,168**	615
Included in the above profit:				
Depreciation and amortisation	**(2,626)**	(2,772)	**(3,477)**	(3,188)
Interest income	**17**	9	**261**	274
Interest expense	**(2,204)**	(2,092)	**(1,941)**	(2,868)
Income tax expense	**(636)**	(528)	**(3,333)**	(3,146)

(c) Aggregate information of joint ventures that are not individually material

HK$ million	2022	2021
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	**38,191**	35,119
Aggregate amounts of the Group's share of those joint ventures'		
Profit for the year	**1,221**	1,117
Other comprehensive income	**2,061**	922
Total comprehensive income	**3,282**	2,039

Particulars of the principal joint ventures are set out in Appendix 3 on pages 149 and 150.

19. OTHER FINANCIAL ASSETS

HK$ million	2022	2021
Financial assets at fair value through profit or loss		
Equity securities, unlisted	**338**	367
Other investments#	**1,252**	1,246
Total	**1,590**	1,613

Other investments include the investments under the agreement made as of 31st August, 2018 and as amended as of 30th December, 2019 with CK Hutchison Holdings Limited and its wholly-owned subsidiary.

20. DERIVATIVE FINANCIAL INSTRUMENTS

	2022		2021	
HK$ million	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts	**44**	**(891)**	555	(69)
Cross currency swaps	**1,173**	**(314)**	654	(48)
Interest rate swaps	**85**	**–**	–	(224)
	1,302	**(1,205)**	1,209	(341)
Portion classified as:				
Non-current	**1,249**	**(314)**	441	(164)
Current	**53**	**(891)**	768	(177)
	1,302	**(1,205)**	1,209	(341)

20. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

Currency Derivatives

During the current year, the Group utilised currency derivatives to hedge long-term foreign investments. The Group is a party to a variety of foreign currency forward contracts and cross currency swaps in the management of its exchange rate exposures.

The following contracts are outstanding as at the end of the reporting period and the major terms of these contracts are as follows:

As at 31st December, 2022 Notional amount	Maturity
Sell AUD 159.3 million^	2023
Sell CAD 791.6 million^	2023
Sell GBP 2,487.4 million^	2023
Sell NZD 280.0 million^	2023
Sell EUR 65.0 million^	2023
Sell CAD 200.0 million^	2024
Sell EUR 450.0 million^	2024
Sell CAD 132.5 million^	2025
Sell EUR 450.0 million^	2025
Sell EUR 65.0 million^	2027
Sell AUD 1,414.8 million^	2027

20. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

Currency Derivatives (Cont'd)

As at 31st December, 2021 Notional amount	Maturity
Sell AUD 159.3 million^	2022
Sell CAD 676.7 million^	2022
Sell GBP 2,487.4 million^	2022
Sell NZD 280.0 million^	2022
Sell EUR 515.0 million^	2022
Sell CAD 114.9 million^	2023
Sell CAD 200.0 million^	2024
Sell EUR 450.0 million^	2024
Sell CAD 132.5 million^	2025
Sell EUR 65.0 million^	2027
Sell AUD 1,414.8 million^	2027

^ designated as hedging instrument in accordance with HKFRS 9

The fair values of the above currency derivatives that are designated and effective as net investment hedges totalling HK$12 million (2021: HK$1,092 million) (net assets to the Group) have been deferred in equity at 31st December, 2022.

None of the above currency derivatives is designated and effective as cash flow hedges and fair value hedges at 31st December, 2022 and 2021.

20. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

Interest Rate Swaps

During the current year, the Group utilised interest rate swaps to manage its exposure to interest rate movements on its bank borrowings by swapping a proportion of those borrowings from floating rates to fixed rates. The notional principal amounts of the interest rate swap contracts outstanding as at 31st December, 2022 and 2021 and the major terms of these contracts are as follows:

As at 31st December, 2022 HK$ million	Floating interest rate	Weighted average fixed interest rate	Notional principal amount
Contracts maturing in 2025	BKBM*	4.13%	738
Contracts maturing in 2025	BBSW*	2.70%	2,682

As at 31st December, 2021 HK$ million	Floating interest rate	Weighted average fixed interest rate	Notional principal amount
Contracts maturing in 2022	BKBM*	1.53%	794
Contracts maturing in 2022	LIBOR*	1.89%	6,234
Contracts maturing in 2025	BBSW*	2.70%	2,850

* BKBM – New Zealand Bank Bill Reference Rate
LIBOR – London Interbank Offered Rate
BBSW – Australian Bank Bill Swap Reference Rate

The fair values of the above interest rate swaps that are designated and effective as cash flow hedges totalling HK$85 million (net assets to the Group) (2021: HK$167 million (net liabilities to the Group)) have been deferred in equity at 31st December, 2022.

21. GOODWILL AND INTANGIBLE ASSETS

HK$ million	2022	2021
Goodwill	**843**	907
Intangible assets	**1,403**	1,540
Total	**2,246**	2,447

Goodwill

HK$ million	2022	2021
At 1st January	**907**	948
Exchange difference	**(64)**	(41)
At 31st December	**843**	907

For the purpose of impairment test, the recoverable amount of the cash-generating units is determined based on value in use calculations.

The Group prepared its cash flow projections of each cash-generating unit based on the latest approved budget plus extrapolated cash flows for the subsequent 4 years (2021: 4 years) except for a landfill where the whole life model is used. Cash flow projections for each cash-generating unit are based on the expected terminal growth rate of 3 per cent (2021: 3 per cent). The Group considers that cash flow projections of 5 years (2021: 5 years) are appropriate as they entered long-term contracts with customers.

The model uses a terminal value which is equal to eight to ten times of earnings before interest, taxation, depreciation and amortisation and discount rate of 7.8 per cent to 8.8 per cent (2021: 6.7 per cent to 9.8 per cent). The impairment test of its assets is then assessed using the value in use for each cash-generating unit. Based on impairment tests prepared, there is no impairment for goodwill as at 31st December, 2022 and 2021.

21. GOODWILL AND INTANGIBLE ASSETS (CONT'D)

Intangible Assets

HK$ million	Brand name and trademarks	Customer contracts	Resource consents	Computer software	Operation license	Others	Total
Cost							
At 1st January, 2021	131	60	1,605	71	95	15	1,977
Additions	–	–	4	–	–	–	4
Disposals	–	–	–	(12)	–	–	(12)
Exchange translation differences	(5)	(3)	(71)	(3)	3	–	(79)
At 31st December, 2021	126	57	1,538	56	98	15	1,890
Additions	–	–	3	1	–	2	6
Disposals	–	–	–	–	–	(6)	(6)
Exchange translation differences	(9)	(4)	(106)	(4)	(9)	(1)	(133)
At 31st December, 2022	117	53	1,435	53	89	10	1,757
Accumulated amortisation							
At 1st January, 2021	–	50	133	33	95	12	323
Charge for the year	–	5	25	14	–	1	45
Disposals	–	–	–	(9)	–	–	(9)
Exchange translation differences	–	(2)	(7)	(3)	3	–	(9)
At 31st December, 2021	–	53	151	35	98	13	350
Charge for the year	–	4	21	10	–	1	36
Disposals	–	–	–	–	–	(6)	(6)
Exchange translation differences	–	(4)	(9)	(3)	(9)	(1)	(26)
At 31st December, 2022	–	53	163	42	89	7	354
Carrying value							
At 31st December, 2022	**117**	**–**	**1,272**	**11**	**–**	**3**	**1,403**
At 31st December, 2021	126	4	1,387	21	–	2	1,540

For brand name and trademarks of the Group that are regarded to have indefinite useful lives, there is no foreseeable limit to the period over which these assets are expected to generate cash flows for the Group.

For other intangible assets of the Group that are regarded to have finite useful lives, they are amortised on a straight-line basis according to their license periods or contract lives.

22. INVENTORIES

HK$ million	2022	2021
Raw materials	138	60
Work-in-progress	93	31
Stores, spare parts and supplies	28	36
Finished goods	50	44
Total	**309**	171

23. DEBTORS AND PREPAYMENTS

HK$ million	2022	2021
Trade debtors	349	311
Prepayments, deposits and other receivables	769	920
Total	**1,118**	1,231

The aging analysis of the Group's trade debtors presented based on the invoice dates is as follows:

HK$ million	2022	2021
Less than 1 month	215	214
1 to 3 months	112	87
More than 3 months but less than 12 months	27	19
More than 12 months	4	3
Gross total	358	323
Loss allowance	(9)	(12)
Total after allowance	**349**	311

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.

23. DEBTORS AND PREPAYMENTS (CONT'D)

During the year ended 31st December, 2022, the Group measured the loss allowance based on provision matrix or individual assessment under the expected credit loss model.

The Group used average loss rates ranging from 0.04 per cent to 100 per cent (2021: from 0.04 per cent to 22.3 per cent) for provision matrix assessment. The average loss rates were estimated based on historically observed default rates of the debtors and were adjusted for any forward-looking information that was available without undue cost or effort.

The movement in the loss allowance during the year is as follows:

HK$ million	2022	2021
At 1st January	12	14
Impairment loss recognised	–	2
Impairment loss written back	(3)	(4)
At 31st December	**9**	12

24. BANK BALANCES AND DEPOSITS

Bank balances and deposits carry average effective interest rate at 1.95 per cent (2021: 0.17 per cent) per annum.

25. BANK AND OTHER LOANS

HK$ million	2022	2021
Unsecured bank loans repayable:		
Within 1 year	**5,148**	8,947
In the 2nd year	**1,422**	5,523
In the 3rd to 5th year, inclusive	**11,578**	4,941
	18,148	19,411
Unsecured notes and bonds repayable:		
In the 2nd year	**7,393**	–
In the 3rd to 5th year, inclusive	**1,147**	7,717
After 5 years	**–**	1,277
	8,540	8,994
Secured bank loans repayable:		
Within 1 year	**–**	1,442
In the 3rd to 5th year, inclusive	**1,523**	–
	1,523	1,442
Total	**28,211**	29,847
Portion classified as:		
Current liabilities	**5,148**	10,389
Non-current liabilities	**23,063**	19,458
Total	**28,211**	29,847

25. BANK AND OTHER LOANS (CONT'D)

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	Bank loans		Notes		Bonds		Total	
HK$ million	2022	2021	2022	2021	2022	2021	2022	2021
GBP	**1,419**	1,559	**–**	–	**–**	–	**1,419**	1,559
AUD	**14,295**	15,190	**–**	–	**–**	–	**14,295**	15,190
JPY	**886**	1,016	**887**	1,017	**–**	–	**1,773**	2,033
EUR	**830**	884	**–**	–	**4,980**	5,304	**5,810**	6,188
NZD	**1,523**	1,442	**–**	–	**–**	–	**1,523**	1,442
Others	**718**	762	**2,673**	2,673	**–**	–	**3,391**	3,435
Total	**19,671**	20,853	**3,560**	3,690	**4,980**	5,304	**28,211**	29,847

The average effective interest rate of the Group's bank loans is 2.06 per cent (2021: 1.09 per cent) per annum.

The Group's notes and bonds of HK$6,127 million (2021: HK$6,581 million) were arranged at fixed interest rate and exposed the Group to fair value interest rate risk. Other borrowings were arranged at floating rates, thus exposed the Group to cash flow interest rate risk.

Bank loans carried interest at floating rate, which was determined with reference to BBSY*, SONIA, USD LIBOR, EURIBOR, BKBM, CDOR** or TONAR plus an average margin less than 1 per cent (2021: 1 per cent) per annum.

Fixed rate notes and bonds carried interest ranging from 1 per cent to 4 per cent (2021: interest ranging from 1 per cent to 4 per cent) per annum.

Certain assets were pledged to secure bank loans totalling HK$1,523 million (2021: HK$1,442 million) granted to the Group.

* BBSY – Australian Bank Bill Swap Bid Rate

** CDOR – Canadian Dollar Offered Rate

26. CREDITORS, ACCRUALS AND OTHERS

HK$ million	2022	2021
Trade creditors	313	243
Other payables and accruals	5,829	5,689
Lease liabilities	31	31
Total	**6,173**	5,963

The aging analysis of the Group's trade creditors is as follows:

HK$ million	2022	2021
Current	241	164
1 month	30	27
2 to 3 months	11	12
Over 3 months	31	40
Total	**313**	243

At 31st December, 2022, non-current lease liabilities of HK$320 million (2021: HK$359 million) is included under other non-current liabilities.

The aging analysis of the Group's lease liabilities is as follows:

HK$ million	2022	2021
Within 1 year	31	31
More than 1 year but not more than 2 years	30	30
More than 2 years but not more than 5 years	102	103
More than 5 years	188	226
	351	390
Less: Amount due for settlement within 12 months shown under current liabilities	(31)	(31)
Amount due for settlement after 12 months shown under non-current liabilities (included in other non-current liabilities)	**320**	359

27. DEFERRED TAX ASSETS / LIABILITIES

HK$ million	2022	2021
Deferred tax assets	(3)	(6)
Deferred tax liabilities	493	476
Total	**490**	470

The followings are the major deferred tax (assets)/liabilities recognised by the Group and movements thereon during the current and prior years:

HK$ million	Accelerated tax depreciation	Tax losses	Fair value arising from business combination	Others	Total
At 1st January, 2021	145	(66)	414	(23)	470
(Credit)/Charge to profit for the year	(9)	2	(2)	34	25
Exchange translation differences	(7)	–	(13)	1	(19)
Others	–	–	–	(6)	(6)
At 31st December, 2021	129	(64)	399	6	470
Charge/(Credit) to profit for the year	4	(8)	(3)	60	53
Exchange translation differences	(3)	–	(28)	(6)	(37)
Others	–	–	–	4	4
At 31st December, 2022	**130**	**(72)**	**368**	**64**	**490**

Apart from the unused tax losses of which the deferred tax assets were recognised as presented above, the Group had unused tax losses and other unused tax credits totalling HK$1,382 million (2021: HK$1,901 million) at 31st December, 2022. No deferred tax asset has been recognised in respect of these tax losses and tax credits due to the unpredictability of future profit streams to utilise the available tax losses and tax credits.

An analysis of the expiry dates of the tax losses and tax credits is as follows:

HK$ million	2022	2021
Within 1 year	–	–
In the 2nd year	–	–
In the 3rd to 5th year, inclusive	124	–
No expiry date	1,258	1,901
Total	**1,382**	1,901

28. RETIREMENT PLANS

Defined Contribution Retirement Plans

The Group provides defined contribution retirement plans for its eligible employees.

Contributions to the defined contribution plans in Hong Kong are made by either the employer only at 10 per cent of the employees' monthly basic salaries or by both the employer and the employees each at 10 or 15 per cent of the employees' monthly basic salaries. The Company and its Hong Kong subsidiaries also participate in master trust Mandatory Provident Fund ("MPF") schemes operated by independent service providers. Mandatory contributions to these MPF schemes are made by both the employers and employees at 5 per cent of the employees' monthly relevant income each capped at HK$30,000.

Contribution to the defined contribution plans in New Zealand are made by either the employer only at 9 per cent of the employees' monthly basic salaries or by both the employer and employees each at 4 to 9 per cent of the employees' monthly basic salaries.

As the Group's retirement plans in Hong Kong, are all MPF-exempted recognised occupational retirement schemes ("ORSO schemes"), except for certain subsidiaries of which the new Hong Kong employees have to join the MPF schemes, the Group offers an option to its new Hong Kong employees to elect between the ORSO schemes and the MPF schemes.

The Group's costs in respect of defined contribution plans for the year amounted to HK$27 million (2021: HK$28 million). Forfeited contributions and earnings for the year under the defined contribution plans amounting to HK$3 million were used to reduce the existing level of contributions (2021: HK$1 million). At 31st December, 2022, forfeited contributions and earnings amounting to HK$1 million were available to the Group to reduce its contributions to the defined contribution plans in future years (2021: nil).

29. SHARE CAPITAL

	Number of Shares		Amount	
	2022	2021	**2022 HK$ million**	2021 HK$ million
Authorised:				
Ordinary shares of HK$1 each	**4,000,000,000**	4,000,000,000	**4,000**	4,000
Issued and fully paid:				
Ordinary shares of HK$1 each				
At 1st January	**2,519,610,945**	2,650,676,042	**2,520**	2,651
Cancellation of shares in connection with the redemption of perpetual capital securities (note 30)	**–**	(131,065,097)	**–**	(131)
At 31st December	**2,519,610,945**	2,519,610,945	**2,520**	2,520

30. PERPETUAL CAPITAL SECURITIES

On 1st March, 2016, OVPH Limited (the "Issuer") issued US$1,200 million perpetual capital securities (the "Securities") which are guaranteed by the Company and listed on Hong Kong Stock Exchange at an issue price of 100 per cent. Distribution is payable semi-annually in arrear based on a fixed rate, which is 5.875 per cent per annum. On 2nd March, 2016, the Company issued 131,065,097 new ordinary shares to the Issuer for a consideration of approximately US$1,200 million (equivalent to approximately HK$9,360 million). The net proceeds for the shares issued were approximately HK$9,245 million. The shares were issued in connection with the issue of the Securities. A swap agreement dated 1st March, 2016 was entered into between the Company and the Issuer under which the Issuer is obliged to act in accordance with directions from the Company on certain matters. As a result, these shares were accounted for as treasury shares. On 1st March, 2021, all outstanding Securities were redeemed in full at a redemption price equal to 100 per cent of the principal amount, plus accrued and unpaid distribution up to such date. After redemption of the outstanding Securities, all Securities have been withdrawn from listing on Hong Kong Stock Exchange, and the treasury shares were subsequently cancelled on 29th December, 2021.

On 23rd August, 2017, the Group issued US$500 million 4.85 per cent guaranteed perpetual capital securities at an issue price of 100 per cent. These perpetual capital securities were issued for general corporate funding purposes. Distributions on these perpetual capital securities are paid semi-annually in arrears from 23rd August, 2017 and may be deferred at the discretion of the Group. These perpetual capital securities have no fixed maturity and are redeemable at the Group's option on or after 23rd August, 2022 at their principal amounts together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company will not declare, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank.

On 3rd November, 2017, the Group issued US$150 million 4.85 per cent guaranteed perpetual capital securities at an issue price of 100 per cent plus an amount corresponding to accrued distribution from and including 23rd August, 2017 to, but excluding 3rd November, 2017. The perpetual capital securities were issued for general corporate funding purposes. Distributions on these perpetual capital securities are paid from 23rd August, 2017 and may be deferred at the discretion of the Group. These perpetual capital securities have no fixed maturity and are redeemable at the Group's option on or after 23rd August, 2022 at their principal amounts together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company will not declare, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank.

On 2nd June, 2021, the Group issued US$300 million 4.20 per cent guaranteed perpetual capital securities at an issue price of 100 per cent. Distribution is payable semi-annually in arrear from 2nd December, 2021 and may be deferred at the sole discretion of the Group. These perpetual capital securities have no fixed maturity and are redeemable at the Group's option on 2nd June, 2026, or any day thereafter at their principal amounts together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company will not declare, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank.

30. PERPETUAL CAPITAL SECURITIES (CONT'D)

On 29th July, 2021, the Group issued US$300 million 4.00 per cent guaranteed perpetual capital securities at an issue price of 100 per cent. Distribution is payable semi-annually in arrear from 29th January, 2022 and may be deferred at the sole discretion of the Group. These perpetual capital securities have no fixed maturity and are redeemable at the Group's option on 29th July, 2026, or any day thereafter at their principal amounts together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company will not declare, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank.

31. CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can expand and generate attractive and predictable returns for shareholders and benefits for other stakeholders, by establishing and maintaining a quality investment portfolio with stable earnings and appropriate level of risks that the management are comfortable with.

The capital structure of the Group consists of debts, which includes bank loans, notes, bonds as detailed in note 25 and lease liabilities, bank balances and deposits, equity attributable to shareholders of the Company, comprising issued share capital and reserves, perpetual capital securities and non-controlling interests as detailed in the consolidated statement of changes in equity.

The management actively and regularly reviews and manages the Group's capital structure to maintain a balance between high shareholders' returns and strong capital position, and makes adjustments to the capital structure in light of changes in the global market conditions.

The Group maintained a low net debt to net total capital ratio of 7.3 per cent (2021: 14.7 per cent) as at 31st December, 2022. The management targets to maintain a solid capital position to pursue more new investment opportunities. The Group's overall strategy remains unchanged from 2021.

The net debt to net total capital ratios at 31st December, 2022 and 2021 were as follows:

HK$ million	2022	2021
Total debts	**28,211**	29,847
Bank balances and deposits	**(18,045)**	(8,085)
Net debt	**10,166**	21,762
Net total capital	**139,548**	147,609
Net debt to net total capital ratio	**7.3%**	14.7%

During the current year, the Company acted as the guarantor in respect of certain loan facilities granted to its subsidiaries, and fully complied with the capital requirements under the loan facility agreements.

32. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation between profit before taxation and cash generated from operating activities before finance costs and income taxes paid

HK$ million	2022	2021
Profit before taxation	**8,294**	8,115
Share of results of associates	**(2,442)**	(2,590)
Share of results of joint ventures	**(3,084)**	(2,886)
Interest income from loans granted to associates	**(287)**	(311)
Interest income from loans granted to joint ventures	**(2,361)**	(2,466)
Bank interest income	**(203)**	(45)
Finance costs	**519**	383
Depreciation of property, plant and equipment	**306**	324
Amortisation of intangible assets	**36**	45
Change in fair values of investment properties	**–**	(12)
Gain on disposal of property, plant and equipment	**(1)**	(5)
Gain on disposal of joint ventures	**(526)**	–
Change in fair value of other financial assets	**6**	329
Change in fair value of derivative financial instruments	**(57)**	(156)
Unrealised exchange gain	**(260)**	(199)
Returns received from joint ventures	**218**	158
Interest received from associates	**287**	314
Interest received from joint ventures	**1,755**	2,606
Bank interest received	**175**	47
Operating cash flows before changes in working capital	**2,375**	3,651
Increase in inventories	**(138)**	(25)
Decrease/(Increase) in debtors and prepayments	**138**	(133)
Increase in creditors and accruals	**39**	87
Exchange translation differences	**(180)**	15
Cash generated from operating activities before finance costs and income taxes paid	**2,234**	3,595

32. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

(b) Reconciliation of liabilities arising from financial activities

HK$ million	Unsecured bank loans	Secured bank loans	Lease liabilities	Unsecured notes and bonds	Total
At 1st January, 2021	24,005	1,507	338	7,076	32,926
Financing cash flows	(3,590)	–	(50)	2,413	(1,227)
New lease entered/lease modified	–	–	108	–	108
Interest expenses	–	–	12	–	12
Exchange gain	(1,004)	(65)	(18)	(495)	(1,582)
At 31st December, 2021	19,411	1,442	390	8,994	30,237
Financing cash flows	–	181	(44)	–	137
New lease entered/lease modified	–	–	43	–	43
Termination of leases	–	–	(22)	–	(22)
Interest expenses	–	–	12	–	12
Exchange gain	(1,263)	(100)	(28)	(454)	(1,845)
At 31st December, 2022	**18,148**	**1,523**	**351**	**8,540**	**28,562**

(c) Funds from Operations*

HK$ million	2022	2021
Net cash from operating activities	**1,717**	3,055
Dividends received from associates	**2,296**	2,592
Dividends received from joint ventures	**3,544**	2,757
	7,557	8,404

* Funds from operations represent net cash from operating activities and dividends received from associates and joint ventures.

33. EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Directors' emoluments comprise payments to the Company's directors by the Group in connection with the management of the affairs of the Group. The independent non-executive directors ("INED") receive an annual director's fee of HK$75,000 each; and for those acting as the audit committee members ("ACM"), additional annual fee of HK$100,000 each is paid. For those INED acting as remuneration committee members ("RCM"), nomination committee members ("NCM") and sustainability committee members ("SCM"), additional annual fee of HK$25,000 each is paid. The emoluments of each of the Company's directors for the current year, excluding emoluments received from the Group's associates, are as follows:

HK$ million	Fees	Basic Salaries, Allowances and Other Benefits	Bonuses	Provident Fund Contributions	Inducement or Compensation Fees	**Total Emoluments 2022**	Total Emoluments 2021
Victor T K Li (1 and 3)	0.125	–	30.648	–	–	**30.773**	29.678
Kam Hing Lam	0.075	4.200	11.425	–	–	**15.700**	15.010
Ip Tak Chuen, Edmond	0.100	1.800	12.453	–	–	**14.353**	13.598
Fok Kin Ning, Canning (1)	0.075	–	–	–	–	**0.075**	0.075
Frank John Sixt	0.075	–	–	–	–	**0.075**	0.075
Andrew John Hunter (1)	0.075	13.036	16.610	1.303	–	**31.024**	29.101
Chan Loi Shun (1, 2 and 3)	0.075	7.355	3.239	0.734	–	**11.403**	10.845
Chen Tsien Hua	0.075	5.912	2.406	0.589	–	**8.982**	8.776
Cheong Ying Chew, Henry (5)	0.200	–	–	–	–	**0.200**	0.200
Kwok Eva Lee (5)	0.100	–	–	–	–	**0.100**	0.100
Sng Sow-Mei (5)	0.183	–	–	–	–	**0.183**	0.175
Colin Stevens Russel (4 and 5)	0.067	–	–	–	–	**0.067**	0.100
Lan Hong Tsung, David (5)	0.175	–	–	–	–	**0.175**	0.175
Barrie Cook (5)	0.100	–	–	–	–	**0.100**	0.100
Paul Joseph Tighe (5)	0.200	–	–	–	–	**0.200**	0.200
Lee Pui Ling, Angelina	0.075	–	–	–	–	**0.075**	0.075
George Colin Magnus	0.075	–	–	–	–	**0.075**	0.075
Total for the year 2022	**1.850**	**32.303**	**76.781**	**2.626**	**–**	**113.560**	
Total for the year 2021	1.875	31.514	72.423	2.546	–		108.358

Notes:

(1) During the year, Mr. Victor T K Li, Mr. Andrew John Hunter and Mr. Chan Loi Shun each received directors' fees of HK$70,000 (2021: HK$70,000), Mr. Fok Kin Ning, Canning received director's fees of HK$120,000 (2021: HK$120,000) from Power Assets. The directors' fees totalling HK$330,000 (2021: HK$330,000) were then paid back to the Company.

(2) During the year, the directors' emoluments in the sum of HK$5,639,700 (2021: HK$5,502,100) received by Mr. Chan Loi Shun from Power Assets were paid back to the Company.

33. EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (CONT'D)

Notes: (Cont'd)

(3) Mr. Victor T K Li and Mr. Chan Loi Shun have acted as NCM and SCM of Power Assets, respectively and each received fees of HK$20,000 (2021: HK$20,000) during the year. The fees totalling HK$40,000 (2021: HK$40,000) were then paid back to the Company.

(4) Mr. Colin Stevens Russel has retired as an INED and RCM of the Company with effect from 1st September, 2022.

(5) INED, ACM, RCM, NCM and SCM – During the year, Mr. Cheong Ying Chew, Henry has acted as INED, ACM and RCM of the Company. Mrs. Kwok Eva Lee has acted as INED and NCM of the Company. Mr. Lan Hong Tsung, David has acted as INED and ACM of the Company. Mr. Paul Joseph Tighe has acted as INED, ACM and SCM of the Company. In addition, Mrs. Sng Sow-Mei has acted as INED and ACM of the Company during the year and acted as RCM of the Company during the period from 1st September, 2022 to 31st December, 2022. Mr. Colin Stevens Russel has acted as INED and RCM of the Company during the period from 1st January, 2022 to 31st August, 2022. Mr. Barrie Cook has acted as INED and NCM of the Company during the year and acted as SCM of the Company on 31st December, 2022. The total emoluments paid to these INED, ACM, RCM, NCM and SCM during the year were HK$1,025,001 (2021: HK$1,050,000).

Of the five individuals with the highest emoluments in the Group, all (2021: all) are directors whose emoluments are disclosed above.

34. COMMITMENTS

The Group's capital commitments outstanding at 31st December and not provided for in the consolidated financial statements are as follows:

	Contracted but not provided for	
HK$ million	2022	2021
Investments in joint ventures	5	11
Plant and machinery	253	310
Other financial assets	168	201
Total	426	522

35. CONTINGENT LIABILITIES

The contingent liabilities of the Group are as follows:

HK$ million	2022	2021
Guarantee in respect of bank loan drawn by a joint venture	548	583
Other guarantee given in respect of a joint venture	253	363
Performance bond indemnities	168	175
Sub-contractor warranties	14	15
Total	983	1,136

36. MATERIAL RELATED PARTY TRANSACTIONS

During the year, the Group advanced HK$5 million (2021: HK$29 million) to its unlisted associates. The Group received repayment of HK$53 million from an unlisted associate during the year ended 31st December, 2021. The total outstanding loan balances as at 31st December, 2022 amounted to HK$2,819 million (2021: HK$2,986 million), of which HK$2,687 million (2021: HK$2,856 million) at fixed rates ranging from 10.85 per cent to 11.19 per cent (2021: from 10.85 per cent to 11.19 per cent) per annum and HK$132 million (2021: HK$130 million) was interest-free. The average effective interest rate of the loan granted to associates is 11.05 per cent (2021: 11.05 per cent) per annum. As stated in note 6, interest income from loans granted to associates during the year amounted to HK$287 million (2021: HK$311 million). The loans had no fixed terms of repayment.

During the year, the Group advanced HK$56 million (2021: HK$221 million) to its joint ventures. The Group received repayments of HK$317 million from its joint ventures during the year ended 31st December, 2021. The total outstanding loan balances as at 31st December, 2022 amounted to HK$28,354 million (2021: HK$37,761 million), of which HK$17,157 million (2021: HK$18,432 million) bore interest with reference to SONIA, BBSW and return from joint ventures, and HK$9,641 million (2021: HK$18,418 million) at fixed rate ranging from 4.4 per cent to 14 per cent (2021: from 4.4 per cent to 14 per cent) per annum, and HK$1,556 million (2021: HK$911 million) was interest-free. The average effective interest rate of the loan granted to joint ventures is 6.28 per cent (2021: 6.13 per cent) per annum. As stated in note 6, interest income from loans granted to joint ventures during the year amounted to HK$2,361 million (2021: HK$2,466 million). The loans had no fixed terms of repayment.

Moreover, the Group's sales and purchases of infrastructure materials to/from a joint venture for the current year amounted to HK$468 million (2021: HK$354 million) and HK$2 million for the year ended 31st December, 2021, respectively. The Group also received income and incurred operating costs from sales of waste management services from / to its joint ventures amounted to HK$95 million (2021: HK$92 million) and HK$59 million (2021: HK$63 million), respectively for the current year.

The emoluments of key management have been presented in note 33 above.

The above related party transactions made during the year did not constitute connected transactions or continuing connected transactions.

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(a) Statement of Financial Position of the Company

as at 31st December

HK$ million	2022	2021
Property, plant and equipment	1	2
Unlisted investments in subsidiaries	49,234	49,234
Total non-current assets	49,235	49,236
Amounts due from subsidiaries	54,038	56,565
Amount due from a joint venture	–	10
Prepayments, deposits and other receivables	13	15
Bank balances	78	10
Total current assets	54,129	56,600
Amounts due to subsidiaries	53,636	56,169
Other payables and accruals	114	96
Total current liabilities	53,750	56,265
Net current assets	379	335
Net assets	49,614	49,571
Representing:		
Share capital	2,520	2,520
Reserves	47,094	47,051
Total equity	49,614	49,571

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONT'D)

(b) Movements in the Company's Equity

HK$ million	Share capital	Share premium	Retained profits	Total
At 1st January, 2021	2,651	25,267	26,328	54,246
Profit for the year	–	–	10,934	10,934
Final dividend paid for the year 2020	–	–	(4,745)	(4,745)
Interim dividend paid	–	–	(1,829)	(1,829)
Cancellation of shares	(131)	(9,082)	178	(9,035)
At 31st December, 2021	2,520	16,185	30,866	49,571
Profit for the year	–	–	6,367	6,367
Final dividend paid for the year 2021	–	–	(4,560)	(4,560)
Interim dividend paid	–	–	(1,764)	(1,764)
At 31st December, 2022	**2,520**	**16,185**	**30,909**	**49,614**

38. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements set out on pages 91 to 150 were approved by the Board of Directors on 15th March, 2023.

PRINCIPAL SUBSIDIARIES

APPENDIX 1

The table below shows the subsidiaries as at 31st December, 2022 which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of all the subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Name	Place of incorporation/ principal place of business	Issued share capital	Proportion of nominal value of issued capital held by the Group (per cent)	Principal activities
Anderson Asia (Holdings) Limited	Hong Kong	HK$1 ordinary HK$60,291,765 Non-voting deferred	100	Investment holding
Anderson Asphalt Limited	Hong Kong	HK$30,300,000	100	Production and laying of asphalt and investment holding
Cheung Kong China Infrastructure Limited	Hong Kong	HK$2	100	China infrastructure investment holding
China Cement Company (International) Limited	Hong Kong	HK$1,000,000	70	Investment holding
Green Island Cement Company, Limited	Hong Kong	HK$306,694,931	100	Manufacturing, sale and distribution of cement and property investment
Green Island Cement (Holdings) Limited	Hong Kong	HK$722,027,503	100	Investment holding
Enviro Waste Services Limited	New Zealand	NZ$84,768,736	100	Waste management services

Note: The shares of all the above subsidiaries are indirectly held by the Company.

PRINCIPAL ASSOCIATES

APPENDIX 2

The table below shows the associates as at 31st December, 2022 which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of all the associates would, in the opinion of the Directors, result in particulars of excessive length.

Name	Place of incorporation/ principal place of business	Issued share capital	Percentage of equity attributable to the Group	Principal activities
Power Assets Holdings Limited (note 1)	Hong Kong	HK$6,610,008,417	36	Investment in energy and utility-related businesses
SA Power Networks Partnership (note 2)	Australia	N/A	23	Electricity distribution
Victoria Power Networks Pty Limited (note 3)	Australia	A$315,498,640	23	Electricity distribution

Notes:

1. The associate is listed on Hong Kong Stock Exchange.
2. SA Power Networks Partnership, an unincorporated body, is formed by the following companies:

   CKI Utilities Development Limited
   PAI Utilities Development Limited
   Spark Infrastructure SA (No.1) Pty Ltd
   Spark Infrastructure SA (No.2) Pty Ltd
   Spark Infrastructure SA (No.3) Pty Ltd

   CKI Utilities Development Limited and PAI Utilities Development Limited, both of which are associates of the Group, together own a 51 per cent interest in SA Power Networks Partnership.

   The partnership operates and manages the electricity distribution business in the State of South Australia of Australia.
3. Victoria Power Networks Pty Limited owns 100 per cent interests in the following companies:

   Powercor Australia Ltd
   CitiPower Pty Ltd
   The CitiPower Trust

   Powercor Australia Ltd and The CitiPower Trust each operates and manages an electricity distribution business in the State of Victoria of Australia.

PRINCIPAL JOINT VENTURES

APPENDIX 3

The table below shows the joint ventures as at 31st December, 2022 which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of all the joint ventures would, in the opinion of the Directors, result in particulars of excessive length.

Name	Place of incorporation/ principal place of business	Issued share capital	Percentage of equity attributable to the Group	Principal activities
UK Power Networks Holdings Limited	United Kingdom	£610,000,000 ordinary	40	Electricity distribution
Northumbrian Water Group Limited (note 3)	United Kingdom	£40 ordinary	39	Water supply, sewerage and waste water businesses
Northern Gas Networks Holdings Limited	United Kingdom	£71,670,979 ordinary £1 special	47	Gas distribution
Wales & West Gas Networks (Holdings) Limited (note 3)	United Kingdom	£29,027	39	Gas distribution
Electricity First Limited	United Kingdom	£1,004	50	Electricity generation
Eversholt UK Rails Limited (note 3)	United Kingdom	£102	65	Leasing of rolling stock
CK William UK Holdings Limited (note 1 & 2)	United Kingdom	£2,049,000,000	40	Investment holding
Australian Gas Networks Limited	Australia	A$879,082,753	45	Gas distribution
Canadian Power Holdings Inc.	Canada	C$206,645,761 ordinary	50	Electricity generation
1822604 Alberta Ltd. (note 3)	Canada	C$280,000,002	65	Off-airport parking operation

APPENDIX 3 (CONT'D)

Name	Place of incorporation/ principal place of business	Issued share capital	Percentage of equity attributable to the Group	Principal activities
Husky Midstream Limited Partnership	Canada	C$1,153,845,000 class A units C$621,301,154 class B units C$1,776,923 general partnership interest	16	Oil pipelines, storage facilities and ancillary assets operation
CKP (Canada) Holdings Limited	Canada	C$1,143,862,831	25	Water heater and HVAC (heating, ventilation and air conditioning) rentals, sales and services
Wellington Electricity Distribution Network Limited	New Zealand	NZ$406,500,100	50	Electricity distribution
Trionista SE	Germany	€120,000	35	Sub-metering and related services
AVR-Afvalverwerking B.V. (note 3)	The Netherlands	€1	46	Producing energy from waste

Notes:

1. CK William UK Holdings Limited owns 100 per cent interests in the following companies:

   Energy Developments Pty Limited
   Multinet Group Holdings Pty Limited
   DBNGP Holdings Pty Limited

   Energy Developments Pty Limited owns and operates an energy generation business mainly in Australia. Multinet Group Holdings Pty Limited and DBNGP Holdings Pty Limited operate natural gas distribution and transmission businesses in Australia respectively.

2. CK William UK Holdings Limited owns 66 per cent interests in United Energy Distribution Holdings Pty Limited, which operates an energy distribution business in Australia.

3. The percentage of equity attributable to the Group includes the additional interests under the agreements dated 30th December, 2019. Further details are set out in the Company's announcement dated 31st July, 2019.

SCHEDULE OF MAJOR PROPERTIES

APPENDIX 4

Location	Lot Number	Group's Interest (per cent)	Approximate floor/site area attributable to the Group (sq. m.)	Existing Usage	Lease Term
14-18 Tsing Tim Street, Tsing Yi	TYTL 98	100	3,355	I	Medium
TMTL 201 Tap Shek Kok	TMTL 201	100	152,855	I	Medium
Certain units of Harbour Centre Tower 2, 8 Hok Cheung Street, Hunghom	KML 113	100	5,528	C	Medium

I: Industrial C: Commercial

CORPORATE GOVERNANCE REPORT

The Board of Directors ("Board") and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. 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 shareholders' value. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders.

The Company had applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") throughout the year ended 31st December, 2022.

Key corporate governance principles and corporate governance practices of the Company are summarised below:

I. CODE PROVISIONS

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.	**CORPORATE PURPOSE, STRATEGY AND GOVERNANCE**		
A.1	**Corporate strategy, business model and culture** ***Corporate Governance Principle*** *The Company should be headed by an effective Board which should assume responsibility for leadership and control and be collectively responsible for promoting its success by directing and supervising its affairs. Directors should take decisions objectively in the best interests of the Company.*		
A.1.1	The board should establish the company's purpose, values and strategy, and satisfy itself that these and the culture are aligned. All directors must act with integrity, lead by example, and promote the desired culture. Such culture should instil and continually reinforce across the organisation values of acting lawfully, ethically and responsibly.	C	• The Company's purpose, value, strategy and culture are set out in Long Term Development Strategy in the Annual Report 2022.
A.1.2	The directors should include a discussion and analysis of the group's performance in the annual report, an explanation of the basis on which the company generates or preserves value over the longer term (the business model) and the strategy for delivering the company's objectives.	C	• The Board has included a discussion and analysis of the Group's Long Term Development Strategy in the Annual Report 2022.
A.2	**Corporate Governance Functions** ***Corporate Governance Principle*** *The Board is responsible for performing the corporate governance duties. It may delegate the responsibility to a committee or committees.*		
A.2.1	The terms of reference of the board (or a committee or committees performing this function) should include: – develop and review the company's policies and practices on corporate governance and make recommendations to the board; – review and monitor the training and continuous professional development of directors and senior management; – review and monitor the company's policies and practices on compliance with legal and regulatory requirements;	C	• The Board has delegated the responsibility of performing the corporate governance duties to the audit committee ("Audit Committee"). • The terms of reference of the Audit Committee include the following corporate governance functions delegated by the Board: 1. Develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; 2. Review and monitor the training and continuous professional development of Directors and senior management; 3. Review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; 4. Develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and 5. Review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.2.1 (Cont'd)	– develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and – review the company's compliance with the CG Code and disclosure in the Corporate Governance Report.		• The Audit Committee met in March 2023 and was satisfied that the above-mentioned corporate governance functions were adhered to. Members of the Audit Committee had examined the Company's policies and practices on corporate governance and compliance with legal and regulatory requirements including:– 1. Anti-Fraud and Anti-Bribery Policy; 2. Anti-Money Laundering Policy; 3. Board Diversity Policy; 4. Competition Compliance Policy; 5. Director Nomination Policy; 6. Employee Code of Conduct; 7. Information Security Policy; 8. Media, Public Engagement and Donation Policy; 9. Model Code for Securities Transactions by Directors ("Model Code"); 10. Policy on Appointment of Third Party Representatives; 11. Policy on Handling of Confidential Information, Information Disclosure, and Securities Dealing; 12. Privacy Policy and Personal Information Collection Statement; 13. Sanctions Compliance Policy; 14. Shareholders Communication Policy; and 15. Whistleblowing Policy – Procedures for Reporting Possible Improprieties. • In March 2023, Members of the Audit Committee recommended certain improvements to the Board on the below polices: i. Shareholders Communication Policy; and ii. Whistleblowing Policy – Procedures for Reporting Possible Improprieties. • In particular, the Audit Committee noted that the Company has established and from time to time updated the Whistleblowing Policy – Procedures for Reporting Possible Improprieties and a system for employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matter related to the Company.
B.	**BOARD COMPOSITION AND NOMINATION**		
B.1	**Board composition, succession and evaluation** ***Corporate Governance Principle*** *The Board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business, and should ensure that the directors devote sufficient time and make contributions to the Company that are commensurate with their role and board responsibilities. It should include a balanced composition of Executive and Non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement. Non-executive directors should be of sufficient caliber and number for their views to carry weight.*		
B.1.1	Independent non-executive directors should be identified in all corporate communications that disclose the names of directors.	C	• As of the date of this Annual Report, the Board consists of a total of sixteen Directors, including eight Executive Directors, two Non-executive Directors and six Independent Non-executive Directors. Three Alternate Directors have been appointed. More than one Independent Non-executive Directors possesses appropriate professional qualifications, or accounting or related financial management expertise. Independent Non-executive Directors have been identified in all corporate communications that disclose the names of directors. • During the year under review, all Independent Non-executive Directors in office attended to the affairs of the Group through their participation at the annual general meeting, Board and Board Committee meetings and the perusal of Board papers. The Audit Committee, the nomination committee ("Nomination Committee") and the remuneration committee ("Remuneration Committee"), are chaired by Independent Non-executive Directors. The Audit Committee comprises Independent Non-executive Directors only. Independent Non-executive Directors comprise a majority of each of the Nomination Committee and the Remuneration Committee. A majority of the Directors sitting on the sustainability committee ("Sustainability Committee") are Independent Non-executive Directors.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
B.1.1 (Cont'd)			• The Company maintains the view that a Director's independence is a question of fact and this is formally recognised in the Board Diversity Policy. The Board is committed to assessing this on an ongoing basis with regard to all relevant factors concerned. Some of these factors include: the ability to continually provide constructive challenge for management and other Directors and to express one's own views independent of management or other fellow Directors. These attributes and desired behaviour have been demonstrated by our Independent Non-executive Directors. • Details of the composition of the Board are set out on page 202. • The Directors' biographical information and the relationships among the Directors are set out on pages 58 to 65. • The Board, through the Nomination Committee, reviews the composition of the Board at least annually to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company.
B.1.2	The company should maintain on its website and on HKEX's website an updated list of its directors identifying their roles and functions and whether they are independent non-executive directors.	C	• The Company maintains an updated list of its Directors setting out their respective roles and functions together with their biographical information, and whether they are independent non-executive directors. This list is updated from time to time and published on the websites of the Company and Hong Kong Exchanges and Clearing Limited ("HKEX"). The Terms of Reference of the Company's Board Committees have also been published on the websites of the Company and/or HKEX to enable shareholders to understand the role of the Independent Non-executive Directors who serve on the relevant Board Committees.
B.1.3	The board should review the implementation and effectiveness of the company's policy on board diversity on an annual basis.	C	• The Company's Board Diversity Policy as amended from time to time, is available on the Company's website. • According to the Board Diversity Policy: 1. The Company recognises the benefits of a Board that possesses a balance of skill set, experience, expertise and diversity of perspectives appropriate for the strategies of the Company. The Company believes that board diversity enhances decision-making capability and thus the overall effectiveness of the Board in achieving sustainable business operation and enhancing shareholder value. 2. The Company takes into consideration the benefits of various aspects of diversity, including gender, age, culture, ethnicity, educational background, professional experience and other factors that may be relevant from time to time towards achieving a diversified Board. 3. Appointment to the Board is based on merit and attributes that the selected candidate will bring to the Board to complement and expand the competencies, experience and perspectives of the Board as a whole, taking into account the corporate strategy of the Company. 4. The Nomination Committee is responsible for reviewing the structure, size, diversity profile and skills matrix of the Board, selecting individuals to be nominated as Directors, reviewing succession plan of Directors and making recommendation on these matters to the Board for approval. To this end, the Company is mindful of having an appropriately structured recruitment, selection and training programme at appropriate levels so as to identify and prepare suitable talents for Board positions. • The Board, through and by the Nomination Committee, from time to time (and at least once annually) reviews the Board Diversity Policy and monitors its implementation to ensure continued effectiveness and compliance with regulatory requirements and good corporate governance practices. The Nomination Committee shall make recommendations for any necessary revision to the Board for approval. • The Company values gender diversity. As of 31st December, 2022: 1. *At Board level:* The Board currently consists of four female directors, representing 25% of the Board. The Board is of the view that gender should not be the only factor in selecting a candidate for the Board. The Company would follow the Board Diversity Policy to take into account various factors in identifying suitable candidates for appointment to the Board, and may adjust the proportion of female Board members over time as appropriate. 2. *At workforce level:* the ratio of female to male in the workforce of the Group (including subsidiaries but excluding affiliated companies) was 20:80. Notwithstanding the foregoing, gender diversity may be less relevant to the Group's infrastructure business due to the nature of work.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
B.1.4	– The company should establish mechanism(s) to ensure independent views and input are available to the board and disclose such mechanism(s) in its Corporate Governance Report. – The board should review the implementation and effectiveness of such mechanism(s) on an annual basis.	C	• The Company maintains the following mechanisms which are reviewed annually to ensure independent views and input are available to the Board:- 1. *Board and Board Committees' Composition* As disclosed in B.1.1 above, the current composition of the Board (comprising 37.5% of Independent Non-executive Directors) and the Audit Committee (comprising all Independent Non-executive Directors only) exceed the independence threshold under the Listing Rules. Separation of the role of the Chairman and the Group Managing Director ensures that there is a balance of power and authority. The Audit Committee, the Nomination Committee and the Remuneration Committee, are chaired by Independent Non-executive Directors. The Audit Committee comprises Independent Non-executive Directors only. Independent Non-executive Directors comprise a majority of each of the Nomination Committee and the Remuneration Committee. A majority of the Directors sitting on the Sustainability Committee are Independent Non-executive Directors. During the year, the Audit Committee held two private sessions with the external auditor and internal auditor respectively without the presence of management. The Company's Director Nomination Policy sets out the approach and procedures for the nomination and selection, and appointment/re-appointment of Directors (including Independent Non-executive Directors). The composition of the Board and Board Committees is regularly reviewed by the Nomination committee to ensure that they have a balance of skill set, experience and diversity of perspective appropriate for the strategies of the Company. The Board has conducted an evaluation of its performance for the year 2022, including the aspects contributing to the effective implementation of the mechanism discussed hereto. 2. *Assessment of the Independence of Independent Non-executive Directors* All Independent Non-executive Directors are required to provide the Company with an annual written confirmation confirming the independence of each of them and compliance with the requirements set out in the Listing Rules. Independence of each Independent Non-executive Directors is assessed by the Nomination Committee upon appointment and annually on the basis of, among other things, the independence confirmations signed by all Independent Non-executive Directors. Each Independent Non-executive Director is required to inform the Company as soon as practicable if there is any change of any of the matters set out in the annual confirmation of independence or circumstances which may affect his/her independence. 3. *Remuneration of Independent Non-executive Directors* The Remuneration Committee reviews the remuneration of Independent Non-executive Directors and makes recommendation to the Board. No Director or any of his/her associates was involved in deciding his/her own remuneration at the meeting of the Remuneration Committee. Independent Non-executive Directors received fixed fee(s) for their role as members of the Board and Board Committee(s), such fee(s) are not based on performance of the Group. 4. *Meeting between the Chairman and the Independent Non-executive Directors* The Chairman meets with Independent Non-executive Directors twice a year (without the presence of other Directors) which provides an effective channel for Independent Non-executive Directors to raise concerns and issues with respect to the Company or its business, such as corporate governance enhancement, effectiveness of the Board and any other matters they may wish to discuss.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
B.1.4 (Cont'd)			5. *Provision of Information and Professional Advice* All Directors (including Independent Non-executive Directors) and Board Committees may seek any information they require from key personnel of the Company and to have access to advice from the Company Secretary and/or independent professional adviser at the expense of the Company if the Director considers such advice necessary for discharge of their duties. 6. *Directors' Training and Commitment* Newly appointed Directors receive an induction package explaining the duties and responsibilities of Directors. The Company provides, at the cost of the Company, Directors' training sessions on topics relating to Directors' roles, functions and duties. Please refer to C.1.4 for further details. • The Board reviews the above mechanisms from time to time (at least annually) and monitors its implementation to ensure their continued effectiveness and compliance with regulatory requirements.
B.2	**Appointments, re-election and removal** ***Corporate Governance Principle*** *There should be a formal, considered and transparent procedure for the appointment of new Directors and plans in place for orderly succession for appointments. All Directors should be subject to re-election at regular intervals.*		
B.2.1	Directors should ensure that they can give sufficient time and attention to the company's affairs and should not accept the appointment if they cannot do so.	C	• There is satisfactory attendance at Board meetings during the year. Please refer to C.5.1 below for the attendance records. • Executive Directors have hands-on knowledge and expertise in the areas and operations in which they are in charge. Appropriate attention to the affairs of the Company is measured in terms of time as well as the quality of such attention and the ability of the Directors to contribute with reference to their area of knowledge and expertise, and their global perspective.
B.2.2	Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.	C	• Under the CG Code, all Directors (including Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company's Bye-laws and the CG Code. • The Company has published on its website the procedures for shareholders to propose a person for election as a Director.
B.2.3	– If an independent non-executive director has served more than nine years, such director's further appointment should be subject to a separate resolution to be approved by shareholders. – The papers to shareholders accompanying that resolution should state why the board (or the nomination committee) believes that the director is still independent and should be re-elected, including the factors considered, the process and the discussion of the board (or the nomination committee) in arriving at such determination.	C C	• Each Independent Non-executive Director who is subject to retirement by rotation will be appointed by a separate resolution in the Company's annual general meeting. • In accordance with the Company's Bye-laws and following the review of composition of the Board by the Nomination Committee of the Company, retiring Directors have been proposed to the Board for recommendation to Shareholders for re-election at the annual general meeting. Members of the Nomination Committee abstained from voting on the resolutions of the Nomination Committee to consider his/her own nomination. • Each Independent Non-executive Director standing for re-election at the annual general meeting ("Retiring INED") will provide a confirmation of his/her independence in accordance with Rule 3.13 of the Listing Rules. During the years of his/her appointment, he/she has demonstrated his/her ability to express an independent opinion on the affairs of the Company. Notwithstanding his/her years of service as Independent Non-executive Directors of the Company, he/she has consistently brought fresh perspectives, skills and knowledge acquired through his/her other directorships and offices. His/Her wealth of skills, knowledge and experience has enabled him/her to contribute meaningfully and objectively to the Board as an Independent Non-executive Director and his/her independence from management has not been considered impaired by his/her years of service.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
B.2.3 (Cont'd)			• The Nomination Committee has considered the respective contributions of the Retiring INEDs to the Board and their commitment to their roles. The Nomination Committee has satisfied itself that each of the Retiring INEDs has the requisite integrity, competence and experience to continue fulfilling the role of an Independent Non-executive Director, and that the Retiring INED's length of service on the Board would not impair his/her independent judgement. Based on the biographical information disclosed to the Company, none of the Retiring INEDs holds 7 or more directorships of listed companies. The Board has satisfied itself as to the independence of the Retiring INEDs in light of the criteria set out in Rule 3.13 of the Listing Rules and in accordance with the terms of the guidelines. During his/her tenure as an Independent Non-executive Director, none of the Retiring INEDs was involved in the day-to-day management of the Company nor was financially dependent on the Company which would materially impair with his/her independent judgement. There is no evidence that his/her tenure has compromised his/her continued independence. • The Board is of the view that a director's independence should not be defined by his/her tenure on the Board. The Board assesses a director's independence on a case-by-case basis with reference to the director's business acumen, experience in related industries, professional qualification, international business exposure and the nature of the businesses of the Company in addition to tenure. A director who has over time gained in-depth insight into the Company's operations and its markets are well-positioned to offer his/her perspective and advice for discussion at the Board. Long serving directors can bring valuable contributions to the Company with their comprehensive understanding of the operations of the Company, in particular the infrastructure businesses which typically have a long return of investment period. Taking into account all of the circumstances described in this section, each of the Retiring INEDs was considered to be independent and nominated to be so appointed accordingly. • The nomination of the retiring Directors was in accordance with the Director Nomination Policy of the Company. Having considered the background and experience of the retiring Directors (including Retiring INED), the Nomination Committee is of the view that the retiring Directors are able to continue to fulfill their roles as required and are appropriate to stand for re-election and their re-appointment would enhance the Board's diversity and performance, and thus accordingly recommends them for re-election at the annual general meeting. • The Board, having considered the recommendation of the Nomination Committee, is of the view that the diverse and invaluable knowledge, skill sets and experience of each of the retiring Directors in the businesses of the Group and their general business acumen continue to generate significant contribution to the Company and the Shareholders as a whole. The Board accepted the nomination by the Nomination Committee and recommended the retiring Directors to stand for re-election by the Shareholders at the annual general meeting. The Board considers that the re-election of the retiring Directors as Directors is in the best interest of the Company and the Shareholders as a whole. The retiring Directors abstained from the discussion and voting at the Board meeting regarding their respective nominations.
B.2.4	Where all the independent non-executive directors of the company have served more than nine years on the board, the company should: – disclose the length of tenure of each existing independent non-executive director on a named basis in the circular to shareholders and/or explanatory statement accompanying the notice of the annual general meeting; and – appoint a new independent non-executive director on the board at the forthcoming annual general meeting.* * The appointment of a new independent non-executive director requirement comes into effect for the financial year commencing on or after 1st January, 2023.	C	• The Board recognises the importance of Board refreshment, which brings in new perspectives and ideas to the Board and the Group. The Nomination Committee is responsible for regularly reviewing the composition of the Board and succession planning for Directors. The Nomination Committee makes recommendations on changes to the Board, taking the Group's corporate strategy and shareholders' value into account. • Currently one of the Independent Non-executive Directors has served the Board less than nine years. • If and when all the Independent Non-executive Directors have served on the Board for more than nine years, a circular containing the required information on the existing Independent Non-executive Directors will be sent to shareholders together with the notice of the annual general meeting, and a new Independent Non-executive Director will be appointed to the Board at the forthcoming annual general meeting as required by the CG Code and the Listing Rules.

<table>
<tr><th>Code Ref.</th><th>Code Provisions</th><th>Comply ("C")/
Explain ("E")</th><th>Corporate Governance Practices</th></tr>
<tr><td>B.3</td><td colspan="3">Nomination Committee

Corporate Governance Principle
In carrying out its responsibilities, the Nomination Committee should give adequate consideration to the principles under Sections B.1 and B.2 in the CG Code.</td></tr>
<tr><td>B.3.1</td><td>– The nomination committee should be established with specific written terms of reference which deal clearly with its authority and duties.
– It should perform the following duties:
– review the structure, size and composition (including the skills, knowledge and experience) of the board at least annually and make recommendations on any proposed changes to the board to complement the company's corporate strategy;
– identify individuals suitably qualified to become board members and select or make recommendations to the board on the selection of individuals nominated for directorships;
– assess the independence of independent non-executive directors; and
– make recommendations to the board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive.</td><td>C

C</td><td>• The Company established its Nomination Committee on 1st January, 2019 which comprises a majority of Independent Non-executive Directors and is chaired by an Independent Non-executive Director. The Nomination Committee comprises an Independent Non-executive Director, Mrs. Kwok Eva Lee (Chairperson of the Nomination Committee), the Chairman of the Board, Mr. Victor T K Li, and an Independent Non-executive Director, Mr. Barrie Cook.
• The terms of reference of the Nomination Committee follow closely the requirements of the CG Code. Nomination Committee meeting was held in March 2022. Attendance record of the members of the Nomination Committee in 2022 is as follows:

Members of the Nomination Committee — Attendance
KWOK Eva Lee (Chairperson) — 1/1
Victor T K LI — 1/1
Barrie COOK — 1/1

• The Nomination Committee, with delegated responsibility, establishes the policy and procedures for nomination of directors, and determines the process and criteria to select and recommend candidates for directorship.
• The following is a summary of the work of the Nomination Committee during 2022:
1. Review the structure, size, diversity profile and skills matrix of the Board and the needs of the Board, and make recommendations on any proposed changes, where applicable;
2. Facilitate the Board in the conduct of the selection and nomination process, including identifying suitable candidates for consideration by the Board;
3. Assess the independence of the Independent Non-executive Directors having regard to the criteria under the Listing Rules;
4. Make recommendation to the Board on the re-election of Directors at the 2022 annual general meeting; and
5. Review the Director Nomination Policy and the Board Diversity Policy and make recommendations on any proposed revision to the Board, where applicable.
• Please refer to B.1.3 above for details of the Board Diversity Policy.
• The Company's Director Nomination Policy sets out the approach and procedures the Board adopts for the nomination and selection of Directors, including the appointment of additional Directors, replacement of Directors and re-election of Directors.
• According to the Director Nomination Policy:–
1. The Nomination Committee shall from time to time identify, assess, select and nominate suitable director candidates to the Board for it to consider for appointment. The ultimate responsibility for the selection and appointment of Directors rests with the Board as a whole. In the determination of the suitability of a candidate, the Nomination Committee shall consider the potential contributions a candidate can bring to the Board in terms of qualifications, skills, experience, independence, age, culture, ethnicity, gender diversity and such other factors that it may consider appropriate for a position on the Board. The Board will take into consideration the benefits of a diversified Board when selecting Board candidates.</td></tr>
</table>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
B.3.1 (Cont'd)			2. If the Nomination Committee determines that an additional or replacement Director is required, it will deploy multiple channels for identifying suitable director candidates. Where a retiring Director, being eligible, offers himself/herself for re-election, the Nomination Committee will consider and, if appropriate, make recommendation to the Board for its consideration, for such retiring Director to stand for re-election at a general meeting. A circular containing the requisite information on such retiring Director will be sent to shareholders prior to a general meeting in accordance with the Listing Rules. Shareholders of the Company may nominate a person to stand for election as a Director at a general meeting in accordance with the Company's Bye-laws and applicable laws and regulations. The procedures for such proposal are available on the website of the Company. • The Director Nomination Policy is available on the website of the Company. The Nomination Committee will from time to time review the Director Nomination Policy, monitor its implementation to ensure its continued effectiveness and compliance with regulatory requirements and good corporate governance practice and makes recommendation on any proposed revisions as may be required to the Board for approval.
B.3.2	The nomination committee should make available its terms of reference explaining its role and the authority delegated to it by the board by including them on HKEX's website and the company's website.	C	• The terms of reference of the Nomination Committee (both English and Chinese versions) are available on the websites of the Company and HKEX. • The principal responsibilities of the Nomination Committee are: 1. to review at least once annually the structure, size, diversity profile and skills matrix of the Board and the needs of the Board and make recommendation on any proposed changes to the Board to complement the Board to achieve the Group corporate strategy as well as promote shareholder value; 2. to identify suitable director candidates and select or make recommendation to the Board on the selection of individuals to be nominated as Directors; 3. to assess the independence of independent non-executive Directors having regard to the criteria under the Listing Rules; 4. to make recommendation to the Board on the appointment or re-appointment of Directors and succession planning for Directors; and 5. to review the Director Nomination Policy and the Board Diversity Policy of the Company periodically and make recommendation on any proposed revisions to the Board.
B.3.3	The company should provide the nomination committee sufficient resources to perform its duties. Where necessary, the nomination committee should seek independent professional advice, at the company's expense, to perform its responsibilities.	C	• The Nomination Committee is empowered to seek any information they require from senior management of the Company in order to perform their duties and to have access to independent professional advice where necessary.
B.3.4	Where the board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting: – the process used for identifying the individual and why it believes the individual should be elected and the reasons why it considers the individual to be independent;	C	• Please refer to B.2.3 above for the details.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
B.3.4 (Cont'd)	– if the proposed independent non-executive director will be holding their seventh (or more) listed company directorship, why the board believes the individual would still be able to devote sufficient time to the board;	C	
	– the perspectives, skills and experience that the individual can bring to the board; and	C	
	– how the individual contributes to diversity of the board.	C	
C.	**DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS**		
C.1	**Responsibilities of Directors** ***Corporate Governance Principle*** *Every Director must always know their responsibilities as a Director of the Company and its conduct, business activities and development.*		
C.1.1	Newly appointed directors of the company should receive a comprehensive, formal and tailored induction on appointment. Subsequently they should receive any briefing and professional development necessary to ensure that they have a proper understanding of the company's operations and business and are fully aware of their responsibilities under statute and common law, the Listing Rules, legal and other regulatory requirements and the company's business and governance policies.	C	• The Company Secretary and authorised officers liaise closely with newly appointed Directors both immediately before and after their appointments to acquaint them with the duties and responsibilities as a Director of the Company and the business operation of the Company. • Briefing meetings will be arranged with key officers of the Company for newly appointed Directors to provide an orientation on matters such as business operation, finance, accounting and risk management. • An induction package, which has been compiled and reviewed by the Company's external legal advisers, setting out the duties and responsibilities of directors under the Listing Rules and relevant regulatory requirements is provided to newly appointed Directors. Further information package comprising the latest developments in laws, rules and regulations relating to the duties and responsibilities of directors will be forwarded to Directors from time to time for their information and ready reference. Guidelines for directors have also been forwarded to the Directors for their information and ready reference. • During the year, the Company had arranged at the cost of the Company, Directors' seminar sessions conducted by qualified professionals experienced on topics relating to the roles, functions and duties of the Directors. Attendance certificates would be issued to Directors who had attended the seminar sessions and requested the said certificates. • In addition, the Company has from time to time provided information and briefings to Directors on the latest developments in the laws, rules and regulations relating to Directors' duties and responsibilities. The Company had also, on an individual basis, advised Directors on queries raised or issues which arise in the performance of their duties as directors.
C.1.2	The functions of non-executive directors include:		• The Non-executive Directors exercise their independent judgement and advise on the future business direction and strategic plans of the Company. • The Non-executive Directors review the financial information and operational performance of the Company on a regular basis. • Individual Independent Non-executive Directors serve on the different committees, namely, Audit Committee, Remuneration Committee, Nomination Committee and Sustainability Committee of the Company.
	– Participating in board meetings to bring independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct at board meetings;	C	
	– taking the lead on potential conflicts of interests;	C	

<table>
<tr><th>Code Ref.</th><th>Code Provisions</th><th>Comply ("C")/
Explain ("E")</th><th>Corporate Governance Practices</th></tr>
<tr><td>C.1.2
(Cont'd)</td><td>– serving on the audit, remuneration, nomination and other governance committees, if invited; and
– scrutinising the company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.</td><td>C

C</td><td>• The table below provides membership information of these committees on which the Independent Non-executive Directors serve during the year ended 31st December, 2022:
<table>
<tr><th></th><th colspan="4">Board Committee</th></tr>
<tr><th>Directors</th><th>Audit Committee</th><th>Remuneration Committee</th><th>Nomination Committee</th><th>Sustainability Committee</th></tr>
<tr><td>CHEONG Ying Chew, Henry</td><td>M</td><td>C</td><td>–</td><td>–</td></tr>
<tr><td>KWOK Eva Lee</td><td>–</td><td>–</td><td>C</td><td>–</td></tr>
<tr><td>SNG Sow-mei alias POON Sow Mei</td><td>M[1]</td><td>M[2]</td><td>–</td><td>–</td></tr>
<tr><td>Colin Stevens RUSSEL</td><td>–</td><td>M[2]</td><td>–</td><td>–</td></tr>
<tr><td>LAN Hong Tsung, David</td><td>M</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>Barrie COOK</td><td>–</td><td>–</td><td>M</td><td>M[3]</td></tr>
<tr><td>Paul Joseph TIGHE</td><td>C[1]</td><td>–</td><td>–</td><td>M</td></tr>
</table>
Notes:
C Chairman/Chairperson of the relevant Board committees.
M Member of the relevant Board committees.
1. Mrs. SNG Sow-mei alias POON Sow Mei retired and Mr. Paul Joseph TIGHE appointed as the Chairperson of the Audit Committee with effect from 10th May, 2022.
2. Mrs. SNG Sow-mei alias POON Sow Mei appointed as a member of the Remuneration Committee following Mr. Colin Stevens RUSSEL's retirement as an Independent Non-executive Director and cease as a member of the Remuneration Committee, all with effect from 1st September, 2022.
3. Mr. Barrie Cook appointed as a member of the Sustainability Committee with effect from 31st December, 2022.</td></tr>
<tr><td>C.1.3</td><td>Board should establish written guidelines no less exacting than the Model Code for relevant employees.</td><td>C</td><td>• The Company had adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. The Model Code has been reviewed and revised by the Company from time to time to comply with the new requirements set out in Appendix 10 to the Listing Rules.
• Confirmation has been received from all Directors that they complied with the required standards set out in the Model Code for the year ended 31st December, 2022.
• Written guidelines on no less exacting terms than the Model Code relating to securities transactions for employees are set out in the Employee Handbook of the Company.
• The Company has a policy on handling of confidential information, information disclosure, and securities dealing for all employees of the Group to comply with when they are in possession of confidential or unpublished information in relation to the Group. Such policy has been from time to time revised to comply with the requirements set out in Part XIVA of the Securities and Futures Ordinance or for other applicable laws, rules and regulations and the most updated version of such policy is available on the Company's intranet and disseminated to all employees of the Company.</td></tr>
<tr><td>C.1.4</td><td>All directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the board remains informed and relevant. The company should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of a listed company director.</td><td>C</td><td>• An induction package, which has been compiled and reviewed by the Company's external legal advisers, setting out the duties and responsibilities of directors under the Listing Rules and relevant regulatory requirements is provided to newly appointed Directors. Further information package comprising the latest developments in laws, rules and regulations relating to the duties and responsibilities of directors will be forwarded to Directors from time to time for their information and ready reference. Guidelines for directors have also been forwarded to Directors for their information and ready reference.
• In addition, the Company has from time to time provided information and briefings to Directors on the latest developments in the laws, rules and regulations relating to Directors' duties and responsibilities. The Company had also, on an individual basis, advised Directors on queries raised or issues which arise in the performance of their duties as directors.
• The Directors have provided to the Company their records of continuous professional development during the year 2022.</td></tr>
</table>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.1.4 (Cont'd)			• During the year, the Company had arranged at the cost of the Company, Directors' seminar sessions conducted by qualified professionals experienced on topics relating to the roles, functions and duties of the Directors. Attendance certificates would be issued to Directors who had attended the seminar sessions and requested the said certificates. Directors have also participated in continuous professional training organised by professional bodies and/or government authorities. • The Directors' knowledge and skills are continuously developed and refreshed by, inter alia, the following means: 1. Reading memoranda issued or materials provided (for example, in-house directors' seminar) from time to time by the Company to Directors, and as applicable, briefings and reports by the Company Secretary, as regards legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties with the latest developments in public consultations, laws, rules and regulations relating to the duties and responsibilities of directors and corporate governance; 2. Participation in continuous professional training seminars/conferences/courses/workshops on subjects relating to directors' duties and corporate governance, etc. organised by the Company and/or professional bodies and/or government authorities; and 3. Reading news/journal/magazine/other reading materials as regards legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties. • Record of the Directors' training during 2022 is as follows:

Members of the Board	Training received
Executive Directors	
Victor T K LI *(Chairman)*	(1) & (3)
KAM Hing Lam *(Group Managing Director)*	(1) & (3)
IP Tak Chuen, Edmond *(Deputy Chairman)*	(1), (2) & (3)
FOK Kin Ning, Canning *(Deputy Chairman)*	(1) & (3)
Frank John SIXT	(1) & (3)
Andrew John HUNTER *(Deputy Managing Director)*	(1) & (3)
CHAN Loi Shun *(Chief Financial Officer)*	(1), (2) & (3)
CHEN Tsien Hua	(1) & (2)
Independent Non-executive Directors	
CHEONG Ying Chew, Henry	(1) & (2)
KWOK Eva Lee	(1) & (2)
SNG Sow-mei alias POON Sow Mei	(1), (2) & (3)
LAN Hong Tsung, David	(1) & (3)
Barrie COOK	(1)
Paul Joseph TIGHE	(1), (2) & (3)
Non-executive Directors	
LEE Pui Ling, Angelina	(1) & (2)
George Colin MAGNUS	(1), (2) & (3)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.1.5	Directors should disclose to the company at the time of their appointments, and in a timely manner for any changes, the number and nature of offices held in public companies or organisations and other significant commitments. The identity of the public companies or organisations and an indication of the time involved should also be disclosed. The board should determine for itself how frequently this disclosure should be made.	C	• The Directors have disclosed to the Company at the time of their appointments and from time to time thereafter the number and nature of offices held in public companies or organisations, other significant commitments, and the identity of the public companies or organisations involved.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.1.6	Independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. Generally, they should also attend general meetings to gain and develop a balanced understanding of the views of shareholders.	C	• There is satisfactory attendance at Board meetings, Board Committee meetings, the meetings between the Chairman and the Independent Non-executive Directors and the annual general meeting during the year. Please refer to B.3.1, C.2.2, C.5.1, D.3.3, E.1.2 and F.2.2 for the attendance records. • Extent of participation and contribution should be viewed both quantitatively and qualitatively.
C.1.7	Independent non-executive directors and other non-executive directors should make a positive contribution to the development of the company's strategy and policies through independent, constructive and informed comments.	C	• Please refer to C.1.6 above.
C.1.8	Arrange appropriate insurance cover in respect of legal action against the directors.	C	• The Company has arranged and maintained appropriate and adequate Directors and Officers liability insurance coverage for its Directors and officers since its listing on the Stock Exchange.
C.2	**Chairman and Chief Executive** ***Corporate Governance Principle*** *There should be a clear division of responsibilities between the Chairman and the Group Managing Director of the Company to ensure a balance of power and authority.*		
C.2.1	– Separate roles of chairman and chief executive not to be performed by the same individual. – Division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.	C C	• The positions of Chairman and Group Managing Director are currently held by separate individuals. • The Chairman determines the broad strategic direction of the Group in consultation with the Board and is responsible for the high-level oversight of management. • The Group Managing Director, with the support of the Executive Directors, is responsible for strategic planning of different business functions and day-to-day management and operation of the Group.
C.2.2	The chairman should ensure that all directors are properly briefed on issues arising at board meetings.	C	• With the support of the Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information on a timely basis. • In addition to regular Board meetings, the Chairman met with the Independent Non-executive Directors without the presence of other Directors in May and November of 2022. Attendance records in 2022 are as follows: **Attendance** **Chairman** Victor T K LI — 2/2 **Independent Non-executive Directors** CHEONG Ying Chew, Henry — 2/2 KWOK Eva Lee — 2/2 SNG Sow-mei alias POON Sow Mei — 2/2 Colin Stevens RUSSEL [Note] — 1/1 LAN Hong Tsung, David — 2/2 Barrie COOK — 2/2 Paul Joseph TIGHE — 2/2 Note: Retired as an Independent Non-executive Director with effect from 1st September, 2022.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2.3	The chairman should be responsible for ensuring that directors receive, in a timely manner, adequate information, which must be accurate, clear, complete and reliable.	C	• The Board papers including supporting analysis and related background information are normally sent to the Directors at least three days before Board meetings. • Communications between Non-executive Directors (including Independent Non-executive Directors) on the one hand, and the Company Secretary as co-ordinator for the other business units of the Group on the other, is a dynamic and interactive process to ensure that queries raised and clarification sought by the Directors are dealt with promptly and further supporting information and/or documentation is provided as appropriate.
C.2.4	– The chairman to provide leadership for the board. – The chairman should ensure that the board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner. – The chairman should be primarily responsible for drawing up and approving the agenda for each board meeting. The chairman should take into account, where appropriate, any matters proposed by the other directors for inclusion in the agenda. The chairman may delegate this responsibility to a designated director or the company secretary.	C C C	• The Chairman is an Executive Director who is responsible for the leadership and effective running of the Board. • The Chairman determines the broad strategic direction of the Group in consultation with the Board and is responsible for the high-level oversight of the management. • The Board meets regularly and held meetings in March, May, August and November of 2022. • With the support of the Executive Directors and the Company Secretary, the Chairman ensures that all Directors are properly briefed on all key and appropriate issues in a timely manner. • The Company Secretary assists the Chairman in preparing the agenda for each Board meeting and ensures that, where applicable, matters proposed by other Directors are included in the agenda; and that all applicable rules and regulations are followed.
C.2.5	The chairman should take primary responsibility for ensuring that good corporate governance practices and procedures are established.	C	• The Chairman leads the Board in fostering the Group's corporate culture in alignment with the purpose, values and strategy set by the Board, to reinforce the Group's vision and pursuit of success. • The Board as a whole and the management of the Company are committed to the maintenance of good corporate governance practices and procedures.
C.2.6	– The chairman should encourage all directors to make a full and active contribution to the board's affairs and take the lead to ensure that it acts in the best interests of the company. – The chairman should encourage directors with different views to voice their concerns, allow sufficient time for discussion of issues and ensure that board decisions fairly reflect board consensus.	C C	• Please refer to C.2.3 and C.2.4 above for the details.
C.2.7	The chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors.	C	• In addition to regular full Board meetings, the Chairman met with the Independent Non-executive Directors without the presence of other Directors in May and November of 2022. Please refer to C.2.2 above for the attendance records.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2.8	The chairman should ensure that appropriate steps are taken to provide effective communication with shareholders and that their views are communicated to the board as a whole.	C	• To facilitate effective and systematic communication with shareholders, the Company has a Shareholders Communication Policy, a copy of which is available on the Company's website. This policy is subject to regular review to ensure its implementation and effectiveness. • The Company establishes different forms of engagement for different groups of stakeholders to keep consistent interactions and maintains different communication channels for shareholders and investors to communicate their views on matters regarding the Company's businesses and affairs. These channels, include (i) printed copies of corporate communications (including but not limited to annual reports, interim reports, notices of meetings, circulars and proxy forms) required under the Listing Rules, and shareholders can choose to receive such documents using electronic means through the Company's website; (ii) the annual general meeting provides a forum for shareholders to raise comments and exchange views with the Board; (iii) updated and key information on the Group is available on the website of the Company; (iv) the Company's website offers a communication channel between the Company and its shareholders and stakeholders; (v) press conferences and briefing meetings with analysts are arranged from time to time, where applicable, to update on the performance of the Group; (vi) the Company's Branch Share Registrar deals with shareholders for share registration and related matters; and (vii) the Corporate Affairs Department of the Company handles enquiries from shareholders and investors generally. These channels allow the Company to receive feedback from our shareholders and investors. Any unanswered questions raised from the shareholders in the annual general meetings/general meetings will be dealt with by the Company Secretary, the authorised officers and other appropriate departments. In addition, the Investor Relations' contact details are available at the Company's website for taking enquiries and receiving information requests from shareholders. Those enquiries and information requests will be handled by Investor Relations and other appropriate departments. • Having reviewed the implementation of the multiple channels of communication in place, the Board, through and by the Audit Committee, considers that the implementation of the Company's shareholders communication policy was effective during the year ended 31st December, 2022.
C.2.9	The chairman should promote a culture of openness and debate by facilitating the effective contribution of non-executive directors in particular and ensuring constructive relations between executive and non-executive directors.	C	• The Chairman promotes a culture of openness and actively encourages Directors with different views to voice their opinion and be fully engaged in the Board's affairs so as to contribute to the Board's functions.
C.3	**Management functions** ***Corporate Governance Principle*** *The Company should have a formal schedule of matters specifically reserved for Board approval and those delegated to management.*		
C.3.1	When the board delegates aspects of its management and administration functions to management, it must, at the same time, give clear directions as to the management's powers, in particular, where management should report back and obtain prior board approval before making decisions or entering into any commitments on the company's behalf.	C	• Executive Directors are in charge of different business units and functional divisions in accordance with their respective areas of expertise. • The management of the Company reports acquisitions of or investments in business or projects, and other matters as considered appropriate, back to the Board, and obtains the Board's prior approval before making decisions or entering into any commitments on behalf of the Company. Where appropriate, disclosure is made and/or circulars are issued to obtain shareholders' approval in accordance with the requirements of the applicable rules and regulations. • Please refer to the Management Structure Chart set out on page 184. • For matters or transactions of a material nature, the same will be referred to the Board for approval. • For matters or transactions of a magnitude requiring disclosure under the Listing Rules or other applicable rules or regulations, appropriate disclosure will be made and where necessary, a circular will be prepared and shareholders' approval will be obtained in accordance with the requirements of the applicable rules and regulations.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.3.2	Formalise functions reserved to the board and those delegated to management and to review those arrangements periodically to ensure that they remain appropriate to the company's needs.	C	• Accountable to the shareholders under the leadership of the Chairman, the Board leads, directs and supervises the Company's affairs to enable the long term success of the Company. • The Board is responsible for the Group's future development directions; overall strategies and policies; evaluation of the performance of the Group and the management; and approval of matters that are of a material or substantial nature. • The Board evaluates the Group's operating, financial and sustainability performance and oversees the executive management of the Company with the support of various standing committees, and ensures the Company maintains effective communication with shareholders and appropriate engagement with other key stakeholders. • Under the leadership of the Group Managing Director, management is responsible for the day-to-day operations of the Group.
C.3.3	Directors should clearly understand delegation arrangements in place. The company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment.	C	• Formal letters of appointment have been issued to all Directors setting out the key terms and conditions of their respective appointment.
C.4	**Board Committees** ***Corporate Governance Principle*** *Board Committees should be formed with specific written terms of reference which deal clearly with their authority and duties.*		
C.4.1	Where board committees are established to deal with matters, the board should give them sufficiently clear terms of reference to enable them to perform their functions properly.	C	• Five Board Committees, namely, Audit Committee, Remuneration Committee, Nomination Committee, Sustainability Committee and executive committee ("Executive Committee"), have been established with specific terms of reference. • The Company established its Sustainability Committee on 1st December, 2020. A majority of the Directors sitting on the Sustainability Committee are Independent Non-executive Directors. • The Sustainability Committee headed by an Executive Director, Mr. Ip Tak Chuen, Edmond, comprises two Independent Non-executive Directors, Mr. Barrie Cook and Mr. Paul Joseph Tighe, and the Company Secretary, Ms. Eirene Yeung, as members. • The terms of reference of the Sustainability Committee are available on the websites of the Company and HKEX. • The Sustainability Committee, with delegated responsibility, oversees management and advises the Board on the development and implementation of the sustainability initiatives of the Group, including reviewing the related ESG policies and practices, and assessing and making recommendations on matters concerning the Group's sustainability development and ESG risks. • Sustainability Committee meetings were held in March and November of 2022. Attendance records of the members of the Sustainability Committee in 2022 are as follows: **Members of the Sustainability Committee** — **Attendance** IP Tak Chuen, Edmond *(Chairman)* — 2/2 Paul Joseph TIGHE — 2/2 Barrie COOK [Note] — N/A Eirene YEUNG — 2/2 Note: Appointed as a member of the Sustainability Committee on 31st December, 2022. • The following is a summary of the work of the Sustainability Committee during 2022: 1. Review the Group's sustainability objectives, strategies, priorities, initiatives, goals, targets, work progress and highlights for the year of 2021, in consultation with the external professional consultant; 2. Consider adoption the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) and other initiatives with a view to enhancing the Company's sustainability disclosures and ability to identify and address sustainability-related issues; 3. Consider rating agencies' analyses of the Group's sustainability performance; 4. Review the potential climate-related financial risks, i.e. physical risk and transition risk, that might affect the Group; 5. Review the Company's sustainability frameworks and sustainability related policies, practices and management approach; 6. Review the Company's standalone sustainability report for the year of 2021 prepared in consultation with the external professional consultant;

<table>
<tr><th>Code Ref.</th><th>Code Provisions</th><th>Comply (“C”)/ Explain (“E”)</th><th>Corporate Governance Practices</th></tr>
<tr><td>C.4.1
(Cont’d)</td><td></td><td></td><td>
7. Review the progress of the Group in 2022 towards the sustainability targets and sustainability-related issues, trends and best practices;
8. Consider an introductory review of the exposure drafts of the International Sustainability Standards released by the International Sustainability Standards Board (ISSB) in March 2022;
9. Review of the Company’s alignment to United Nations Sustainable Development Goals (UNSDGs) for the Group’s sustainability targets and goals; and
10. Consider the plan and preparatory work for Company’s sustainability report for the year of 2022.
• At the meeting of the Sustainability Committee held in March 2023, the Sustainability Committee reviewed the sustainability report for the year 2022 and adopted revisions of the following sustainability policies of the Company, among other agenda items: (a) Environmental Policy; b) Human Rights Policy; and (c) Supplier Code of Conduct.
• The Company established its Executive Committee on 26th April, 2005, which comprises the Chairman of the Board (Chairman of the Executive Committee), five Executive Directors and six key personnel of the Company. The Executive Committee meets regularly to discuss and make decisions on matters relating to the management and operations of the Company, and to assess and make recommendations to the Board on acquisitions of or investments in business or projects.
</td></tr>
<tr><td>C.4.2</td><td>The terms of reference of board committees should require them to report back to the board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).</td><td>C</td><td>• Board Committees report to the Board of their decisions and recommendations at the Board meetings.</td></tr>
<tr><td>C.5</td><td colspan="3">Conduct of board proceedings and supply of and access to information

Corporate Governance Principle
The Company should ensure Directors can participate in Board proceedings in a meaningful and effective manner. Directors should be provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities.</td></tr>
<tr><td>C.5.1</td><td>Regular board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of directors.</td><td>C</td><td>
• The Board meets regularly and held meetings in March, May, August and November of 2022.
• Directors’ attendance record in 2022 is as follows:
<table>
<tr><th>Members of the Board</th><th>Attendance</th></tr>
<tr><td>Executive Directors</td><td></td></tr>
<tr><td>Victor T K LI (Chairman)</td><td>4/4</td></tr>
<tr><td>KAM Hing Lam (Group Managing Director)</td><td>4/4</td></tr>
<tr><td>IP Tak Chuen, Edmond (Deputy Chairman)</td><td>4/4</td></tr>
<tr><td>FOK Kin Ning, Canning (Deputy Chairman)</td><td>4/4</td></tr>
<tr><td>Frank John SIXT</td><td>4/4</td></tr>
<tr><td>Andrew John HUNTER (Deputy Managing Director)</td><td>4/4</td></tr>
<tr><td>CHAN Loi Shun (Chief Financial Officer)</td><td>4/4</td></tr>
<tr><td>CHEN Tsien Hua</td><td>4/4</td></tr>
<tr><td>Independent Non-executive Directors</td><td></td></tr>
<tr><td>CHEONG Ying Chew, Henry</td><td>4/4</td></tr>
<tr><td>KWOK Eva Lee</td><td>4/4</td></tr>
<tr><td>SNG Sow-mei alias POON Sow Mei</td><td>4/4</td></tr>
<tr><td>Colin Stevens RUSSEL [Note]</td><td>2/3</td></tr>
<tr><td>LAN Hong Tsung, David</td><td>4/4</td></tr>
<tr><td>Barrie COOK</td><td>3/4</td></tr>
<tr><td>Paul Joseph TIGHE</td><td>4/4</td></tr>
<tr><td>Non-executive Directors</td><td></td></tr>
<tr><td>LEE Pui Ling, Angelina</td><td>4/4</td></tr>
<tr><td>George Colin MAGNUS</td><td>4/4</td></tr>
</table>
Note: Retired as an Independent Non-executive Director with effect from 1st September, 2022.
• The Directors have the options to attend Board meetings in person, by phone or through means of electronic communication or by their respective alternate directors (if applicable) in accordance with the Company’s Bye-laws. An updated and consolidated version of the Company’s Memorandum of Association and Bye-laws (both English and Chinese versions) are available on the websites of the Company and HKEX. There were no significant changes in the Company’s constitutional documents during the year 2022.
</td></tr>
</table>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.5.2	All directors are given an opportunity to include matters in the agenda for regular board meetings.	C	• All Directors are consulted as to whether they may wish to include any matter in the agenda before the agenda for each regular Board meeting is issued.
C.5.3	– At least 14 days notice for regular board meetings. – Reasonable notice for other board meetings.	C C	• Regular Board meetings in a particular year are usually scheduled towards the end of the immediately preceding year to give all Directors adequate time to plan their schedules to attend the meetings. • At least 14 days formal notice would be given before each regular meeting. • The Directors are given as much prior notice as is reasonable and practical under the circumstances of ad hoc Board meetings in addition to regular Board meetings. • According to the Company's Bye-laws, any Director may waive notice of any meeting.
C.5.4	Minutes of board meetings and meetings of board committees should be kept by a duly appointed secretary of the meeting and should be open for inspection at any reasonable time on reasonable notice by any director.	C	• The Company Secretary and the authorised officers prepare written resolutions or minutes and keeps records of substantive matters discussed and decisions resolved at all Board and Board Committee meetings. • Board and Board Committee minutes are sent to all Directors/Board Committee members within a reasonable time after each Board and Board Committee meeting. • Board and Board Committee minutes/resolutions are available for inspection by Directors/Board Committee members.
C.5.5	– Minutes of board meetings and meetings of board committees should record in sufficient detail the matters considered and decisions reached. – Draft and final versions of minutes for all directors to comment and keep records within a reasonable time after the board meeting.	C C	• Minutes record in sufficient detail the matters considered by the Board/Board Committees and decisions reached. • Directors are given an opportunity to comment on draft Board minutes. • Final version of Board minutes is placed on record within a reasonable time after the Board meeting.
C.5.6	– A procedure agreed by the board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the company's expense. – The board should resolve to provide separate independent professional advice to directors to assist them perform their duties to the company.	C C	• Directors have been advised that the Company Secretary can arrange independent professional advice at the expense of the Company should such advice be considered necessary by any Director.
C.5.7	– If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. – Independent non-executive directors who, and whose close associates, have no material interest in the transaction should be present at that board meeting.	C C	• Important matters are usually dealt with by way of written resolutions so that all Directors (including Independent Non-executive Directors) can note and comment, as appropriate, on the matters before approval is granted. • A director must declare his/her interest in the matters to be passed in the resolution, if applicable. • If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with in accordance with applicable rules and regulations and, if appropriate, an independent Board committee will be set up to deal with the matter.
C.5.8	– Send agenda and full board papers to all directors at least 3 days before a regular board or board committee meeting. – As far as practicable for other board or board committee meetings.	C C	• Board/Board Committee papers are circulated not less than three days before the regular Board/Board Committee meetings to enable the Directors/Board Committee members to make informed decisions on matters to be raised at the Board/Board Committee meetings.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.5.9	– Management has an obligation to supply the board and its committees with adequate and reliable information in a timely manner to enable it to make informed decisions. – The board and individual directors should have separate and independent access to the company's senior management for making further enquiries where necessary.	C C	• The Company Secretary and the Chief Financial Officer attend all regular Board meetings to advise on corporate governance, statutory compliance and accounting and tax related financial matters, as appropriate. • Communications between Directors on the one hand, and the Company Secretary, who acts as co-ordinator for the other business units of the group on the other, is a dynamic and interactive process to ensure that queries raised and clarification sought by the Directors are dealt with and that further supporting information is provided as appropriate.
C.5.10	– All directors are entitled to have access to board papers and related materials. – Queries raised by directors should receive a prompt and full response, if possible.	C C	• Please see C.5.8 and C.5.9 above.
C.6	**Company Secretary** ***Corporate Governance Principle*** *The Company Secretary plays an important role in supporting the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. The Company Secretary is responsible for advising the Board through the Chairman and/or the Group Managing Director on governance matters and should also facilitate induction and professional development of Directors.*		
C.6.1	The company secretary should be an employee of the company and have day-to-day knowledge of the company's affairs.	C	• The Company Secretary of the Company has been appointed since the listing of the Company*. The Company Secretary confirmed that she has complied with all the required qualifications, experience and training requirements under the Listing Rules for the year ended 31st December, 2022. • The Company Secretary and the authorised officers prepare written resolutions and minutes as appropriate and keeps records of substantive matters discussed and decisions resolved at all Board and Board Committee meetings. • The Company Secretary advises the Board from time to time on compliance with all applicable laws, rules and regulations in relation to the investments of the Group and keeps the Board abreast of relevant legislative, regulatory and corporate governance developments. * Except for a brief period of approximately four months during which the position had taken up by her then deputy.
C.6.2	The board should approve the selection, appointment or dismissal of the company secretary.	C	• The appointment and removal of the Company Secretary are subject to Board approval in accordance with the Company's Bye-laws.
C.6.3	The company secretary should report to the board chairman and/or the chief executive.	C	• The Company Secretary reports to the Board through the Chairman whilst all members of the Board have access to the advice of the Company Secretary.
C.6.4	All directors should have access to the advice and services of the company secretary to ensure that board procedures, and all applicable law, rules and regulations, are followed.	C	• Directors have access to the Company Secretary and the authorised officers who are responsible to the Board for ensuring that Board procedures, and all applicable rules and regulations, are followed. • Memoranda are issued and other resources (such as the webcasts of the Stock Exchange on corporate governance) are relayed, and directors' trainings are arranged to Directors from time to time to update them with legal and regulatory changes and matters of relevance to Directors in the discharge of their duties.
D.	**AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT**		
D.1	**Financial reporting** ***Corporate Governance Principle*** *The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.*		
D.1.1	Management should provide sufficient explanation and information to the board to enable it to make an informed assessment of financial and other information put before it for approval.	C	• Directors are provided with a review of the Group's major business activities and key financial information on a quarterly basis.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
D.1.2	Management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the company's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties.	C	• Monthly updates are provided to all members of the Board, for the purpose of providing a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail and to enable the Board as a whole and each Director to discharge their duties.
D.1.3	– The directors should acknowledge in the Corporate Governance Report their responsibility for preparing the accounts. – There should be a statement by the auditors about their reporting responsibilities in the auditor's report on the financial statements. – Unless it is inappropriate to assume that the company will continue in business, the directors should prepare the accounts on a going concern basis, with supporting assumptions or qualifications as necessary. – Where the directors are aware of material uncertainties relating to events or conditions that may cast significant doubt on the company's ability to continue as a going concern, they should be clearly and prominently disclosed and discussed at length in the Corporate Governance Report.	C C C N/A	• The Directors acknowledged in writing on an annual basis their responsibility for preparing the financial statements of the Group. • Directors are not aware of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern as referred to in D.1.3 of the CG Code. • With the assistance of the Company's Finance and Accounting Department which are under the supervision of the Chief Financial Officer who is a professional accountant, the Directors ensure the preparation of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards. • The Directors also ensure the publication of the financial statements of the Group is done in a timely manner. • The statement by the auditor of the Company regarding its reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 86 to 90.
D.1.4	The board should present a balanced, clear and understandable assessment in annual and interim reports and other financial disclosures required by the Listing Rules. It should also do so for reports to regulators and information disclosed under statutory requirements.	C	• The Board aims to present a clear, balanced and understandable assessment of the Group's performance and position in all shareholder communications. • The Board is aware of and updated with the requirements under the applicable rules and regulations about timely disclosure of inside information or matters regarding the Company and will authorise the publication of such announcements as and when the occasion arises. The Company Secretary and the authorised officers together with the Accounting Department work closely and in consultation with legal advisers to review the materiality and sensitivity of transactions and proposed transactions and advise the Board accordingly.
D.2	**Risk management and internal control** ***Corporate Governance Principle*** *The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. Such risks would include, amongst others, material risks relating to ESG. The Board should oversee management in the design, implementation and monitoring of the risk management and internal control systems, and management should provide a confirmation to the Board on the effectiveness of these systems.*		
D.2.1	The board should oversee the group's risk management and internal control systems on an ongoing basis, ensure that a review of the effectiveness of the company's and its subsidiaries' risk management and internal control systems has been conducted at least annually and report to shareholders that it has done so in its Corporate Governance Report. The review should cover all material controls, including financial, operational and compliance controls.	C	• The Board is responsible for maintaining sound and effective risk management and internal control systems, which include the development of necessary policies and procedures. Such systems are reviewed twice a year to ensure they are operating effectively on an ongoing basis. The Group maintains an enterprise risk management framework to identify, assess, manage, monitor and control current and emerging risks. • Risk management and internal control systems are designed to help the achievement of business objectives in the following categories: 1. Alignment with and supportive of the Group's strategies; 2. Effectiveness and efficiency of operations which include safeguarding assets against unauthorised user or disposition; 3. Reliability of financial and operational reporting; and 4. Compliance with applicable laws, regulations, and internal controls and procedures.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
D.2.2	The board's annual review should, in particular, ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the company's accounting, internal audit, financial reporting functions as well as those relating to the company's ESG performance and reporting.	C	• The Board, through the Audit Committee, reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting functions as well as those relating to the company's ESG performance and reporting at the Board meeting held in March 2023 and noted that the Company has been in compliance with the Code Provision for the year 2022. Please also refer to D.3.3 below.
D.2.3	The board's annual review should, in particular, consider:		
	– the changes, since the last annual review, in the nature and extent of significant risks (including ESG risks), and the company's ability to respond to changes in its business and the external environment;	C	• The Board, through the Audit Committee, regularly reviews the significant risks (including ESG risks) and decisions that could have a material impact on the Group. These reviews consider the level of risk that the Group is prepared to take in pursuit of the business strategy and the effectiveness of the management controls in place to mitigate the risk exposure. They also regularly review the effectiveness of any remedial actions taken during the reporting period in order to respond to changes in its business and the external environment.
	– the scope and quality of management's ongoing monitoring of risks (including ESG risks) and of the internal control systems, and where applicable, the work of its internal audit function and other assurance providers;	C	• The Audit Committee, on behalf of the Board, regularly reviews the scope and quality of the risk management framework (including ESG risks) and effectiveness of the internal control systems. The Audit Committee evaluates the internal audit function on an ongoing basis by reviewing internal audit resources, plans, budgets and its work. The Audit Committee also carries out a review of the reports from the external auditors, Messrs. Deloitte Touche Tohmatsu ("Deloitte"), regarding the internal controls and relevant financial reporting matters in the Company.
	– the extent and frequency of communication of monitoring results to the board (or board committee(s)) which enables it to assess control of the company and the effectiveness of risk management;	C	• The Group's risk management and internal control systems are reviewed twice a year by the management. Each business unit has to perform risk assessment where the risks associated with achieving the business objectives are identified and analysed. It also includes a review of the control mechanism for each risk and action plan is put in place to address the areas for improvement. The Chief Executive Officer and Chief Financial Officer of each business unit need to provide a formal confirmation to acknowledge review of their control systems and highlight any weaknesses. Such confirmations are reviewed by the Audit Committee, through Internal Audit, and submitted to the Board for its assessment.
	– significant control failings or weaknesses that have been identified during the period. Also, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the company's financial performance or condition; and	C	• No significant control failings or weaknesses had been identified during the reporting period. The Board is not aware of any material unforeseen outcomes or contingencies that may in the future have a material impact on the Company's financial performance or condition.
	– the effectiveness of the company's processes for financial reporting and Listing Rules compliance.	C	• The Board has conducted a review of the effectiveness of the Group's risk management and internal control systems, including all material financial, operational and compliance controls, and concluded that they are adequate and effective.
D.2.4	The company should disclose, in the Corporate Governance Report, a narrative statement on how it has complied with the risk management and internal control code provisions during the reporting period. In particular, the company should disclose:	C	• The Company has complied with the code provisions on risk management and internal controls during the reporting period.
	– the process used to identify, evaluate and manage significant risks;	C	• The Group has in place an Enterprise Risk Management framework which is consistent with the COSO (Committee of Sponsoring Organisations of the Treadway Commission) framework. The framework supports the Group to identify, evaluate and manage significant risks.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
D.2.4 (Cont'd)	– the main features of the risk management and internal control systems;	C	• The Group adopts a "top-down and bottom-up" approach to manage risk exposures which works as follows: Managing Risk from Top-down: *The Board and Audit Committee* 1. Assess and determine the nature and extent of the risks that the Group is willing to accept in pursuit of its strategic and business objectives; and 2. Ensure appropriate and effective risk management and internal control systems are in place. *Senior Management* 1. Oversee the Group's risk profile and evaluate if major risks are appropriately mitigated; and 2. Review and confirm the effectiveness of the risk management processes. Managing Risk from Bottom-up: *Risk and Control Monitoring Functions* 1. Establish relevant policies and procedures for the Group; and 2. Monitor business units in the implementation of effective risk management and internal control systems. *Operational Level* 1. Identify, assess, mitigate and report the risks; and 2. Provision of reports and data relating to emerging risks to the Board, through the Audit Committee. • Through this "top-down and bottom-up" risk review process, the risks identified in each business unit will be presented in the Group Risk Register, where they are considered significant on a group level. This Register, of which the content is confirmed by the Group Managing Director and the Chief Financial Officer, forms part of the Risk Management Report for review and approval by the Audit Committee every half-yearly. The Audit Committee, on behalf of the Board, reviews the Report to ensure that all the significant risks are identified and appropriately managed. • Pages 185 to 192 of the Annual Report also provide a description of the Group's risk factors which could affect the Group's financial condition or results of operations to differ materially from expected or historical results.
	– an acknowledgement by the board that it is responsible for the risk management and internal control systems and reviewing their effectiveness. It should also explain that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss;	C	• Both risk management and internal control systems are designed to manage rather than eliminate risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material errors, losses or fraud. The concept of reasonable assurance recognises that the cost of control procedure should not exceed the expected benefits.
	– the process used to review the effectiveness of the risk management and internal control systems and to resolve material internal control defects; and	C	• Please refer to D.2.3 above.
	– the procedures and internal controls for the handling and dissemination of inside information.	C	• Regarding the procedures and internal controls for handling inside information, the Group: 1. is well aware of its statutory and regulatory obligations to announce any inside information; 2. has implemented policy and procedure which strictly prohibit unauthorised use of confidential information and insider trading, and has communicated to all staff; and 3. requires that only Directors and delegated officers can act as the Group's spokesperson and respond to external enquiries about the Group's affairs.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
D.2.5	The company should have an internal audit function. The company without an internal audit function should review the need for one on an annual basis and should disclose the reasons for the absence of such a function in the Corporate Governance Report.	C	• Internal Audit, reporting directly to the Audit Committee and the Group Managing Director, performs independent assessment of the risk management and internal control systems. Using a risk based methodology, Internal Audit prepares its audit plan in consultation with, but independent of, management, and it is reviewed by the Audit Committee. The audit work focuses on those areas of the Group's activities with greatest perceived risks. Ad hoc review will also be performed on areas of concern identified by the Audit Committee and management. Management of individual business unit will be informed of the areas for improvement, and Internal Audit will closely monitor the implementation of agreed corrective actions.
D.2.6	The company should establish a whistleblowing policy and system for employees and those who deal with the company (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, with the audit committee about possible improprieties in any matter related to the company.	C	• The terms of reference of the Audit Committee include the requirement to review arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. • The Company has established the Whistleblowing Policy – Procedures for Reporting Possible Improprieties for employees and those who deal with the Group (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in matters of financial reporting, internal control or other matters relating to the Group. Such procedures are included into the Company's Employee Handbook and available on the Company's website. • The Company has issued an Employee Handbook to its staff, which contains the mechanism for employees to raise any issues they may have to their department heads and to the Human Resources Department for necessary action (whether these relate to their career development or any other grievances and complaints they may have).
D.2.7	The company should establish policy(ies) and system(s) that promote and support anti-corruption laws and regulations.	C	• The Group adopts a "zero tolerance" approach to bribery, corruption and fraud of any kind. • The Company has established Anti-Fraud and Anti-Bribery Policy and Employee Code of Conduct to set out the minimum standards of ethical conduct to which all employees are required to adhere. The Anti-Fraud and Anti-Bribery Policy and Employee Code of Conduct are available on the Company's website. • The Company has issued an Employee Handbook to its staff, which contains the mechanism for employees to declare to their department heads, the Director concerned and the Human Resources Department should the employees receive or be offered any commission, rebate, discount, gratuity, profit, gifts or any other form of benefit. • Anti-corruption training is provided as part of the onboarding process and on an ongoing basis to ensure the Company's expectations are effectively communicated to all levels of staff.
D.3	**Audit Committee** ***Corporate Governance Principle*** *The Board should establish formal and transparent arrangements to consider how it will apply financial reporting, risk management and internal control principles and maintain an appropriate relationship with the Company's auditors.*		
D.3.1	– Full minutes of audit committee meetings should be kept by a duly appointed secretary of the meeting. – Draft and final versions of minutes should be sent to all committee members for their comment and records, within a reasonable time after the meeting.	C C	• Minutes of the Audit Committee meetings are kept by the Company Secretary. Draft minutes of the meetings of the Audit Committee are circulated to members of the Audit Committee within a reasonable time after each meeting for their review and comments and the signed minutes are shared with the members for reference.
D.3.2	A former partner of existing auditing firm shall not act as a member of the audit committee for 2 years from the date of the person ceasing to be a partner of or to have any financial interest in, the firm, whichever is later.	C	• No member of the Audit Committee is a former partner of the existing auditing firm of the Company during the two years after he/she ceases to be a partner of the auditing firm. • The terms of reference of the Audit Committee comply with the requirement under the Listing Rules for prohibiting a former partner of the Company's existing auditing firm from acting as a member of the Audit Committee for a period of two years from the later of (a) the date of his/her ceasing to be a partner of the firm; or (b) the date of his/her ceasing to have any financial interest in the firm.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
D.3.3	The audit committee's terms of reference should include at least: – make recommendations to the board on the appointment, reappointment and removal of external auditor and approval of their terms of engagement; – review and monitor external auditor's independence and objectivity and effectiveness of audit process; – develop and implement policy on engaging an external auditor to supply non-audit services; – review of the company's financial information; and – oversight of the company's financial reporting system, risk management and internal control systems, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the company's accounting and financial reporting function.	C	• The terms of reference of the Audit Committee follow closely the requirements of the CG Code. • Audit Committee meetings were held in March, May, August and November of 2022. Attendance records of the members of the Audit Committee in 2022 are as follows: **Members of the Audit Committee** — **Attendance** Paul Joseph TIGHE [Note] *(Chairman)* — 4/4 CHEONG Ying Chew, Henry — 4/4 SNG Sow-mei alias POON Sow Mei [Note] — 4/4 LAN Hong Tsung, David — 4/4 Note: Mrs. SNG Sow-mei alias POON Sow Mei retired and Mr. Paul Joseph TIGHE appointed as the Chairperson of the Audit Committee with effect from 10th May, 2022. • The following is a summary of the work of the Audit Committee during 2022: 1. Review the financial reports for 2021 annual results and 2022 interim results, and unaudited financial results for the 1st quarter and the 3rd quarter 2022; 2. Review the findings and recommendations of the Group Internal Audit on the work of various business units and divisions/departments and updates on remedial actions, as appropriate; 3. Review the effectiveness of the risk management and internal control systems; 4. Review the external auditor's audit planning report and audit findings; 5. Review the external auditor's remuneration; 6. Review the risks of different business units and analysis thereof provided by the relevant business units and the Internal Audit Department; 7. Review the control mechanisms for such risks advising on action plans for improvement of the situations; 8. Review the arrangements employees can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters; and 9. Review the corporate governance policies and practices. • After due and careful consideration of reports from management and the internal and external auditors, the Audit Committee noted that no suspected fraud or irregularities, significant internal control deficiencies, or suspected infringement of laws, rules, or regulations had been found, and concluded at the meeting held on 13th March, 2023 that the internal control system was adequate and effective. • On 13th March, 2023, the Audit Committee met to review the Group's 2022 consolidated financial statements, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditor. After review and discussions with the management, internal auditor and external auditor, the Audit Committee endorsed the accounting treatment adopted by the Company, and the Audit Committee had to the best of its ability assured itself that the disclosure of the financial information in the Annual Report 2022 complied with the applicable accounting standards and Appendix 16 to the Listing Rules. The Audit Committee therefore resolved to recommend for the Board's approval of the consolidated financial statements for the year ended 31st December, 2022. • The Audit Committee also recommended to the Board the re-appointment of Deloitte as the Company's external auditor for 2023 and that the related resolution shall be put forth for shareholders' consideration and approval at the 2023 annual general meeting. • The Group's Annual Report 2022 has been reviewed by the Audit Committee. The Company's external auditor was invited to attend the meetings held in March, August and November of 2022. During the year ended 31st December, 2022, the Audit Committee held two private sessions with the external auditor and internal auditor respectively without the presence of management.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
D.3.4	The audit committee should make available its terms of reference, explaining its role and the authority delegated to it by the board by including them on HKEX's website and the company's website.	C	• 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 the Audit Committee on 11th December, 1998 with reference to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Institute of Certified Public Accountants. • The terms of reference of the Audit Committee (both English and Chinese versions) are available on the websites of the Company and HKEX. • The principal duties of the Audit Committee include: the review and supervision of the Group's financial reporting system, risk management and internal control systems; review of the Group's financial information; review of the relationship with the external auditor of the Company; and performance of the corporate governance functions delegated by the Board. Regular meetings have been held by the Audit Committee since its establishment. • The Audit Committee, headed by an Independent Non-executive Director, comprises four Independent Non-executive Directors, namely, Mr. Paul Joseph Tighe (Chairman of the Audit Committee), Mr. Cheong Ying Chew, Henry, Mrs. Sng Sow-mei alias Poon Sow Mei and Mr. Lan Hong Tsung, David.
D.3.5	Where the board disagrees with the audit committee's view on the selection, appointment, resignation or dismissal of the external auditors, the company should include in the Corporate Governance Report a statement from the audit committee explaining its recommendation and also the reason(s) why the board has taken a different view.	N/A	• The Audit Committee recommended to the Board that, subject to shareholders' approval at the forthcoming annual general meeting, Deloitte be re-appointed as the Company's external auditor for 2023. • For the year ended 31st December, 2022, the external auditor of the Company received approximately HK$7.8 million for annual audit services and approximately HK$3.9 million for tax and other services. A confirmation was received from Deloitte that Deloitte is independent in accordance with The Code of Ethics for Professional Accountants issued by The Hong Kong Institute of Certified Public Accountants.
D.3.6	The audit committee should be provided with sufficient resources to perform its duties.	C	• The Audit Committee has been advised that the Company Secretary can arrange independent professional advice at the expense of the Company should the seeking of such advice be considered necessary by the Audit Committee.
D.3.7	The terms of reference of the audit committee should also require it:		• Please refer to D.2.6 above for the details.
	– to review arrangements employees of the company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The audit committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and	C	
	– to act as the key representative body for overseeing the company's relations with the external auditor.	C	
E.	**REMUNERATION**		
E.1	**The level and make-up of remuneration and disclosure** ***Corporate Governance Principle*** *The Company should have a formal and transparent policy on Director's remuneration and other remuneration related matters. The procedure for setting policy on Executive Directors' remuneration and all Directors' remuneration packages should be formal and transparent.*		

<table>
<tr><th>Code Ref.</th><th>Code Provisions</th><th>Comply ("C")/ Explain ("E")</th><th>Corporate Governance Practices</th></tr>
<tr><td>E.1.1</td><td>The remuneration committee should consult the chairman and/or chief executive about their remuneration proposals for other executive directors and should have access to professional advice if necessary.</td><td>C</td><td>• The Remuneration Committee has consulted the Chairman and/or the Group Managing Director about proposals relating to the remuneration packages and other human resources issues of the Directors and senior management, including, without limitation, succession plan and key personnel movements as well as policies for recruiting and retaining qualified personnel.
• The emoluments of Directors have been determined with reference to the skills, knowledge, involvement in the Company's affairs and the performance of each Director, and to the profitability of the Company and prevailing market conditions during the year.
• To enable them to better advise on the Group's future remuneration policy and related strategies, the Remuneration Committee has been advised of the Group's existing remuneration policy and succession plan, including the corporate philosophy in formulating employees' remuneration packages, and market trends and related information.
• The Remuneration Committee is satisfied that there is in place a clear system for determining remuneration, which is reasonable and has been followed consistently in its application.</td></tr>
<tr><td>E.1.2</td><td>The remuneration committee's terms of reference should include:
– recommend to the board on the company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
– review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives;
– either to determine, with delegated responsibility, or to make recommendations to the board on the remuneration packages of individual executive directors and senior management;
– recommend to the board on the remuneration of non-executive directors;
– consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
– review and approve compensation payable on loss or termination of office or appointment;
– review and approve compensation arrangements relating to dismissal or removal of directors for misconduct; and
– ensure that no director or any of their associates is involved in deciding that director's own remuneration.</td><td>C</td><td>• The Company established its Remuneration Committee on 1st January, 2005. A majority of the members are Independent Non-executive Directors.
• The Remuneration Committee comprises an Independent Non-executive Director, Mr. Cheong Ying Chew, Henry (Chairman of the Remuneration Committee), the Chairman of the Board, Mr. Victor T K Li, and an Independent Non-executive Director, Mrs. Sng Sow-mei alias Poon Sow Mei.
• The terms of reference of the Remuneration Committee follow closely the requirements of the CG Code.
• The Remuneration Committee, with delegated responsibility, determines the remuneration packages of individual Executive Directors and senior management, and makes recommendations the remuneration of Non-executive Directors.
• Since the publication of the Annual Report 2021 in April 2022, a meeting of the Remuneration Committee was held in January 2023. Attendance record of the members of the Remuneration Committee is as follows:

Members of the Remuneration Committee — Attendance
CHEONG Ying Chew, Henry (Chairman) — 1/1
Victor T K LI — 1/1
Mrs. SNG Sow-mei alias POON Sow Mei — 1/1

• The following is a summary of the work of the Remuneration Committee during the said meeting:
1. Review the remuneration policy for 2022/2023;
2. Recommend to the Board the Company's policy and structure for the remuneration of Directors and the management;
3. Review and determine the remuneration packages of Executive Directors and the management with reference to the established system of the Company for determining the remuneration review;
4. Review the remuneration of Non-executive Directors; and
5. Review the annual bonus policy.
• No Director or any of his/her associates was involved in deciding his/her own remuneration at the meeting of the Remuneration Committee held in January 2023.</td></tr>
<tr><td>E.1.3</td><td>The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board by including them on HKEX's website and the company's website.</td><td>C</td><td>• The terms of reference of the Remuneration Committee (both English and Chinese versions) are available on the websites of the Company and HKEX.</td></tr>
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Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
E.1.4	The remuneration committee should be provided with sufficient resources to perform its duties.	C	• The Human Resources Department provides administrative support and implements the approved remuneration packages and other human resources related decisions approved by the Remuneration Committee.
E.1.5	The company should disclose the directors' remuneration policy, details of any remuneration payable to members of senior management by band and other remuneration related matters in the annual reports.	C	• The Board has resolved that the senior management of the Company comprises only the Executive Directors of the Company. Please refer to note 33 in the Notes to the Consolidated Financial Statements for details of the remuneration payable to the Directors. • The Remuneration Committee is primarily responsible for making recommendations to the Board on the Group's policy and structure in relation to remuneration of Directors and the management, making recommendations on the remuneration packages of Non-executive Directors and, with delegated responsibility, determining the remuneration packages of individual Executive Directors. The remuneration packages of Directors and key personnel is determined taking into account the duties and responsibilities of the role, the experience and performance of the individuals concerned as well as the prevailing market conditions. The remuneration of Executive Directors is structured to align with the long-term interests of the Company with significant proportion of remuneration linked to the performance of the Company and the individual. Non-executive Directors (including Independent Non-executive Directors) receive fixed fees for their appointments as members of the Board and additional fees for sitting on each Board committee and have not been granted with any equity-based remuneration with performance-related elements.
F.	**SHAREHOLDERS ENGAGEMENT**		
F.1	**Effective communication** ***Corporate Governance Principle*** *The Board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with them and encourage their participation.*		
F.1.1	The company should have a policy on payment of dividends and should disclose it in the annual report.	C	• The Board is committed to maintaining an optimal capital structure and investment grade credit ratings. This is pursued to deliver returns to shareholders and ensure that adequate capital resources are available for business growth and investment opportunities. Subject to business conditions, market opportunities and maintenance of the Company's strong investment grade credit ratings, the Board aims to deliver a sustainable dividend that is in line with the earnings improvements and long-term growth of the Company.
F.2	**Shareholder meetings** ***Corporate Governance Principle*** *The company should ensure that shareholders are given sufficient notice of shareholders meetings and are familiar with the detailed procedures for conducting a poll, and should arrange to address questions from shareholders in the shareholders meetings.*		
F.2.1	For each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of that meeting. The company should avoid "bundling" resolutions unless they are interdependent and linked forming one significant proposal. Where the resolutions are "bundled", the company should explain the reasons and material implications in the notice of meeting.	C	• Separate resolutions are proposed at the general meetings of the Company on each substantially separate issue, including the election of individual directors. • The Company has a Shareholders Communication Policy, a copy of which is available on the Company's website. This policy is subject to regular review to ensure its implementation and effectiveness. • The particulars of shareholders' rights relating to, inter alia, convening of special general meetings and making enquiries to the Company are as follows: 1. The Company has only one class of shares. All shares have the same voting rights and are entitled to the dividends declared. The Company's Bye-laws set out the rights of shareholders. 2. Shareholder(s) holding not less than one-tenth of the paid-up capital of the Company may, in accordance with the requirements and procedures set out in the Companies Act of Bermuda, request the Board to convene a special general meeting pursuant to Bye-law 58 of the Company's Bye-laws. The objects of the meeting must be stated in the related requisition which must be signed by the requisitionist(s) and deposited at the registered office of the Company. 3. (a) Shareholder(s) holding not less than one-twentieth of the total voting rights or (b) not less than 100 shareholders, may at their expense, unless the Company otherwise resolves, propose any resolution at any general meeting under the Companies Act of Bermuda. A written notice to that effect signed by the requisitionists together with a sum reasonably sufficient to meet the expenses in giving effect thereto must be deposited at the registered office of the Company at Clarendon House, Church Street, Hamilton HM11, Bermuda (addressed to the Company Secretary) not less than six weeks before the meeting. The notice shall contain, inter alia, a description of the proposed resolution desired to be put forward at the meeting, the reasons for such proposal and any material interest of the proposing shareholder in such proposal.

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<tr><th>Code Ref.</th><th>Code Provisions</th><th>Comply ("C")/
Explain ("E")</th><th>Corporate Governance Practices</th></tr>
<tr><td>F.2.1
(Cont'd)</td><td></td><td></td><td>4. Pursuant to Bye-law 88 of the Company's Bye-laws, if a shareholder wishes to propose a person other than a retiring Director for election as a Director at any general meeting (including annual general meeting), the shareholder should lodge a written notice at the registered office or the head office of the Company provided that the minimum length of the period, during which such written notice may be given, shall be at least seven days and that the period for lodgment of such written notice shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting. Such written notice must be accompanied by a notice signed by the person to be proposed of his/her willingness to be elected as a Director.
5. In conducting a poll, subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Company's Bye-laws, every shareholder present in person or by proxy or, in the case of a shareholder being a corporation, by its duly authorised representative, shall have one vote for every fully paid share of which he/she/it is the holder. A person entitled to more than one vote on a poll need not use all his/her votes or cast all the votes he/she uses in the same way.
6. Shareholders have the right to receive corporate communications issued by the Company in hard copies or through electronic means in accordance with the manner as specified in Bye-law 160 of the Company's Bye-laws.
7. Shareholders whose shares are held in the Central Clearing and Settlement System may notify the Company from time to time through Hong Kong Securities Clearing Company Limited if they wish to receive the Company's corporate communications.
8. Shareholders and other stakeholders may send their enquiries and concerns, in written form, to the Board by addressing them to the Company Secretary at 12th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.</td></tr>
<tr><td rowspan="3">F.2.2</td><td>– The chairman of the board should attend the annual general meeting. The chairman of the board should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, the chairman should invite another member of the committee to be available to answer questions at the annual general meeting.</td><td>C</td><td rowspan="3">• In 2022, the Chairman, and the Chairman/Chairperson of each the Audit Committee, the Remuneration Committee, the Nomination Committee, the Sustainability Committee and the Executive Committee attended the 2022 annual general meeting and were available to answer questions.
• Directors' attendance record[1] of the annual general meeting in 2022 is as follows:
<table>
<tr><th>Members of the Board</th><th>Attendance</th></tr>
<tr><td>Executive Directors</td><td></td></tr>
<tr><td>Victor T K LI
(Chairman of the Board and Chairman of the Executive Committee)</td><td>1/1</td></tr>
<tr><td>KAM Hing Lam</td><td>1/1</td></tr>
<tr><td>IP Tak Chuen, Edmond
(Chairman of the Sustainability Committee)</td><td>1/1</td></tr>
<tr><td>FOK Kin Ning, Canning</td><td>1/1</td></tr>
<tr><td>Frank John SIXT</td><td>1/1</td></tr>
<tr><td>Andrew John HUNTER</td><td>1/1</td></tr>
<tr><td>CHAN Loi Shun</td><td>1/1</td></tr>
<tr><td>CHEN Tsien Hua</td><td>1/1</td></tr>
<tr><td>Independent Non-executive Directors</td><td></td></tr>
<tr><td>CHEONG Ying Chew, Henry
(Chairman of the Remuneration Committee)</td><td>1/1</td></tr>
<tr><td>KWOK Eva Lee
(Chairperson of the Nomination Committee)</td><td>1/1</td></tr>
<tr><td>SNG Sow Mei alias POON Sow Mei[2]</td><td>1/1</td></tr>
<tr><td>Colin Stevens RUSSEL[3]</td><td>1/1</td></tr>
<tr><td>LAN Hong Tsung, David</td><td>1/1</td></tr>
<tr><td>Barrie COOK</td><td>1/1</td></tr>
<tr><td>Paul Joseph TIGHE[2]
(Chairman of the Audit Committee)</td><td>1/1</td></tr>
<tr><td>Non-executive Directors</td><td></td></tr>
<tr><td>LEE Pui Ling, Angelina</td><td>1/1</td></tr>
<tr><td>George Colin MAGNUS</td><td>1/1</td></tr>
</table>
Notes:
1. All Directors attended via video conferencing.
2. Mrs. SNG Sow-mei alias POON Sow Mei retired and Mr. Paul Joseph TIGHE appointed as the Chairperson of the Audit Committee with effect from 10th May, 2022.
3. Retired as an Independent Non-executive Director with effect from 1st September, 2022.
• In 2022, the Company's external auditor attended the annual general meeting and was available to answer questions.</td></tr>
<tr><td>– The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that requires independent shareholders' approval.</td><td>C</td></tr>
<tr><td>– The company's management should ensure the external auditor attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.</td><td>C</td></tr>
</table>

<table>
<tr><th>Code Ref.</th><th>Code Provisions</th><th>Comply ("C")/ Explain ("E")</th><th>Corporate Governance Practices</th></tr>
<tr><td>F.2.3</td><td>The chairman of a meeting should ensure that an explanation is provided of the detailed procedures for conducting a poll and answer any questions from shareholders on voting by poll.</td><td>C</td><td>

At the 2022 annual general meeting, the Chairman of the meeting explained (through the Company Secretary) the detailed procedures for conducting a poll, and answered questions from shareholders.
At the 2022 annual general meeting, the Chairman of the meeting exercised his power under the Company's Bye-laws to put each resolution set out in the notice of annual general meeting to be voted by way of a poll.
Representatives of the Branch Share Registrar of the Company were appointed as scrutineer to monitor and count the poll votes cast at the 2022 annual general meeting.
Since the Company's 2003 annual general meeting, all the resolutions (other than procedural or administrative resolutions) put to vote at the Company's general meetings were taken by poll.
The percentage of votes cast in favour of such resolutions as disclosed in the announcement of the Company dated 17th May, 2022 are set out below:

<table>
<tr><th></th><th>Resolutions proposed at the 2022 Annual General Meeting</th><th>Percentage of Votes</th></tr>
<tr><td>1.</td><td>To receive the audited Financial Statements, the Report of the Directors and the Independent Auditor's Report for the year ended 31st December, 2021.</td><td>99.9837%</td></tr>
<tr><td>2.</td><td>To declare a final dividend.</td><td>100.0000%</td></tr>
<tr><td>3(1).</td><td>To elect Mr. Kam Hing Lam, as Director.</td><td>99.0387%</td></tr>
<tr><td>3(2).</td><td>To elect Mr. Frank John Sixt, as Director.</td><td>89.9818%</td></tr>
<tr><td>3(3).</td><td>To elect Mr. Chan Loi Shun as Director.</td><td>98.5580%</td></tr>
<tr><td>3(4).</td><td>To elect Mrs. Kwok Eva Lee as Director.</td><td>95.4199%</td></tr>
<tr><td>3(5).</td><td>To elect Mr. Lan Hong Tsung, David as Director.</td><td>95.2920%</td></tr>
<tr><td>3(6).</td><td>To elect Mr. George Colin Magnus as Director.</td><td>94.7431%</td></tr>
<tr><td>4.</td><td>To appoint Messrs. Deloitte Touche Tohmatsu as Auditor and authorise the Directors to fix their remuneration.</td><td>99.2770%</td></tr>
<tr><td>5(1).</td><td>To give a general mandate to the Directors to issue additional shares of the Company.</td><td>99.8093%</td></tr>
<tr><td>5(2).</td><td>To give a general mandate to the Directors to buy back shares of the Company.</td><td>99.9933%</td></tr>
</table>

Accordingly, all resolutions put to shareholders at the 2022 annual general meeting were duly passed as ordinary resolutions. Poll results were posted on the websites of the Company and HKEX.

</td></tr>
</table>

II. RECOMMENDED BEST PRACTICES

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.	**CORPORATE PURPOSE, STRATEGY AND GOVERNANCE**		
A.1	**Corporate strategy, business model and culture** ***Corporate Governance Principle*** *The Company should be headed by an effective Board which should assume responsibility for leadership and control and be collectively responsible for promoting its success by directing and supervising its affairs. Directors should take decisions objectively in the best interests of the Company.*		
There is no recommended best practice under Section A.1 in the CG Code.			
A.2	**Corporate Governance Functions** ***Corporate Governance Principle*** *The Board is responsible for performing the corporate governance duties. It may delegate the responsibility to a committee or committees.*		
There is no recommended best practice under Section A.2 in the CG Code.			
B.	**BOARD COMPOSITION AND NOMINATION**		
B.1	**Board composition, succession and evaluation** ***Corporate Governance Principle*** *The Board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and should ensure that the directors devote sufficient time and make contributions to the Company that are commensurate with their role and board responsibilities. It should include a balanced composition of Executive and Non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement. Non-executive directors should be of sufficient caliber and number for their views to carry weight.*		
B.1.5	The board should conduct a regular evaluation of its performance.	C	• The Board has conducted an evaluation of its performance for the year 2022, including the aspects contributing to the effective implementation of the mechanism discussed in B.1.4.
B.1.6	The board should state its reasons if it determines that a proposed director is independent notwithstanding that the individual holds cross-directorships or has significant links with other directors through involvements in other companies or bodies.	C	• The Board considered that cross-directorships should not be regarded as having significant links with other directors and cross-directorships would not compromise the independence of the Company's Independent Non-executive Directors since they are professionals with high esteem and integrity, experts in their specific field with a wide spectrum of skills and experience, and financially independent.
B.2	**Appointments, re-election and removal** ***Corporate Governance Principle*** *There should be a formal, considered and transparent procedure for the appointment of new Directors and plans in place for orderly succession for appointments. All Directors should be subject to re-election at regular intervals.*		
There is no recommended best practice under Section B.2 in the CG Code.			
B.3	**Nomination Committee** ***Corporate Governance Principle*** *In carrying out its responsibilities, the Nomination Committee should give adequate consideration to the principles under Sections B.1 and B.2 in the CG Code.*		
There is no recommended best practice under Section B.3 in the CG Code.			

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.	**DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS**		
C.1	**Responsibilities of Directors** ***Corporate Governance Principle*** *Every Director must always know their responsibilities as a Director of the Company and its conduct, business activities and development.*		
There is no recommended best practice under Section C.1 in the CG Code.			
C.2	**Chairman and Chief Executive** ***Corporate Governance Principle*** *There should be a clear division of responsibilities between the Chairman and the Group Managing Director of the Company to ensure a balance of power and authority.*		
There is no recommended best practice under Section C.2 in the CG Code.			
C.3	**Management functions** ***Corporate Governance Principle*** *The Company should have a formal schedule of matters specifically reserved for Board approval and those delegated to management.*		
There is no recommended best practice under Section C.3 in the CG Code.			
C.4	**Board Committees** ***Corporate Governance Principle*** *Board Committees should be formed with specific written terms of reference which deal clearly with their authority and duties.*		
There is no recommended best practice under Section C.4 in the CG Code.			
C.5	**Conduct of board proceedings and supply of and access to information** ***Corporate Governance Principle*** *The company should ensure directors can participate in Board proceedings in a meaningful and effective manner. Directors should be provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities.*		
There is no recommended best practice under Section C.5 in the CG Code.			
C.6	**Company Secretary** ***Corporate Governance Principle*** *The Company Secretary plays an important role in supporting the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. The Company Secretary is responsible for advising the Board through the Chairman and/or the Group Managing Director on governance matters and should also facilitate induction and professional development of Directors.*		
There is no recommended best practice under Section C.6 in the CG Code.			
D.	**AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT**		
D.1	**Financial reporting** ***Corporate Governance Principle*** *The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.*		
D.1.5 – D.1.6	– The company should announce and publish quarterly financial results within 45 days after the end of the relevant quarter. These should disclose sufficient information to enable shareholders to assess the company's performance, financial position and prospects. The company's quarterly financial results should be prepared using the accounting policies of its half-year and annual accounts.	E	• The Company issued half-yearly financial results within 2 months after the end of the relevant period, and annual financial results within 3 months after the end of the relevant year. In addition, all significant transactions and inside information have been announced and disclosed in accordance with the Listing Rules during the year. The shareholders of the Company are therefore able to assess the performance, financial position and prospects of the Company. Given regular Board meetings are held quarterly to review major business and financial information, the Company does not consider it necessary, nor is it in the interests of the Company and its shareholders, to issue quarterly financial results. This would incur costs disproportionate to any additional benefits to the shareholders.

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
D.1.5 – D.1.6 (Cont'd)	– Once the company announces quarterly financial results, it should continue to do so for each of the first 3 and 9 months periods of subsequent financial years. Where it decides not to continuously announce and publish its financial results for a particular quarter, it should announce the reason(s) for this decision.		• Please refer to D.1.5 above for details.
D.2	**Risk management and internal control** ***Corporate Governance Principle*** *The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. Such risks would include, amongst others, material risks relating to ESG. The Board should oversee management in the design, implementation and monitoring of the risk management and internal control systems, and management should provide a confirmation to the Board on the effectiveness of these systems.*		
D.2.8	The board may disclose in the Corporate Governance Report that it has received a confirmation from management on the effectiveness of the company's risk management and internal control systems.	C	• The Board confirmed that, through the Audit Committee, it has received a confirmation from the management of the Company and its business units on the effectiveness of the risk management and internal control systems. Please also refer to D.2.3 above.
D.2.9	The board may disclose in the Corporate Governance Report details of any significant areas of concern.	C	• The Board confirmed that, through the Audit Committee, no significant areas of concern were identified during the year of 2022.
D.3	**Audit Committee** ***Corporate Governance Principle*** *The Board should establish formal and transparent arrangements to consider how it will apply financial reporting, risk management and internal control principles and maintain an appropriate relationship with the Company's auditors.*		
There is no recommended best practice under Section D.3 in the CG Code.			
E.	**REMUNERATION**		
E.1	**The level and make-up of remuneration and disclosure** ***Corporate Governance Principle*** *The Company should have a formal and transparent policy on Director's remuneration and other remuneration related matters. The procedure for setting policy on Executive Directors' remuneration and all Directors' remuneration packages should be formal and transparent.*		
E.1.6	Where the board resolves to approve any remuneration or compensation arrangements with which the remuneration committee disagrees, the board should disclose the reasons for its resolution in its next Corporate Governance Report.	N/A	• The Board has never approved any remuneration or compensation arrangements which have previously been rejected by the Remuneration Committee.
E.1.7	A significant proportion of executive directors' remuneration should link rewards to corporate and individual performance.	C	• In 2022, a significant proportion of Executive Directors' remuneration has been structured to link rewards to corporate and individual performance. Please refer to note 33 in the Notes to the Consolidated Financial Statements for details of discretionary bonus.
E.1.8	The company should disclose details of any remuneration payable to members of senior management, on an individual and named basis, in the annual reports.	C	• The Board has resolved that the senior management of the Company comprises only the Executive Directors of the Company. Please refer to note 33 in the Notes to the Consolidated Financial Statements for details of the remuneration payable to the Directors.

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
E.1.9	The company generally should not grant equity-based remuneration (e.g. share options or grants) with performance-related elements to independent non-executive directors as this may lead to bias in their decision-making and compromise their objectivity and independence.	C	• The Company does not have any share option scheme. • Independent Non-executive Directors receive fixed fees for acting as Directors and members of Board Committees which are not dependent on the performance of the Group but are determined based on the number of Board Committees on which a Director sits and the type of offices held.

F. SHAREHOLDERS ENGAGEMENT

F.1 Effective communication

Corporate Governance Principle

The Board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with them and encourage their participation.

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
F.1.2	The company are encouraged to include the following information in their Corporate Governance Report:		
	– details of shareholders by type and aggregate shareholding;	C	• As at 31st December, 2022, the Company had 2,381 registered shareholders whose shareholdings are categorised as follows: (see table below)
	– indication of important shareholders' dates in the coming financial year;	C	• Please refer to Corporate Information and Key Dates on page 203 of the Annual Report 2022.
	– the percentage of public float, based on information that is publicly available to the issuer and within the knowledge of its directors as at the latest practicable date prior to the issue of the annual report; and	C	• Based on publicly available information and the knowledge of the Directors, the public float of the Company as at the latest practicable date prior to the publication date of the Annual Report 2022 was approximately 24.09%*. * Waiver from strict compliance with Rule 8.08 of the Listing Rules was granted to the Company subject to maintenance a public float of not less than approximately 15.2% and this requirement was complied with.
	– the number of shares held by each of the senior management.	C	• Please refer to the information of Directors interests and short positions in shares, underlying shares and debentures on pages 76 to 79 of the Annual Report 2022.

Size of Registered Shareholding	No. of Shareholders	Approximate percentage of Shareholders	No. of Shares	Approximate percentage of Issued Share Capital
1,000 or below	1,111	46.66%	948,481	0.04%
1,001 – 5,000	779	32.72%	2,301,248	0.09%
5,001 – 10,000	251	10.54%	2,127,989	0.08%
10,001 – 100,000	221	9.28%	6,650,764	0.26%
Above 100,000	19	0.80%	2,507,582,463	99.52%
Rounding				0.01%
Total	**2,381**	**100%**	**2,519,610,945**[Note]	**100%**

Note: As at 31st December, 2022, 593,015,518 shares are registered in the name of HKSCC Nominees Limited.

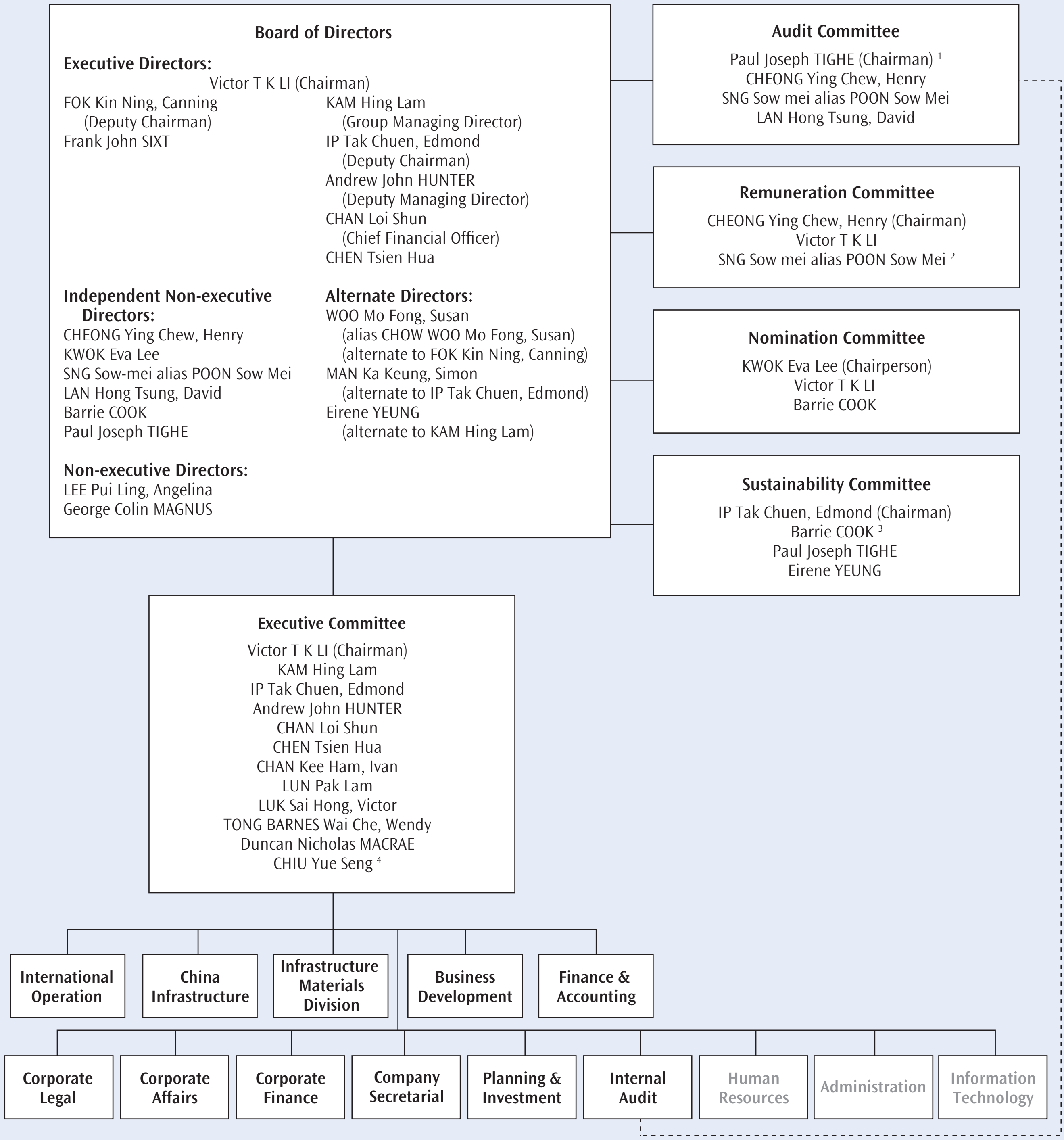
F.2 Shareholder meetings

Corporate Governance Principle

The company should ensure that shareholders are given sufficient notice of shareholders meetings and are familiar with the detailed procedures for conducting a poll, and should arrange to address questions from shareholders in the shareholders meetings.

There is no recommended best practice under Section F.2 in the CG Code.

MANAGEMENT STRUCTURE CHART



Notes:

1. Appointed as Chairman of the Audit Committee on 10th May, 2022
2. Appointed as a member of the Remuneration Committee on 1st September, 2022
3. Appointed as a member of the Sustainability Committee on 31st December, 2022
4. Appointed as a member of the Executive Committee on 1st January, 2023

RISK FACTORS

The Group's businesses, financial conditions, results of operations or growth prospects may be affected by risks and uncertainties directly or indirectly pertaining to the Group's businesses. The risk factors set out below are those that could result in the Group's businesses, financial conditions, results of operations or growth prospects differing materially from expected or historical results. Such factors are by no means exhaustive or comprehensive, and there may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future. In addition, this Annual Report does not constitute a recommendation or advice to invest in the shares or other securities of the Company and investors are advised to make their own judgement or consult their own investment advisors before making any investment in the shares or other securities of the Company.

GLOBAL ECONOMY

Intensification in trade protectionism, supply chain disruptions, fluctuation of major currencies, increasing geopolitical tensions, high and persistent inflation, tightening fiscal policy and monetary policy, interest rate hikes, rising commodity prices and energy costs as well as ongoing COVID-19 pandemic have created uncertainties and volatility in the world economy and global financial markets. A severe slowdown in global economic growth could lead to economic contractions in certain markets, commercial and consumer delinquencies, weakened consumer confidence, and increased market volatility and a decline in the value of the assets. The Group is a diversified infrastructure investment company with businesses in Hong Kong, Mainland China, the United Kingdom ("UK"), Continental Europe, Australia, New Zealand, Canada and the United States. Any adverse economic, social and/or political conditions in those countries and places in which the Group operates may potentially impact on the Group's businesses, financial conditions or results of operations, asset values and liabilities.

CONTINUATION OF HIGHLY CONTAGIOUS DISEASE

Although the impact of the COVID-19 pandemic has moderated in many countries and their governments have removed entry restrictions and relaxed social distancing measures, the lingering waves of the pandemic continue to disrupt economic activities and global supply chains in different parts of the world, including the places of businesses in which the Group operates. The impact of the pandemic on the Group's businesses, financial conditions, results of operations or growth prospects will depend on a range of factors, including the duration, severity and scope of the pandemic, the impact of the pandemic on economic activity globally, the possibility of resurgence and variants, and the measures adopted by governments. Despite the situation of the COVID-19 outbreak has now begun to stabilise following the rollout of vaccines, the pandemic remains highly volatile and unpredictable due to the potential emergence of new coronavirus variants. There can be no assurance that there will not be another significant global outbreak of a severe communicable disease, and if such an outbreak were to occur, it could have an adverse impact on the operations of the Group and its results of operations may suffer.

ECONOMIC CONDITIONS AND INTEREST RATES

The industries in which the Group operates are affected by the economic conditions of the various places where the Group's investments or operations are located, the population growth of these places, mark to market value of securities investments, the currency environment and interest rates cycles. There can be no assurance that the combination of the above factors the Group experiences in the future will not adversely affect its financial conditions or results of operations.

ECONOMIC CONDITIONS AND INTEREST RATES (CONT'D)

Inflation has soared to multidecade highs, prompting central banks across the world to simultaneously hike interest rates. The interest rate hike cycle has an impact on the aggregate demand from all sectors, which may in turn affect the businesses of the Group. While the Group regularly reviews its exposure to interest rate fluctuations and may manage such exposure using hedging instruments, there can be no guarantee that the Group will not be affected by the interest rate exposure.

In particular, certain businesses in the Group are subject to regulatory regimes in which local interest rates are taken into account in the calculation of the regulated cost of capital, which flows through to allowed revenue. There can be no assurance that any changes in the regulated cost of capital can be fully mitigated by the businesses. Furthermore, income from finance and treasury operations is dependent upon the capital markets, interest rate and currency environment, and the worldwide economic and market conditions, and therefore there can be no assurance that changes in these conditions will not adversely affect the Group's financial conditions or results of operations. The volatility in the financial markets may also adversely affect the income to be derived by the Group from its finance and treasury activities.

CONCENTRATION IN GEOGRAPHICAL MARKETS AND BUSINESS TYPES

The business operation of the Group may be viewed as substantially concentrated in one or more geographical markets or in one particular or more types of business. If and when the Group's operations are exposed to any deterioration in the economic, social or political conditions as well as any incidence of social unrest, strike, riot, civil disturbance or disobedience or terrorism, or even outbreaks of epidemics in such geographical markets or business segments, the adverse circumstances may materially disrupt the Group's operations and, in turn, impact the revenue, profitability and financial conditions of the Group.

HIGHLY COMPETITIVE MARKETS

The Group's waste management, off-airport car parking, rolling stock leasing, cement and household infrastructure businesses face competition across the diverse markets in which they operate. New market entrants and intensified price competition among existing market players could adversely affect the Group's businesses, financial conditions, results of operations or growth prospects. Competition risks faced by the Group include (a) possible restrictions on the access by the shuttle buses operated by the Group's off-airport car parking businesses as imposed by the airport authorities that operates the on-airport car parking businesses; (b) the availability of rail link services from city centre to airport which may reduce the usage of the off-airport car park; and (c) significant competition and pricing pressure from other competitors attempting to capture a higher level of market share. Such risks may adversely affect the financial performance of the Group's operation.

INFRASTRUCTURE MARKET

Some of the investments owned by the Group (for example, water, gas and electricity) are subject to regulatory pricing and strict adherence must be made to the licence requirements, codes and guidelines established by the relevant regulatory authorities from time to time. Failure to comply with these licence requirements, codes or guidelines may lead to penalties, or, in extreme circumstances, amendment, suspension or cancellation of the relevant licences by the authorities. Many of the Group's regulated businesses have recently been undergoing challenging regulatory resets. Interest and inflation rates, high energy cost, energy windfall tax, cap on the energy retail price in certain markets as well as tougher stances adopted by regulators may affect the returns of the Group's infrastructure businesses. Any operational practices that are significantly out of step with community expectations can lead to concerns being raised with regulators or the local or national Government directly, and may ultimately lead to more stringent regulatory resets, regulatory oversight as well as negative publicity that could also have a reputational impact.

The distribution and transmission networks of the Group's utilities investments are also exposed to supply interruptions. If a severe earthquake, storm, flood, fire, sabotage, terrorist attack, outbreaks of epidemics or other unplanned event interrupts service, the loss of cash flow resulting from the interruption and the cost of recovery from network damage could be considerable and potentially cause poor customer perceptions and may also lead to claims and litigations. Moreover, some losses from events such as terrorist attacks may not be recoverable. Increases in the number or duration of supply interruptions could result in material increases in the costs associated with the operation of the distribution and transmission networks. The capacity factor (load factor) of the wind farms acquired by the Group could also be affected by the wind conditions, which could result in the fluctuation of revenues. All of these uncertain factors could have a material adverse effect on the businesses, financial conditions, results of operations or growth prospects of the Group.

CRUDE OIL MARKETS

The Group's investment in Husky Midstream Limited Partnership ("HMLP") comprises oil pipelines, storage facilities and ancillary assets in Canada. Its results of operation and financial conditions may be dependent on the prices received for refined products and crude oil of Cenovus Energy Inc. ("Cenovus"). Fluctuation of crude oil prices could impact the value and quantity of Cenovus' oil production. HMLP also has other customers apart from Cenovus and their demand for HMLP's services may depend on prices received for their refined products and crude oil. Prices for refined products and crude oil are based on local and global supply and demand as well as availability and costs of transportation. Supply and demand may be affected by a number of factors including, but not limited to, actions taken by the Organisation of the Petroleum Exporting Countries (OPEC), non-OPEC crude oil supply, social and political conditions in oil producing countries, the occurrence of natural disasters, general and specific economic conditions, technological developments, prevailing weather patterns and the availability of alternate sources of energy. Furthermore, HMLP is also susceptible to unforeseen pipeline releases at rivers or nature reserves. If the above events occurred or further occurred, it may adversely affect the Group's financial conditions and results of operations.

CAPITAL EXPENDITURE

A significant amount of capital expenditure is required for the Group to acquire new investments and to maintain the assets of its existing businesses. While the relevant asset companies have their own asset management plans, there is a risk that due to unforeseen events, capital expenditure required for the replacement of assets could exceed budgeted amounts and hence affect the businesses, financial conditions, results of operations or growth prospects of the Group.

CURRENCY FLUCTUATIONS

The Group is a diversified infrastructure investment company with businesses predominantly in Hong Kong, Mainland China, the UK, Continental Europe, Australia, New Zealand, Canada and the United States, and is exposed to potential currency fluctuations in these countries and regions in which the Group operates. The results of the Group are recorded in Hong Kong dollars but its various subsidiaries, associates and joint ventures may receive revenue and incur expenses in other currencies. Any currency fluctuations on translation of the accounts of these subsidiaries, associates and joint ventures and also on the repatriation of earnings, equity investments and loans may therefore impact the Group's financial conditions or results of operations, asset values and liabilities.

CURRENCY FLUCTUATIONS (CONT'D)

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) an appropriate level of borrowings denominated in the local currencies. The Group has not entered into any speculative derivative transaction.

Although currency exposures have been managed by the Group, a depreciation or fluctuation of the currencies in which the Group conducts operations relative to the Hong Kong dollar could adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

CYBERSECURITY

With the fast expanding adoption of internet and networking operational technology, cyber attacks and security breaches around the world are occurring at a higher frequency and intensity. The Group's critical utility and information assets are exposed to attack, damage or unauthorised access in the cyberspace. Cybersecurity risks could have material adverse effect on the operational and business performance, as well as the business reputation of the Group. The Group continuously strives to enhance the cybersecurity protection of its business.

Although the Group has not experienced any major damage to its infrastructure projects, assets or activities from cyber attacks to date, there can be no assurance that future cyber attacks or security breaches of the Group's cybersecurity will not occur and result in significant impact on the Group's business reputation, businesses, financial conditions, results of operations or growth prospects.

LABOUR

The labour markets in which the Group operates are undergoing major short- and long-term structural changes. Unemployment rates are at lows while inflation rates are on the rise. In addition, people are seeking to improve work life balance. There is a high level of uncertainty in labour availability and cost. There is no assurance that the situation will improve anytime soon.

SUPPLY CHAIN DISRUPTIONS

Geopolitical tensions have disrupted the supply of raw materials, transportation and port operations. In addition to escalating costs and unpredictable lead time, there are widespread shortages of shipping availability. Increase in energy and oil prices has added complexity to the disruption. Global disruptions have spilled over to domestic supply chains. Specific domestic issues include shortage of labour which is particularly acute in some areas the Group is operating in. There is no assurance that the situation will improve anytime soon.

POTENTIAL RISKS IN RELATION TO WITHDRAWAL OF THE UK FROM EUROPEAN UNION'S MEMBERSHIP ("BREXIT")

The UK left the European Union ("EU") on 31st January, 2020 and the transition period ended on 31st December, 2020, symbolising that the UK has completely separated from the EU and opened a new page in the relationship with the EU. The Trade and Cooperation Agreement made between the UK and the EU in December 2020 came into force in January 2021. It sets out preferential arrangements in various aspects such as trade, security, areas on ongoing collaboration/cooperation and governance. Brexit has created significant uncertainty about the new economic and social partnership between the UK and the EU, and has impacted trade intensity, labour availability, supply chain and exchange rates.

The weakened British pound may affect the Group's reported profit, and its ability to maintain future growth of dividends for shareholders.

STRATEGIC PARTNERS

Some of the businesses of the Group are conducted through non wholly-owned subsidiaries, associates and joint ventures in which the Group shares control (in whole or in part) and strategic alliances had been formed by the Group with other strategic or business partners. There can be no assurance that any of these strategic or business partners will continue their relationships with the Group in the future or that the Group will be able to pursue its stated strategies with respect to its non wholly-owned subsidiaries, associates and joint ventures and the markets in which they operate. Furthermore, the joint venture partners may (a) have economic or business interests or goals that are inconsistent with those of the Group; (b) take actions contrary to the Group's policies or objectives; (c) undergo a change of control; (d) experience financial and other difficulties; or (e) be unable or unwilling to fulfill their obligations under the joint ventures, which may affect the Group's businesses, financial conditions, results of operations or growth prospects.

IMPACT OF POSSIBLE ECONOMIC SANCTIONS ON BUSINESS PARTNERS, SUPPLIERS, CUSTOMERS OR BUSINESSES IN GENERAL

Governments and multinational organisations (including but not limited to the State Department and the Department of the Treasury's Office of Foreign Assets Control of the United States, His Majesty's Treasury, the Office of Financial Sanctions Implementation or other UK government agency, the EU or any member state thereof and the United Nations), from time to time administer certain laws and regulations that impose restrictions with respect to activities, transmission of funds or transactions with certain countries, governments, entities and individuals that are the subject of economic sanctions. There can be no assurance that such sanctions or other restrictions will not affect the jurisdictions in which the Group conducts its business, any of the Group's business partners, suppliers, customers or otherwise. To the extent that any such sanction or restriction is imposed in any jurisdictions where the Group's business operates, the Group may need to cease operations in those jurisdictions and suffer losses in that regard. If any of the Group's business partners or suppliers is impacted by sanctions or restrictions, the provision of goods, services or support by them may be disrupted or discontinued, which may affect the Group's ability to continue to operate related businesses. If any of the Group's business partners is affected by sanctions or restrictions, the continuation or disruption of strategic alliances with such business partners may also affect the Group's ability to continue to operate related businesses and/or may result in suspension of operations. There can be no assurance that the Group will be able to obtain alternative goods, services, support or alliance it needs for the operation of its business, in a timely manner or at competitive terms, and no assurance that any compensation recoverable from business partners or suppliers for the discontinued or disrupted supply, service, support or alliance will be available or adequate. If any of the Group's customers are affected by sanctions or restrictions, the Group may be forced to discontinue the provision of services or goods to such customers and the Group will suffer losses in that regard. If any of the Group's assets are in the possession of such customers, there can be no assurance that such assets can be repossessed by the Group especially if such assets are located in countries or regions subject to sanctions or restrictions and no assurance that any compensation recoverable from such customers or insurers for the Group's failure to repossess such assets will be available. Any of these factors could have a material adverse effect on the Group's financial conditions and results of operations.

MERGERS AND ACQUISITIONS

The Group has undertaken merger and acquisition activities in the past and may continue to do so if there are appropriate acquisition opportunities in the market. In pursuit of new business opportunities, the Group is experiencing more intense competition where competing bidders are more aggressive in the valuation of the assets on the back of abundant market liquidity and lower return requirements, and a willingness to take market risk. The pressure to deploy capital has been significant. Although due diligence and detailed analysis are conducted before merger and acquisition activities are undertaken, there can be no assurance that these can fully expose all hidden problems, potential liabilities and unresolved disputes that the target company may have. In addition, valuations and analyses on the target company conducted by the Group and by professionals alike are based on numerous assumptions, and there can be no assurance that those assumptions are correct or appropriate or that they will receive universal recognition. Relevant facts and circumstances used in the analyses could have changed over time, and new facts and circumstances may come to light as to render the previous assumptions and the valuations and analyses based thereon obsolete.

Some of these merger and acquisition activities are subject to regulatory approvals in overseas countries and there can be no assurance that such approvals will be obtained, and even if granted, that there will be no burdensome conditions attached to such approvals. The Group may not necessarily be able to successfully integrate the target business into the Group and may not be able to derive any synergy from the acquisition, leading to an increase in costs, time and resources. For merger and acquisition activities undertaken overseas, the Group may also be exposed to different and changing political, social, legal and regulatory requirements at the local, national and international level. The Group may also need to face different cultural issues when dealing with local employees, customers, governmental authorities and pressure groups.

IMPACT OF LOCAL, NATIONAL AND INTERNATIONAL REGULATIONS

The local business risks in different countries and cities in which the Group operates could have a material impact on the businesses, financial conditions, results of operations or growth prospects. The Group has investments in different countries and cities around the world and the Group is, and may increasingly become, exposed to different and changing political, social, legal, tax, regulatory and environmental requirements at the local, national or international level. Also, new guidelines, directives, policies or measures by governments, whether fiscal, tax, regulatory, environmental or other competitive changes, may lead to an increase in additional or unplanned operating expenses and capital expenditures, increase in market capacity, reduction in government subsidies, may pose a risk to the overall investment return of the Group's businesses and may delay or prevent the commercial operation of a business with resulting loss of revenue and profit, which may adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

Political, regulatory and media attention has increased significantly towards privatised companies in countries in which the Group operates. Regulators in some of these countries have warned of increasingly onerous regulatory resets, and some major political parties are promoting policies to bring energy, water and railways back into public ownership, which could potentially have serious and material consequences for the Group if such regulations and policies are enacted. Group companies are responding to these risks by focusing on their core strategies of delivering and outperforming regulatory outputs such as safety, reliability and customer service, at the lowest cost possible; by conveying the positive benefits to customers of the services they provide; and by engaging collaboratively with regulators and politicians to demonstrate the advantages of private ownership.

COMPLIANCE WITH PERSONAL DATA PROTECTION LEGISLATION

In the ordinary course of its operations, various businesses of the Group collect, store and use data that is protected by personal data protection laws in the different countries in which they operate. As regulatory focus on privacy issues continues to increase and worldwide laws and regulations concerning the handling of personal information expand and become more complex, potential risks related to personal data collection and use within the Group's businesses are expected to intensify.

In the event that any relevant business of the Group is unable to meet its obligations under applicable data protection laws, it may be subject to regulatory actions or civil claims. The expenses on remediation, costs of regulatory or legal actions, and monetary damages and/or reputational damage suffered as a result of such action, could have a material adverse effect on the Group's financial conditions and results of operations.

IMPACT OF NEW ACCOUNTING STANDARDS

The International Accounting Standards Board has from time to time issued a number of new and revised International Financial Reporting Standards ("IFRS"). The International Accounting Standards Board may in the future issue new and revised standards and interpretations. In addition, interpretations on the application of the IFRS will continue to develop. These factors may require the Group to adopt new accounting policies. The adoption of new accounting policies or new IFRS might or could have a significant impact on the Group's financial position or results of operations.

CONNECTED TRANSACTIONS

CK Hutchison Holdings Limited ("CK Hutchison") is also listed on The Stock Exchange of Hong Kong Limited. Although the Group believes that its relationship with CK Hutchison provides it with significant business advantages, the relationship results in various connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and accordingly any transactions entered into between the Group and CK Hutchison, its subsidiaries or associates are connected transactions, which, unless one of the exemptions is available, will be subject to compliance with the applicable requirements of the Listing Rules, including the issuance of announcements, the obtaining of independent shareholders' approval at general meetings and disclosure in annual reports and financial statements. Independent shareholders' approval requirements may also lead to unpredictable outcomes causing disruptions to as well as an increase in the risks of the Group's business activities. Independent shareholders may also take actions that are in conflict with the interests of the Group.

CLIMATE CHANGE

Some of the Group's assets and businesses, and many of the Group's customers and suppliers are located in areas that would be affected in the medium to long term by climate change. Climate change may increase the frequency and intensity of extreme weather events, and some of which can result in natural disasters. It could disrupt supply chains, interrupt business operations and cause financial and physical damages. Alternation in weather patterns, such as typhoons, droughts, or rainfall amount may cause shortage of crops for food and other natural resources. The harsher temperatures in some locations may also pose an increased risk for staff working in those locations. Changes in microclimates for certain locations may render certain businesses obsolete. Some governments are also beginning to introduce legislation or requirements to restrict emissions and other environmental protective measures. Some regulators have issued new disclosure requirements in relation to climate-related financial risk disclosures and plan to mandate the disclosures. Regulations, new disclosure requirements, disruption and damage arising from climate change could have a material impact on the Group's businesses and adversely affect the Group's financial conditions and results of operations.

CLIMATE CHANGE (CONT'D)

Although the Group has not experienced any significant disruption or damage from climate change thus far, there can be no assurance that climate change and its impact including rising sea levels, prolonged droughts or heat waves and other extreme weather patterns will not occur and result in major disruption or damage to the Group's assets and businesses, which could materially and adversely affect the Group's financial conditions and results of operations.

TRANSITION RISKS

Pressure on businesses to support the transition to low-carbon economic systems is rising. In a low-carbon economy, emissions are minimised through the use of low-carbon resources, while resource efficiency is maximised by the reduction of wasteful and high-emissions consumption. Infrastructure businesses faced unexpected pressure from regulatory, legal, market, technological, and reputational risks generated by the transition which could have a material impact on the Group's businesses and adversely affect the Group's financial conditions and results of operations. For example, additional legal and/or regulatory measures imposing limitation on GHG emissions or efficiency improvements, may results in potential litigation, operation restriction and significant compliance cost.

NATURAL DISASTERS

Some of the Group's assets and projects, and many of the Group's customers and suppliers are located in areas at risk of damage from earthquakes, floods, typhoons, drought, fire, frost and similar disasters and the occurrence of any of these disasters could disrupt the Group's business and materially and adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

There can be no assurance that earthquakes, floods, typhoons, drought or other natural disasters will not occur and result in major damage to the Group's infrastructure projects, or assets or facilities or on the general supporting infrastructure facilities in the vicinity, which could adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

SOCIAL INCIDENTS, TERRORIST THREATS AND GEOPOLITICAL TENSIONS

The Group is a diversified infrastructure investment company with businesses in Hong Kong, Mainland China, the UK, Continental Europe, Australia, New Zealand, Canada and the United States. In recent years, a series of social incidents, terrorist activities and geopolitical tensions occurred across the globe that resulted in economic losses, multiple deaths, casualties, persistent supply chain disruptions and volatility in commodity markets. There can be no assurance that countries in which the Group operates will not have any social incidents or they will be immune from terrorist threats or geopolitical tensions, and if these events occur, it may have an adverse impact on the Group's businesses, financial conditions, results of operations or growth prospects.

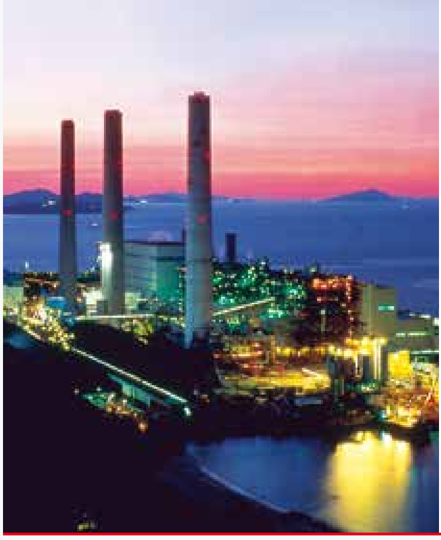
PAST PERFORMANCE AND FORWARD LOOKING STATEMENTS

The past performance and the results of operations of the Group as contained in this Annual Report are historical in nature and past performance can be no guarantee of future results of the Group. This Annual Report may contain forward-looking statements and opinions that involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. Neither the Group nor the directors, employees or agents of the Group assume (a) any obligation to correct or update the forward-looking statements or opinions contained in this Annual Report; and (b) any liability in the event that any of the forward-looking statements or opinions does not materialise or turns out to be incorrect.

PROJECT PROFILES

INVESTMENT IN

POWER ASSETS



POWER ASSETS

HONG KONG

Power Assets Holdings Limited is a global investor in power and utility-related businesses with investments in electricity generation, transmission and distribution; renewable energy; gas distribution and energy-from-waste

HK OPERATIONS

Business

Owns 33.37% HKEI which supplies electricity to Hong Kong Island and Lamma Island

Installed capacity

3,402 MW

Consumer coverage

More than 580,000 customers

OPERATIONS OUTSIDE HK

Business

Established a strong global presence with investments in the United Kingdom, Australia, New Zealand, Mainland China, the United States, Canada, Thailand and the Netherlands, bringing sustainable energy and lighting up the lives of millions around the world

CKI's ownership

36.01%

INFRASTRUCTURE INVESTMENTS IN

UNITED KINGDOM

UK POWER NETWORKS

THE UNITED KINGDOM

Business

One of the UK's largest power distributors comprises three regional networks with a distribution area that covers London, south east and east of England; and non-regulated business comprising commercial contracts to distribute electricity to a number of privately owned sites

Electricity distribution network length

Approximately 190,000 km

Consumer coverage

Approximately 8.4 million customers

CKI's ownership

40%

(another 40% held by Power Assets)

NORTHUMBRIAN WATER

THE UNITED KINGDOM

Business

One of the ten regulated water and sewerage companies in England and Wales. It supplies water and sewerage services in the north east of England and supplies water services to the south east of England

Length of mains/sewers

Water mains – Approximately 26,000 km

Sewers – About 30,000 km

Water treatment works – 50

Sewage treatment works – 412

Water service reservoirs – 304

Consumer coverage

Serves a total population of 4.5 million

CKI's ownership

30%

Additional economic benefits

CKI 9%; Power Assets 6%

PROJECT PROFILES

INFRASTRUCTURE INVESTMENTS IN

UNITED KINGDOM (CONT'D)

NORTHERN GAS NETWORKS

THE UNITED KINGDOM

Business
One of the eight major gas distribution networks in the United Kingdom

Natural gas distribution network length
Approximately 36,000 km

Consumer coverage
Serves a total population of around 6.7 million

CKI's ownership
47.1%
(another 41.3% held by Power Assets)

WALES & WEST GAS NETWORKS

THE UNITED KINGDOM

Business
A gas distribution network that serves Wales and the south west of England

Natural gas distribution network length
Approximately 35,000 km

Consumer coverage
Serves a total population of 7.5 million

CKI's ownership
30%
(another 30% held by Power Assets)

Additional economic benefits
CKI 9%; Power Assets 6%

SEABANK POWER

BRISTOL, THE UNITED KINGDOM

Business
Owns and operates Seabank Power Station near Bristol. The electricity is sold under a long-term contract to SSE Energy Supply Ltd.

Generation capacity
Approximately 1,140 MW

CKI's ownership
25%
(another 25% held by Power Assets)

UK RAILS

THE UNITED KINGDOM

Business
One of the three major rolling stock leasing companies in the United Kingdom. It leases a diverse range of rolling stock on long term contracts

CKI's ownership
50%

Additional economic benefits
CKI 15%; Power Assets 10%

INFRASTRUCTURE INVESTMENTS IN

AUSTRALIA

SA POWER NETWORKS

SOUTH AUSTRALIA, AUSTRALIA

Business
Primary electricity distribution business for the state of South Australia

Electricity distribution network length
Approximately 90,000 km

Consumer coverage
More than 900,000 customers

CKI's ownership
23.07%
(another 27.93% held by Power Assets)

POWERCOR

VICTORIA, AUSTRALIA

Business
Operates a major electricity distribution network, covering an area of 150,000 sq km in the state of Victoria

Electricity distribution network length
Approximately 93,000 km

Consumer coverage
Around 930,000 customers

CKI's ownership
23.07%
(another 27.93% held by Power Assets)

CITIPOWER

VICTORIA, AUSTRALIA

Business
Operates the electricity distribution network in the CBD and inner suburban areas of Melbourne, Victoria

Electricity distribution network length
Approximately 7,500 km

Consumer coverage
Around 340,000 customers

CKI's ownership
23.07%
(another 27.93% held by Power Assets)

UNITED ENERGY

AUSTRALIA

Business
Operates a major electricity distribution network in the state of Victoria

Electricity distribution network length
Approximately 13,000 km

Consumer Coverage
More than 700,000 customers

CKI's ownership
26.4%
(another 13.2% held by Power Assets)

INFRASTRUCTURE INVESTMENTS IN

AUSTRALIA (CONT'D)

AUSTRALIAN GAS NETWORKS

AUSTRALIA

Business
One of Australia's largest distributors of natural gas

Natural gas distribution network length
Approximately 27,000 km

Consumer coverage
Approximately 1.4 million customers

CKI's ownership
Approximately 45%
(another 27.5% held by Power Assets)

Additional economic benefits
CKI 8.25%; Power Assets 5.5%

DAMPIER BUNBURY PIPELINE

AUSTRALIA

Business
Natural gas transmission pipeline connecting the Carnarvon/Browse Basins with Perth

Natural gas pipeline length
About 4,100 km

CKI's ownership
40%
(another 20% held by Power Assets)

MULTINET GAS

AUSTRALIA

Business
Operates a gas distribution network in the state of Victoria

Natural gas distribution network length
Approximately 10,000 km

Consumer coverage
Approximately 720,000 customers

CKI's ownership
40%
(another 20% held by Power Assets)

ENERGY DEVELOPMENTS

AUSTRALIA

Business
Owns and operates a portfolio of power generation facilities in Australia, North America and Europe, specialising in producing electricity from safe, clean, low greenhouse gas emissions sources such as wind and solar, or landfill gas and waste coal mine gas

Generation capacity
Over 1,000 MW

CKI's ownership
40%
(another 20% held by Power Assets)

INFRASTRUCTURE INVESTMENTS IN AUSTRALIA (CONT'D)

AUSTRALIAN ENERGY OPERATIONS
VICTORIA, AUSTRALIA

Business
Owns and operates electricity transmission assets and terminal stations, specialised in the connection of renewable energy generators to Victoria's power grid

Electricity transmission network length
100 km

CKI's ownership
50%
(another 50% held by Power Assets)

INFRASTRUCTURE INVESTMENTS IN NEW ZEALAND

WELLINGTON ELECTRICITY
WELLINGTON, NEW ZEALAND

Business
Operates the electricity distribution network in New Zealand's capital city, Wellington, and the surrounding greater Wellington area

Electricity distribution network length
About 4,800 km

Consumer coverage
More than 170,000 customers

CKI's ownership
50%
(another 50% held by Power Assets)

ENVIRONZ
NEW ZEALAND

Business
A diversified, vertically integrated waste management business that has national coverage in New Zealand

Facilities
A network of collection facilities at 18 locations nationwide, 26 transfer stations, 8 landfills and a fleet of over 588 vehicles

Consumer coverage
More than 500,000 commercial and residential customers

CKI's ownership
100%

INFRASTRUCTURE INVESTMENTS IN

CONTINENTAL EUROPE

ISTA

GERMANY

Business

A leading international provider of sub-metering and related services with strong market positions in European countries such as Germany, France, Denmark and the Netherlands

Consumer coverage

Covering over 14 million homes

CKI's ownership

35%

DUTCH ENVIRO ENERGY

THE NETHERLANDS

Business

Owns the largest energy-from-waste player in the Netherlands, AVR, which operates 5 waste treatment plants in Rozenburg and Duiven; as well as 4 transfer stations

Capacity (plants)

Energy from Waste –
2,300 kilotonnes per year
Biomass Energy – 150 kilotonnes per year
Liquid Waste – 280 kilotonnes per year
Paper Residue Incineration –
160 kilotonnes per year

Capacity (transfer stations)

1,000 kilotonnes per year

CKI's ownership

35%
(another 20% held by Power Assets)

Additional economic benefits

CKI 10.5%; Power Assets 7%

INFRASTRUCTURE INVESTMENTS IN

CANADA

RELIANCE HOME COMFORT

CANADA

Business

Principally engaged in the home and commercial services sector providing the sale and rental of water heaters, HVAC equipment, water purification, plumbing, electrical, comfort protection plans and other services to homeowners primarily in Ontario, Canada

Consumer coverage

Over 2 million customers

CKI's ownership

25%

INFRASTRUCTURE INVESTMENTS IN
CANADA (CONT'D)

CANADIAN MIDSTREAM ASSETS
CANADA

Business
This business comprises oil pipelines, storage facilities and ancillary assets in Canada

Length of oil pipeline
Approximately 2,300 km

Storage facilities
2

CKI's ownership
16.25%
(another 48.75% held by Power Assets)

CANADIAN POWER
CANADA

Business
Owns 49.99% share of TransAlta Cogeneration, L.P. which operates four power plants in the provinces of Ontario and Alberta; 100% of the Meridian Cogeneration Plant Okanagan Wind in Saskatchewan; and 100% of Okanagan Wind in British Columbia

Generation capacity
Five power plants and two wind farms with total gross capacity of 1,314 MW

CKI's ownership
50%
(another 50% held by Power Assets)

PARK'N FLY
CANADA

Business
The leading off-airport car park provider in Canada and the only national operator. The company provides parking facilities in Toronto, Vancouver, Montreal, Edmonton, Ottawa, Halifax and Winnipeg

CKI's ownership
50%

Additional economic benefits
CKI 15%; Power Assets 10%

INFRASTRUCTURE INVESTMENTS IN
HONG KONG AND MAINLAND CHINA

SHEN-SHAN HIGHWAY (EASTERN SECTION)
GUANGDONG, CHINA

Location
Lufeng/Shantou, Guangdong Province

Road type
Expressway

Length
140 km

No. of lanes
Dual two-lane

Joint venture contract date
1993

Joint venture expiry date
2028

Total project cost
HK$2,619 million

CKI's investment
HK$877 million

CKI's interest in JV
33.5%

INFRASTRUCTURE INVESTMENTS IN

HONG KONG AND MAINLAND CHINA (CONT'D)

SHANTOU BAY BRIDGE

GUANGDONG, CHINA

Location
Shantou, Guangdong Province

Road type
Bridge

Length
6 km

No. of lanes
Dual three-lane

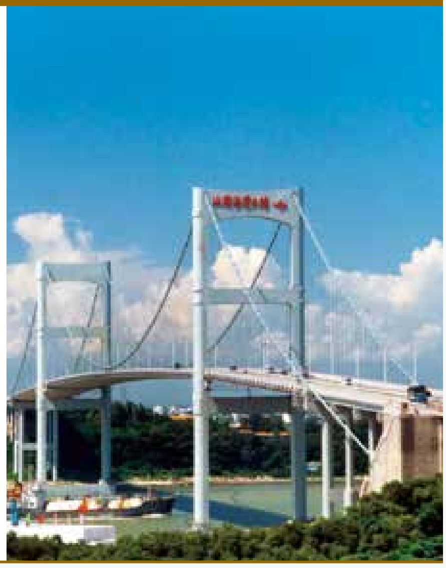
Joint venture contract date
1993

Joint venture expiry date
2028

Total project cost
HK$665 million

CKI's investment
HK$200 million

CKI's interest in JV
30%



PANYU BEIDOU BRIDGE

GUANGDONG, CHINA

Location
Panyu, Guangdong Province

Road type
Bridge

Length
3 km

No. of lanes
Dual three-lane

Joint venture contract date
1999

Joint venture expiry date
2024

Total project cost
HK$164 million

CKI's investment
HK$66 million

CKI's interest in JV
40%

ALLIANCE CONSTRUCTION MATERIALS

HONG KONG

CONCRETE DIVISION

Business
Hong Kong's largest concrete producer

Total capacity
4 million cubic meters per year

CKI's ownership
50%

QUARRY DIVISION

Business
1 quarry in central-east Guangdong Province, China and the exclusive distribution rights for another quarry in south central Guangdong province, China for sales of aggregates products in Hong Kong

Total capacity (aggregates)
6 million tonnes per year

CKI's ownership
50%

INFRASTRUCTURE INVESTMENTS IN

HONG KONG AND MAINLAND CHINA (CONT'D)

GREEN ISLAND CEMENT
HONG KONG

Business
The only fully integrated cement producer in Hong Kong

Total capacity
Clinker – 1.5 million tonnes per year
Cement grinding – 2.5 million tonnes per year

CKI's ownership
100%

GREEN ISLAND CEMENT (YUNFU)
GUANGDONG, CHINA

Location
Yunfu, Guangdong Province

Business
Cement production

Total capacity
Clinker – 2 million tonnes per year
Cement grinding – 1.5 million tonnes per year

CKI's ownership
100%

GUANGDONG GITIC GREEN ISLAND CEMENT
GUANGDONG, CHINA

Location
Yunfu, Guangdong Province

Business
Cement production

Total capacity
Clinker – 1 million tonnes per year
Cement grinding – 1.5 million tonnes per year

CKI's ownership
67%

YUNFU XIANGLI CEMENT
GUANGDONG, CHINA

Location
Yunfu, Guangdong Province

Business
Cement Production
Jetty

Total capacity
Cement grinding – 1 million tonnes per year
Jetty – Three berths with an annual throughput capacity reaching 3 million tonnes

CKI's ownership
100%

CORPORATE INFORMATION AND KEY DATES

BOARD OF DIRECTORS

Executive Directors

LI Tzar Kuoi, Victor (Chairman)
FOK Kin Ning, Canning (Deputy Chairman)
Frank John SIXT
KAM Hing Lam (Group Managing Director)
IP Tak Chuen, Edmond (Deputy Chairman)
Andrew John HUNTER (Deputy Managing Director)
CHAN Loi Shun (Chief Financial Officer)
CHEN Tsien Hua

Independent Non-executive Directors

CHEONG Ying Chew, Henry
KWOK Eva Lee
SNG Sow-mei alias POON Sow Mei
LAN Hong Tsung, David
Barrie COOK
Paul Joseph TIGHE

Non-executive Directors

LEE Pui Ling, Angelina
George Colin MAGNUS

Alternate Directors

WOO Mo Fong, Susan
(alias CHOW WOO Mo Fong, Susan)
(alternate to FOK Kin Ning, Canning)
MAN Ka Keung, Simon
(alternate to IP Tak Chuen, Edmond)
Eirene YEUNG
(alternate to KAM Hing Lam)

AUDIT COMMITTEE

Paul Joseph TIGHE (Chairman)
CHEONG Ying Chew, Henry
SNG Sow-mei alias POON Sow Mei
LAN Hong Tsung, David

REMUNERATION COMMITTEE

CHEONG Ying Chew, Henry (Chairman)
LI Tzar Kuoi, Victor
SNG Sow-mei alias POON Sow Mei

NOMINATION COMMITTEE

KWOK Eva Lee (Chairperson)
LI Tzar Kuoi, Victor
Barrie COOK

SUSTAINABILITY COMMITTEE

IP Tak Chuen, Edmond (Chairman)
Barrie COOK
Paul Joseph TIGHE
Eirene YEUNG

EXECUTIVE COMMITTEE

LI Tzar Kuoi, Victor (Chairman)
KAM Hing Lam
IP Tak Chuen, Edmond
Andrew John HUNTER
CHAN Loi Shun
CHEN Tsien Hua
CHAN Kee Ham, Ivan
LUN Pak Lam
LUK Sai Hong, Victor
TONG BARNES Wai Che, Wendy
Duncan Nicholas MACRAE
CHIU Yue Seng

COMPANY SECRETARY

Eirene YEUNG

AUTHORISED REPRESENTATIVES

IP Tak Chuen, Edmond
Eirene YEUNG

PRINCIPAL BANKERS

Australia and New Zealand Banking Group Limited
Bank of China (Hong Kong) Limited
Barclays Bank PLC
BNP Paribas
Canadian Imperial Bank of Commerce
Mizuho Bank, Ltd.
MUFG Bank, Ltd.
National Australia Bank Limited
The Bank of Nova Scotia
The Hongkong and Shanghai Banking Corporation Limited

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

LEGAL ADVISERS

Woo, Kwan, Lee & Lo

REGISTERED OFFICE

Clarendon House, Church Street,
Hamilton HM11, Bermuda

PRINCIPAL PLACE OF BUSINESS

12th Floor, Cheung Kong Center,
2 Queen's Road Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th Floor North Cedar House,
41 Cedar Avenue,
Hamilton HM 12, Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Rooms 1712-1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Hong Kong

STOCK CODES

Stock Exchange of Hong Kong: 1038
Bloomberg: 1038 HK
Reuters: 1038.HK

WEBSITE

www.cki.com.hk

INVESTOR RELATIONS

For further information about CK Infrastructure Holdings Limited, please contact:

Ivan CHAN

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2 Queen's Road Central,
Hong Kong
Telephone: (852) 2122 3986
Facsimile: (852) 2501 4550
Email: contact@cki.com.hk

KEY DATES

Annual Results Announcement	15th March, 2023
Closure of Register of Members (for determination of shareholders who are entitled to attend and vote at Annual General Meeting)	12th May, 2023 to 17th May, 2023 *(both days inclusive)*
Annual General Meeting	17th May, 2023
Record Date (for determination of shareholders who qualify for the Final Dividend)	23rd May, 2023
Payment of Final Dividend	7th June, 2023

This annual report 2022 ("Annual Report") is available in both English and Chinese versions. Shareholders who have received either the English or the Chinese version of the Annual Report may request a copy in the other language by writing to the Company c/o the Company's Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong or by email to cki.ecom@computershare.com.hk.

The Annual Report (both English and Chinese versions) has been posted on the Company's website at www.cki.com.hk. Shareholders who have chosen (or are deemed to have consented) to read the Company's corporate communications (including but not limited to the Annual Report) published on the Company's website in place of receiving printed copies thereof may request the printed copy of the Annual Report in writing to the Company c/o the Company's Branch Share Registrar or by email to cki.ecom@computershare.com.hk.

Shareholders who have chosen (or are deemed to have consented) to receive the corporate communications using electronic means through the Company's website and who for any reason have difficulty in receiving or gaining access to the Annual Report posted on the Company's website will upon request in writing to the Company c/o the Company's Branch Share Registrar or by email to cki.ecom@computershare.com.hk promptly be sent the Annual Report in printed form free of charge.

Shareholders may at any time choose to change their choice as to the means of receipt (i.e. in printed form or by electronic means through the Company's website) and/or the language of the Company's corporate communications by reasonable prior notice in writing to the Company c/o the Company's Branch Share Registrar or sending a notice to cki.ecom@computershare.com.hk.

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