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

GLOBAL INFRASTRUCTURE PLAYER

25TH ANNIVERSARY

Annual Report 2021

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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8.4
Funds from Operations (HK$ billion)

7,515
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8.1

Cash on Hand (HK$ billion)

14.7%

Net Debt to Net Total Capital Ratio

A/STABLE

Standard & Poor's Credit Rating

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- Power Assets

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- Guangdong Gitic Green Island Cement
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THE PEOPLE

TEN-YEAR FINANCIAL SUMMARY

Consolidated Income Statement Summary

for the year ended 31st December

HK$ million	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Profit attributable to shareholders	**7,515**	7,320	10,506	10,443	10,256	9,636	11,162	31,782	11,639	9,427
Dividends										
Interim dividend paid	**1,739**	1,713	1,713	1,713	1,688	1,587	1,512	1,281	1,220	976
Proposed final dividend	**4,560**	4,510	4,485	4,410	4,309	4,107	3,905	3,716	3,318	3,074
	6,299	6,223	6,198	6,123	5,997	5,694	5,417	4,997	4,538	4,050

Consolidated Statement of Financial Position Summary

as at 31st December

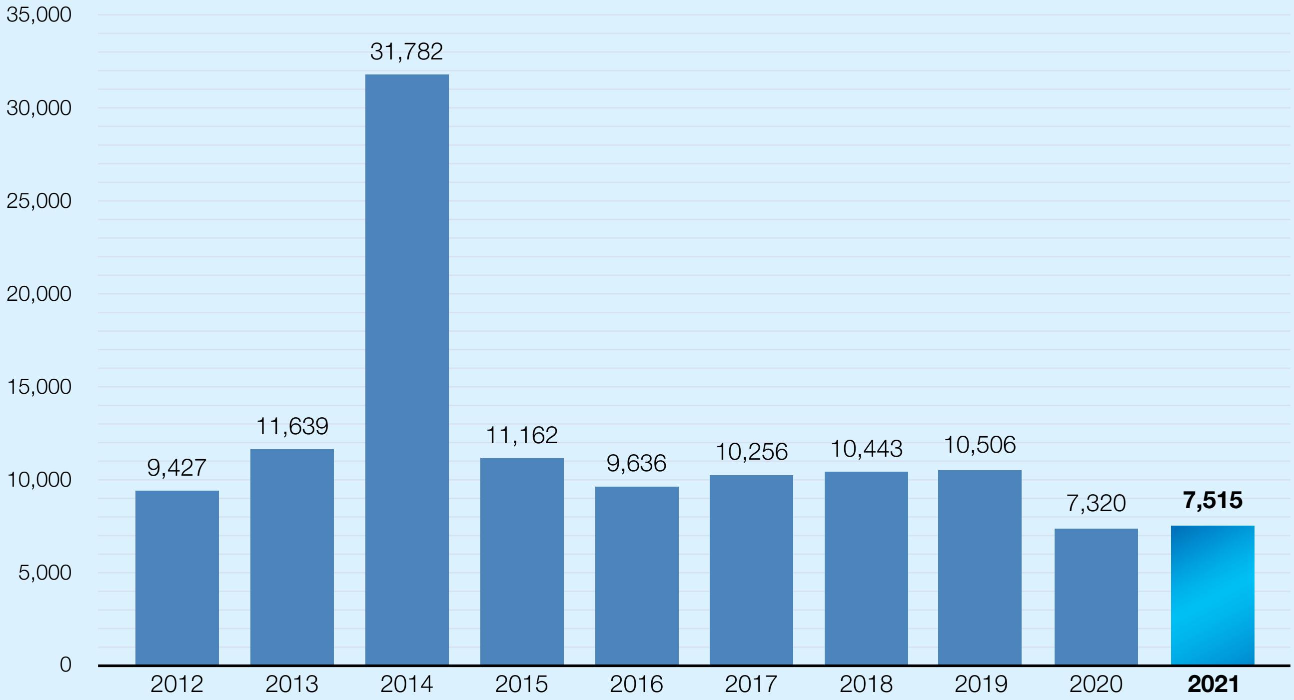
HK$ million	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Property, plant and equipment	**3,029**	2,965	2,805	2,508	2,462	2,404	2,379	2,452	2,408	1,477
Investment properties	**408**	396	398	382	360	344	334	305	268	238
Interests in associates	**37,998**	37,133	36,814	38,191	43,108	52,177	54,004	54,135	34,583	32,737
Interests in joint ventures	**106,802**	106,803	104,952	95,892	98,462	53,973	60,988	52,999	46,244	39,678
Other financial assets	**1,613**	1,892	1,871	7,821	702	648	1,985	3,889	4,599	6,199
Derivative financial instruments	**441**	126	1,107	2,448	1,253	2,178	571	86	42	–
Goodwill and intangible assets	**2,447**	2,602	2,486	2,556	2,569	2,554	2,525	2,877	2,966	–
Deferred tax assets	**6**	6	3	12	7	29	21	15	20	22
Other non-current assets	**–**	–	–	–	136	64	17	–	–	–
Current assets	**10,255**	15,488	14,748	7,960	10,755	13,539	9,278	9,312	8,778	8,191
Total assets	**162,999**	167,411	165,184	157,770	159,814	127,910	132,102	126,070	99,908	88,542
Current liabilities	**(16,663)**	(11,024)	(10,303)	(6,287)	(15,669)	(13,837)	(3,681)	(6,571)	(5,040)	(3,291)
Non-current liabilities	**(20,489)**	(30,125)	(28,507)	(29,579)	(25,953)	(7,886)	(17,862)	(17,753)	(14,270)	(11,870)
Total liabilities	**(37,152)**	(41,149)	(38,810)	(35,866)	(41,622)	(21,723)	(21,543)	(24,324)	(19,310)	(15,161)
Perpetual capital securities	**(9,885)**	(14,701)	(14,701)	(14,701)	(14,701)	(9,544)	(7,933)	(7,933)	(10,329)	(10,329)
Non-controlling interests	**(128)**	(119)	(69)	(30)	(18)	(38)	(55)	(77)	(84)	(89)
Equity attributable to shareholders	**115,834**	111,442	111,604	107,173	103,473	96,605	102,571	93,736	70,185	62,963

Per Share Data

HK$	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Earnings per share	**2.98**	2.91	4.17	4.14	4.07	3.82	4.44	13.03	4.77	3.93
Dividends per share	**2.500**	2.470	2.460	2.430	2.380	2.260	2.150	2.000	1.860	1.660
Shareholders' equity – net book value per share	**45.97**	44.23	44.29	42.54	41.07	38.34	40.71	38.42	28.77	25.81

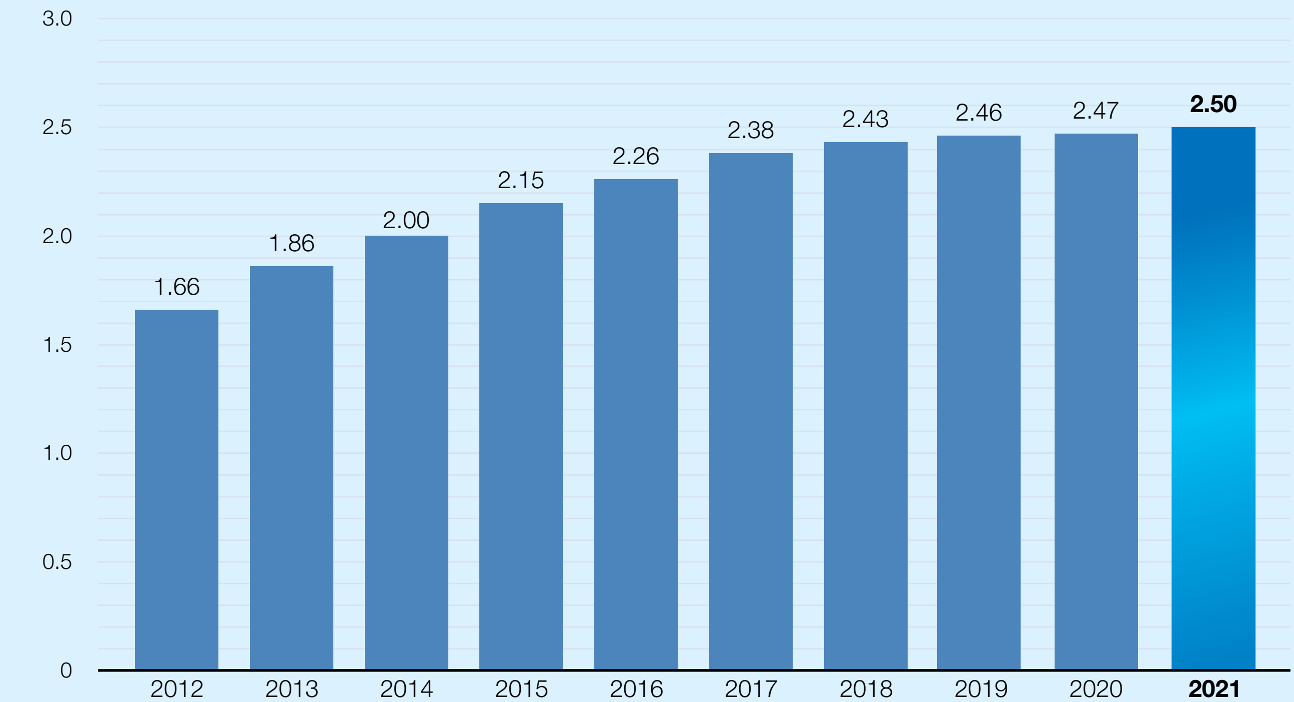
Profit Attributable to Shareholders

(HK$ million)



Dividends Per Share

(HK$)



"The Group recorded a record high[1] in funds from operations, amounting to HK$8.4 billion, an increase of 8% year-on-year. This is testament to CKI's strong recurring cashflow."

VICTOR T K LI
Chairman

CHAIRMAN'S LETTER

RECORD HIGH FUNDS FROM OPERATIONS

The year 2021 continued to be marked with challenges, resulting from the widespread effects of COVID-19, as well as geopolitical, trade, logistics and liquidity pressures. CK Infrastructure Holdings Limited ("CKI", the "Company" or the "Group") displayed great resilience and achieved a solid operational performance overall in spite of the volatility and disruptions.

The Group recorded a record high[1] in funds from operations, amounting to HK$8.4 billion, an increase of 8% year-on-year for the year ended 31st December, 2021. This is testament to CKI's strong recurring cashflow.

For the year under review, the Group recorded profit attributable to shareholders of HK$7,515 million, a 3% increase over the previous year. Excluding the non-cash deferred tax related charges for the United Kingdom operations in 2020 and 2021 as well as the disposal gain from the sale of Portugal Renewable Energy in 2020, the adjusted profit attributable to shareholders would have increased by 22%.

25 YEARS OF CONTINUED DIVIDEND GROWTH

The Board of Directors of CKI (the "Board") has recommended a final dividend of HK$1.81 per share. Together with the interim dividend of HK$0.69 per share, the total dividend for the year will amount to HK$2.50 per share (2020: HK$2.47 per share). This represents 25 consecutive years of dividend growth since listing. The proposed dividend will be paid on Wednesday, 8th June, 2022, subject to approval at the 2022 Annual General Meeting to those shareholders whose names appear on the Register of Members of the Company at the close of business on Monday, 23rd May, 2022.

BUSINESS REVIEW

In 2021, CKI achieved good operational performance across its global portfolio of infrastructure businesses. The regulated businesses of CKI are protected by their respective regulatory regimes, providing predictable and secure returns to the Group. The unregulated businesses are also largely insulated from market pressures by their inherent business models with their revenues protected by long-term contracts. Against the COVID-19 landscape, CKI's global businesses have adopted stringent measures to ensure the health and safety of both colleagues and customers, as well as providing essential services in a reliable manner.

Power Assets

Profit contribution from Power Assets was HK$2,208 million, approximately the same as last year. Excluding the non-cash deferred tax related charges for the United Kingdom operations in 2020 and 2021 as well as the disposal gain from the sale of Portugal Renewable Energy in 2020, the adjusted profit contribution from Power Assets would have increased by 10%.

Net profit from HK Electric remained stable under the provisions of the Scheme of Control. At an operational level, both the Hong Kong and overseas businesses performed well.

[1] When comparing historic funds from operations, the special dividend payouts from Power Assets in 2017 and 2018 which arose due to the IPO of HK Electric were excluded.

United Kingdom Infrastructure Portfolio

Profit contribution from the United Kingdom portfolio was HK$2,371 million, a decline of 9% as compared to the same period last year. This drop is mainly attributed to the higher non-cash deferred tax charges booked in 2021 compared to 2020 following the enactment of the increase in UK corporate tax rate from 19% to 25%, as well as tax credit in respect of deferred tax liabilities on intangible assets. Excluding such non-cash deferred tax items in both 2020 and 2021, profit contribution from the United Kingdom portfolio increased by 7%.

The United Kingdom was one of the markets most severely impacted by COVID-19 in 2021 and the operating environment posed challenges. Nonetheless, CKI's businesses have shown great resilience and all operations have maintained high levels of service to customers.

UK Power Networks has submitted its draft business plan for years 2023-28 to the Office of Gas and Electricity Markets in preparation for the next reset which will commence in April 2023. Extensive stakeholder engagement has been undertaken during the process. The plan focuses on strategies which should result in UK Power Networks continuing to be one of the best performing network companies in the United Kingdom.

In 2021, profit contribution from Northumbrian Water, Northern Gas Networks and Wales & West Gas Networks were affected by their regulatory resets. During the year, appeals were made to the Competition and Markets Authority ("CMA") in respect of the regulatory resets by Northern Gas Networks and Wales & West Gas Networks. Upon completion of the appeal processes, improvements were achieved in a number of areas. This will benefit the revenue and asset bases of these businesses in the remaining years of the current regulatory periods.

UK Rails showed strong resilience in its performance. A new six-year lease for several fleets was secured with South Eastern.

Northern Gas Networks, Wales & West Gas Networks and UK Rails are all pioneers in developing hydrogen as a green energy source. During the year, CKI also made an investment in a hydrogen fund – HYCAP – to participate further in the green hydrogen industry.

UK Power Networks and Northumbrian Water have also made good progress in the reduction of carbon emissions. Innovative technologies including flexible grids, electric vehicle charging points, and smart meters have been launched. With the United Kingdom's target to achieve net zero carbon emissions by 2050, it is expected that higher investment in energy networks will be strongly incentivised in the coming years. The Group's regulated businesses will work actively towards encouraging such initiatives.

Australian Infrastructure Portfolio

In Australia, profit contribution was HK$1,903 million, a 2% increase over last year. While performance from Australian Gas Infrastructure Group and EDL was strong, lower contributions were recorded from the electricity distribution networks as a result of the recent regulatory resets.

The year under review represented the first full year performance for SA Power Networks after its regulatory reset. Though allowed returns were lower than that of the previous regulatory period, stable and predictable returns have been secured until 2025, the end of the current regulatory period.

Final determinations were received during the year for Victoria Power Networks, United Energy and the South Australian assets of Australian Gas Infrastructure Group. Allowed returns were lowered due to the current low interest environment.

EDL, a leader in supplying remote energy and clean energy solutions, launched a number of hybrid renewable energy projects for mine operations and for the Northern Territory government in Australia. In addition, EDL expanded its portfolio in the United States with the Republic Landfill Renewable Natural Gas project.

Infrastructure Portfolio in Continental Europe

In Continental Europe, profit contribution was HK$694 million, 55% lower than the previous year. Excluding the gain on disposal of Portugal Renewable Energy recorded in 2020 and the impact of this divestment, recurring profit from the European operations grew by 9% on the back of solid performances from ista and Dutch Enviro Energy.

During the year, acquisition activities have been carried out by the Group through our businesses in Europe. ista completed bolt-on acquisitions, further expanding its market penetration in Germany and France. In addition, Dutch Enviro Energy was successfully named preferential bidder for AEB, a waste-to-energy business in the Netherlands; the enterprise value of this transaction is approximately HK$4 billion.

Canadian Infrastructure Portfolio

In Canada, profit contribution increased by a significant 77% to HK$475 million. The growth was mainly bolstered by Canadian Power, with strong power market prices during the year. Performance from Reliance Home Comfort and Canadian Midstream were also good. Park'N Fly reported a lesser loss as the business slowly recovered.

Reliance Home Comfort completed two acquisitions during the year, adding about 25,000 new rental assets primarily in Ontario, further strengthening its market position in the region. Canadian Power also completed the acquisition of two wind farms in the Okanagan region of British Columbia.

New Zealand Portfolio

The New Zealand portfolio achieved profit contribution of HK$170 million, an increase of 25% over last year. This can be attributed to a strong contribution from EnviroNZ, with a number of new service contracts commencing operations.

Wellington Electricity continued to perform well. During the year, Wellington Electricity completed the three-year Earthquake Readiness Programme as well as a large-scale cable upgrade project near the CBD.

Hong Kong and Mainland China Business

Profit contribution from the Group's Hong Kong and Mainland China portfolio grew 9% to HK$316 million due to the good performance of the infrastructure materials manufacturing business.

SOLID FINANCIAL FOUNDATION

As at 31st December, 2021, CKI has cash on hand of HK$8.1 billion and a net debt to net total capital ratio of 14.7%. This strong financial platform underpins the Group's ability to be flexible and agile when facing adverse market developments as well as to embrace new growth and expansion opportunities as they arise.

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

In March 2021, CKI redeemed the US$1.2 billion 5.875% perpetual capital securities. Subsequently, in June and July 2021, the Group issued US$300 million 4.2% perpetual capital securities and US$300 million 4.0% perpetual capital securities respectively. These refinancing exercises have led to savings in interest, further strengthening CKI's solid financials.

GROWTH OPPORTUNITIES IN COMBATING CLIMATE CHANGE

In the area of environmental sustainability, we are forerunners in most markets and industries in which we operate.

The Group's electricity distribution networks work on cutting edge grid management, battery storage, solar energy grid export, and electric vehicle charging technologies. Many of CKI's businesses also have extensive experience in renewable energy and connections, including solar, wind, waste coal mine gas, biomethane as well as municipal waste and sludge. The gas distribution networks and UK Rails are pioneering hydrogen, while the carbon capture initiatives of Dutch Enviro Energy are progressing well. ista provides energy management services to help customers to be more energy efficient, and HK Electric took a major step forward in its transition from coal-to-gas generation with the synchronisation of a new gas fired unit.

Building on CKI's existing capability, technology know how, and experience in the sustainability field as well as our business acumen, foundations are well laid for the Group to continue its leadership role in this arena, not only in environmental protection but also in the pursuit of new business investment opportunities.

OUTLOOK

Uncertainty and volatility remain very much on the immediate horizon as the COVID-19 pandemic enters its third year. In the longer run, there is cautious optimism for gradual improvement of the current situation. Growth and expansion opportunities for CKI are rapidly emerging as the need for environmental initiatives become more imminent.

Given the Group's strong financial position, we are well placed to capitalise on any acquisition targets that fit our investment strategy and criteria. We will also continue to work closely with our strategic partners within the CK Group – including CK Asset and Power Assets – to secure new opportunities.

CKI has established a renowned reputation as a key global infrastructure player. We have a longstanding track record of efficiently delivering excellent service. As our portfolio continues to diversify into different industries and markets, the opportunities for creating synergies with existing businesses are ample. Many of our businesses are vital in helping to combat climate change and support decarbonisation. Our strategy is to capture the growth opportunities in energy transition and decarbonisation and operate our businesses in a way which contributes to a greener world.

Most of CKI's regulated businesses have recently completed regulatory resets and as such, secure and predictable revenue will be generated in the coming years. The current high inflation environment in the United Kingdom and Australia should translate into higher revenues and higher regulated asset bases for our regulated businesses. In particular, regulated asset bases are one of the key parameters when determining the future returns under the regulated regimes.

Our mantra has always been to maintain an optimal balance between stability and growth. The Group's track record of continuing earnings growth together with a comfortable gearing position is testament to that.

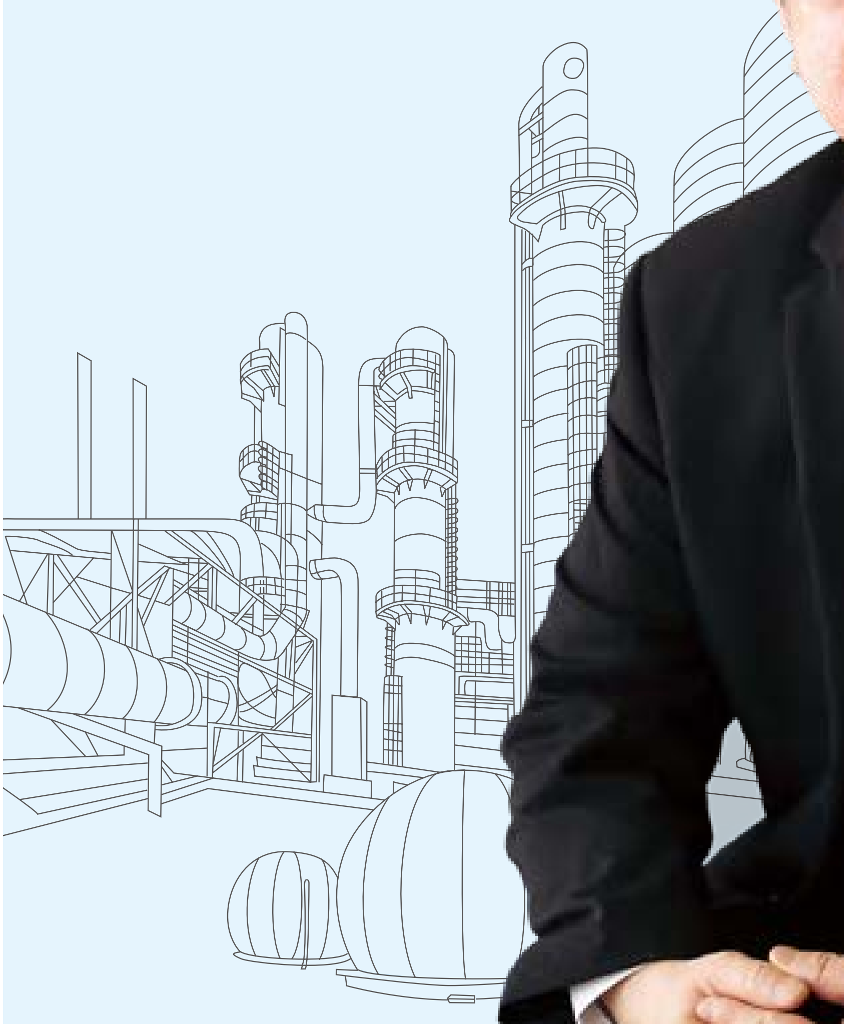
I would like to take this opportunity to thank our staff from all the different markets in which we operate who have ensured that essential services have been provided to our customers during this difficult period. I would also like to thank the Board for their continued guidance, our staff for their outstanding contribution and our stakeholders for their ongoing support in these turbulent times.

VICTOR T K LI
Chairman

16th March, 2022

"Since listing in 1996, CKI has been delivering annual dividend growth. CKI is probably the only company in the world which can maintain a dividend growth for 25 consecutive years since listing."

H L KAM
Group Managing Director



GROUP MANAGING DIRECTOR'S REPORT

JUBILEE ANNIVERSARY – CELEBRATING 25 YEARS OF ACCOMPLISHMENTS

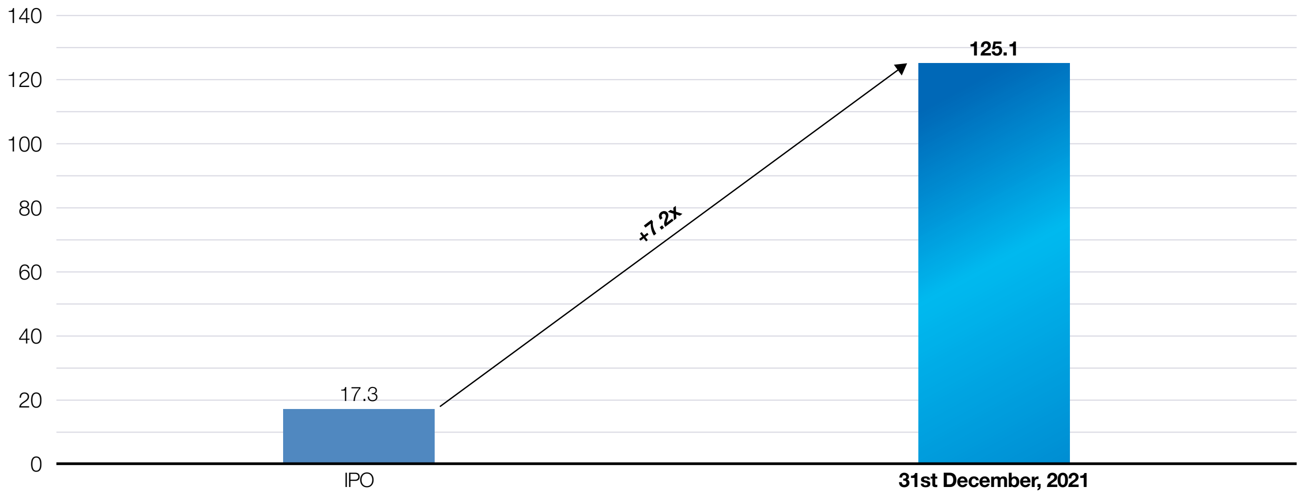
25 years ago, when CKI was listed on the Stock Exchange of Hong Kong in July 1996, we had a vision. Our vision was for the Group to become a global infrastructure company – one that makes the world a better place through a variety of infrastructure investments and developments in different parts of the world. As CKI celebrates its 25th anniversary in 2021, I would like to highlight some of our milestone achievements that have not only powered our vision into reality, but also taken us to new levels of success over the years.

THE GROWTH AND RETURNS TO SHAREHOLDERS OVER THE LAST 25 YEARS

Since its listing in 1996, CKI has grown in size and scale, delivering sound returns to shareholders through the flows of the global economy. Below are a few facts and figures that illustrate our upward trajectory:

A Recap of CKI's 25 Years

Market Capitalisation (HK$ billion)



- Profit attributable to shareholders was HK$7,515 million in 2021, 8.8 times that of 1996;
- Share price of CKI stood at HK$49.65*, nearly 4 times the IPO price;
- Market capitalisation reached HK$125 billion*, 7.2 times the market value at IPO;
- Full-year dividend declared for 2021 is HK$2.50 per share, the 25th consecutive year of dividend growth since listing;
- CKI's cumulative dividends since listing is HK$35.109 per share, nearly triple that of its IPO listing price of HK$12.65;
- The annualised total return to shareholders is over 9%* per annum since listing.

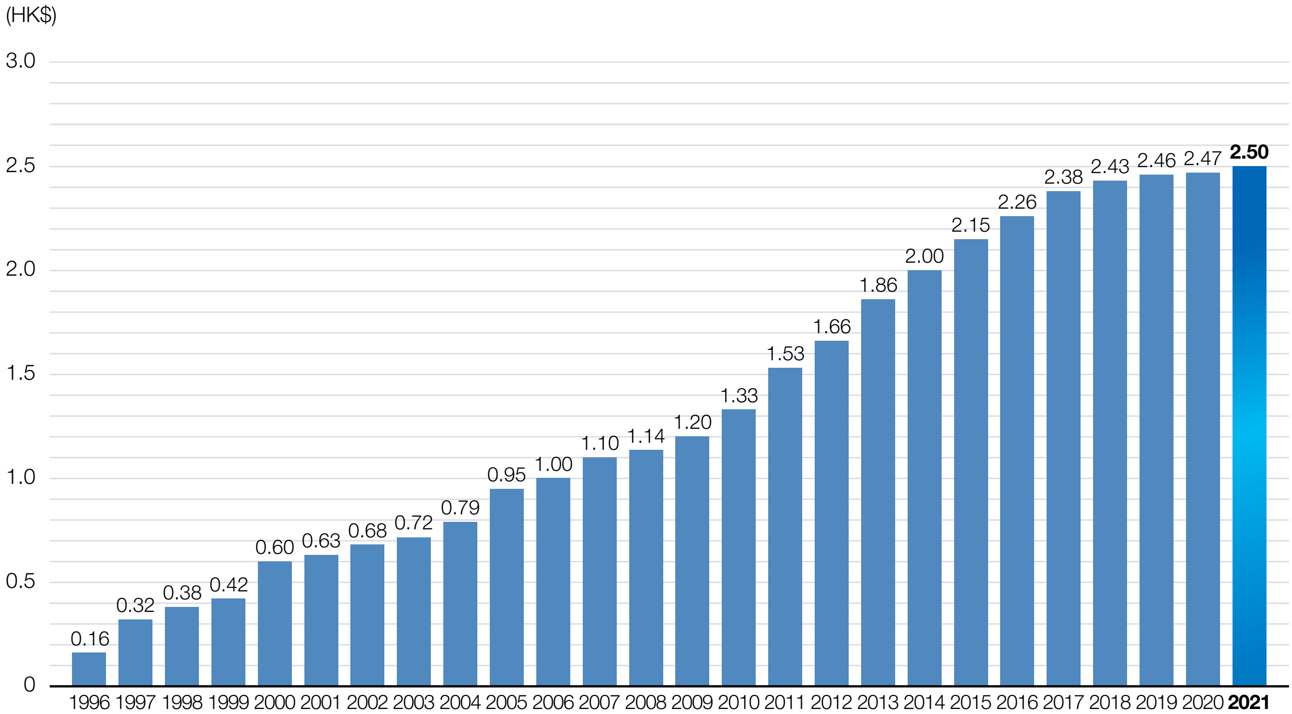
* As at 31st December, 2021

GROUP MANAGING DIRECTOR'S REPORT

25 YEARS OF CONSECUTIVE DIVIDEND GROWTH SINCE LISTING

- Since listing in 1996, CKI has been delivering annual dividend growth;
- The dividend for 2021 represents 25 years of continuous dividend growth;
- Amidst the volatile stock market, especially in the past two years under the threat of the COVID-19 pandemic, CKI's stable returns and steady dividend growth offered a safe haven as a defensive stock for investors looking for reliable long term returns;
- CKI is probably the only company in the world which can maintain a dividend growth for 25 consecutive years since listing.

Dividend per Share since Listing in 1996



RECORD HIGH FUNDS FROM OPERATIONS IN 2021

An accurate picture of the health and stability of CKI's financial performance is reflected in the Group's operating cash flows. Funds from operations in 2021 hit a record high[1] level, amounting to HK$8.4 billion.

As most of our businesses are either regulated or are protected by long term contracts, they are able to generate strong cash flows for the Group despite the operating challenges experienced in recent years. One of the major pillars, strong cash flows, enable CKI to sustain continuous dividend growth.

1 When comparing historic funds from operations, the special dividend payouts from Power Assets in 2017 and 2018 which arose due to the IPO of HK Electric were excluded.

RESILIENCE – CKI'S UNIQUE CORPORATE DNA

At CKI, resilience is built into our corporate DNA. Over the course of 25 years, we have developed a quality portfolio that can navigate diverse business landscapes.

The strength of our resilience shined through during the protracted COVID-19 pandemic. Our operations around the world showed great commitment and continued to deliver uninterrupted essential services to our customers at a time when these services were needed most. The defensive nature of our infrastructure portfolio is clearly demonstrated by the stable cash flow generation capability of our businesses as a whole.

Resilience Attribute I: Strong Operation Performance of Quality Assets

Part of what constitutes CKI's resilience DNA is the strong operation performance of its quality infrastructure assets. Within the CKI family, many companies are outstanding in their own respective operating locations. In the UK, UK Power Networks, the two gas distribution companies Northern Gas Networks and Wales & West Gas Networks, as well as Northumbrian Water consistently receive high ratings from regulators in their respective industries. UK Power Networks and Northumbrian Water have both received the "Utility of the Year" award in the UK.

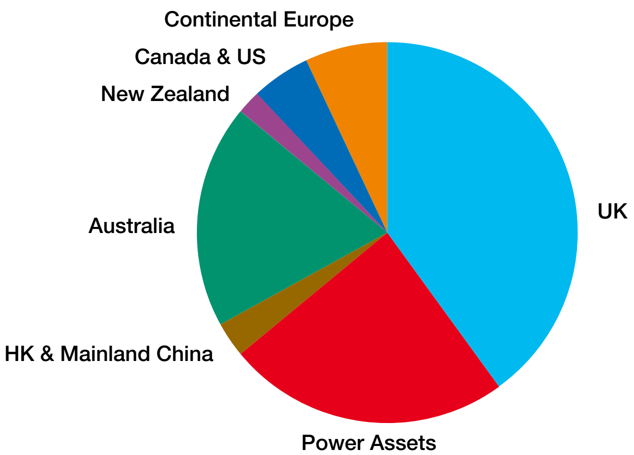
The Group's power distribution networks in Australia – SA Power Networks, CitiPower, Powercor and United Energy – have dominated the top four places in terms of productivity performance in the Australian Energy Regulator's Annual Benchmarking Report issued in recent years.

Resilience Attribute II: Global Portfolio of Quality Assets

At its inception, CKI's focus was on Greater China with a portfolio of investments in transportation and infrastructure related businesses.

Over the course of 25 years, CKI has made strategic investments in infrastructure assets in various locations around the world. Today, CKI has become one of the leading global infrastructure players. Our portfolio spans across Hong Kong, Mainland China, the United Kingdom, Continental Europe, Canada, United States, Australia and New Zealand.

Profit Contribution by Region 2021*



* 2021 figures exclude non-cash deferred tax charges and tax credit in respect of deferred tax liabilities on intangible assets in the UK.

GROUP MANAGING DIRECTOR'S REPORT

Resilience Attribute III: Diversified Portfolio of Quality Assets

The Group's sizeable infrastructure portfolio is composed of both regulated and non-regulated businesses. These two main business streams contribute predictable and stable returns for the Group even in volatile operating environments.

Diversified Portfolio of Quality Assets

		United Kingdom	Continental Europe	Canada	Australia	New Zealand	Hong Kong and Mainland China
Electricity	Generation	Seabank Power	Dutch Enviro Energy	Canadian Power	Energy Developments		Power Assets
	Distribution	UK Power Networks			SA Power Networks Victoria Power Networks United Energy	Wellington Electricity	Power Assets
Gas	Transmission				Dampier Bunbury Pipeline		
	Distribution	Northern Gas Networks Wales & West Gas Networks			Australian Gas Networks Multinet Gas		
Oil Transmission				Canadian Midstream Assets			
Water		Northumbrian Water					
Transportation		UK Rails		Park'N Fly			Mainland China Toll Roads
Infrastructure Materials Manufacturing							Green Island Cement Alliance Construction Materials
Waste Management						EnviroNZ	
Household Infrastructure			ista	Reliance Home Comfort			

A. Regulated Businesses

Regulated businesses are mainly essential services such as electricity distribution networks, gas transmission and distribution networks, and water utilities. These businesses are protected by secure regimes.

Our regulated businesses normally go through regulatory resets at intervals. Once the reset process is completed, the companies generate stable income within the regulated period. In 2021, most of the regulated businesses have completed their regulatory resets and predictable income streams are expected up to 2025/2026.

B. Non-regulated Businesses

Many unregulated businesses such as oil pipelines, waste management, waste-to-energy, household infrastructure, transportation, and infrastructure materials manufacturing operate with a focus on secure business models and long term contracts.

Though non-regulated, such businesses contribute steady income and recurring cash flows, enhancing the Group's financial stability.

Sustainability Initiatives Strengthen CKI's Resilience

In the era of climate change and extreme weather conditions, CKI's sustainability initiatives have undoubtedly strengthened our overall resilience level. In fact, our group companies are widely recognised as forerunners in the area of environmental sustainability in most markets and industries.

Most of CKI's businesses are either sustainable by nature, or have engaged in various initiatives to support zero-carbon targets in their respective operating locations.

A number of companies within the Group have been developing innovative technologies to transition to a low-carbon environment. Smart grids, hydrogen, renewable energy, carbon capture, waste management, waste-to-energy and energy management are all initiatives which are being conducted with the goal of pivoting towards a carbon-free economy.

All these efforts will strengthen the Group's resilience DNA and create a positive impact on a global level.

SALUTE TO MEMBERS OF CKI FAMILY

The story of CKI's development over the past 25 years is one that's abound with connections of people and events. In many ways, the story of CKI is also a story of the "Amalgamation of Individual Successes". From our listing in 1996 to the present, CKI attributes its success to the hard work and dedication of some 30,000 colleagues all over the globe, at all levels of operation and management, who have all contributed in no small part through their commitment to excellence. I take this opportunity to pay tribute to our colleagues and thank them for their loyal service.

The past two years or so have been exceptionally challenging. Our colleagues at CKI, and our frontline colleagues in particular have demonstrated their professionalism and dedication by providing continuous, efficient and uninterrupted services to customers throughout the pandemic. Their selfless contributions are of utmost importance to their respective communities around the world. Their unwavering commitment to excellence and integrity in performing their duties also helped the Group mitigate the impact caused by the pandemic. I am honoured to dedicate the Group's accomplishments to our colleagues – the most important asset of CKI.

GROUP MANAGING DIRECTOR'S REPORT

CHARTING THE WAY FORWARD TO ANOTHER 25 YEARS OF GROWTH

In the past 25 years, CKI has built a quality portfolio that is resilient amidst bouts of operational challenges as well as market ups and downs. Looking back at CKI's development over the past 25 years since listing, I am truly proud to say that we have not only achieved our initial vision, but also exceeded our highest hopes.

CKI will continue with our simple and effective set of strategies as we move forward:

(1) Growing existing businesses organically;
(2) Acquiring new businesses with good and stable returns;
(3) Maintaining a strong balance sheet with steady cashflow and low gearing;
(4) Advancing our sustainability efforts.

With a strong financial platform, cash on hand of HK$8.1 billion, a net debt to net total capital ratio of 14.7% as at end of 2021, and a credit rating of "A/Stable" since September 2018, CKI is well-equipped to accelerate our development amidst fluctuating operational environment and to capitalise on decarbonisation opportunities. We look forward to sharing our journey with you as we reach for greater heights in the years ahead.

H L KAM
Group Managing Director

16th March, 2022

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, 2021, CKI had cash on hand of HK$8.1 billion, and gearing remained low at a net debt to net total capital ratio of 14.7%. 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.

AWARDS

CK Infrastructure

Hong Kong Institute of Financial Analysts and Professional Commentators

- Outstanding Listed Company Award 2021

UK Power Networks

Utility Week Awards 2021

- Employer of the Year

Business Green Leaders Awards

- Project of the Year

The Sunday Times

- Top 25 Best Big Companies to Work For 2021

City of London Contractor Awards 2021

- Considerate Contractor Gold Award
- Outstanding Individual Achievement Award

Chartered Institute of Procurement Services

- Platinum Accreditation

National Technology Awards

- Analytics Project of the Year

Better Society Energy Awards

- Energy Tech Innovation Award

British Construction Industry Awards

- Partnership Initiative of the Year

European IT and Software Excellence Awards

- Vertical Application Solution of the Year

Northumbrian Water

Ethisphere Institute

- World's Most Ethical Companies List

Water Industry Awards 2021

- Asset Optimisation Initiative of the Year

Inspiring Females Awards 2021

- Inspiring Employer of the Year
- Inspiring Female

Chartered Management Institute

- Chartered Manager of the Year

North of Tyne Good Work Pledge

- Advanced Good Work Pledge

Newcastle University – Engagement and Place Awards 2021

- Engaging with Policy and Practice
- Engaging for Economic Benefit

The Good Business Charter

- The Good Business Charter Accreditation

Northern Gas Networks

The Royal Society for the Prevention of Accidents Health & Safety Awards 2021

- Gold Award

National Site Awards 2021

- Most Considerate Site Runner Up

Wales & West Gas Networks

The Royal Society for the Prevention of Accidents Health & Safety Awards 2021

- Gold Award

Investors in People

- Silver Accreditation

Institute of Gas Engineers & Managers

- Safety Award

Chartered Institute of Personnel and Development Wales Awards

- Best In House HR Team

UK Rails

The Golden Spanner Awards 2021

- Gold Spanners (The Most Reliable Train Fleet of its Class) for Class 222 & Class 185
- Silver Spanners (The Most Improved Train Fleet of its Class) for Class 331
- Bronze Spanners (For the Fastest Incident Recovery) for Class 320, Class 397, Class 195, Class 334, Class 390

AWARDS

SA Power Networks

Premier's Awards for Energy and Mining 2021
- Winner: Energy Sector - Innovation and Collaboration

Project Management Achievement Awards 2021
- Overall Project of the Year Award

Project Management Achievement Awards 2021
- Senior Project Professional Award

Victoria Power Networks

2021 IPMA Global Project Excellence Awards
- Winner of Small-/Medium-Sized projects in the category of Construction, Engineering and Infrastructure projects

2021 AIPM Project Management Achievement Awards
- Victorian Chapter PMAA – Project Winner

Australian Gas Networks

Australian Pipelines and Gas Association
- Environment Award

Energy Networks Australia and Energy Consumers Australia
- Network Consumer Engagement Award

Engineers Australia
- Australian Engineering Excellence Award

Energy Developments

Australian Financial Review
- The Third Most Innovative Company in the category of Agriculture, Mining and Utilities

Resources Sector Awards for Excellence
- Golden Gecko Award for Environmental Excellence with customer Gold Fields

Excellence in Environmental Action Award
- Joint Finalist with customer Gold Fields

Energy Innovation of the Year
- Joint Finalist with customer Gold Fields

ISTA

Top Employers Institute
- Top Employer Award

Reliance Home Comfort

HomeStars 2021
- Best of Award

The Greater Toronto Area Contact Centre Association Annual Award
- Team Award
- Giving Back Award

Podium Corp.
- Podium All Star Award

Housing Design Awards
- Supplier of the Year

Green Island Cement

Green Council
- Hong Kong Green Awards 2021 "Green Management Award – Corporate (Large Corporation) – Gold"

Environmental Campaign Committee
- Hong Kong Awards for Environmental Excellence – Silver Award (Manufacturing and Industrial Services)

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

Alliance Construction Materials

2021 Galaxy Awards
- Sustainability Report – Bronze Award

2021 iNOVA Awards
- Sustainability Report – Bronze Award

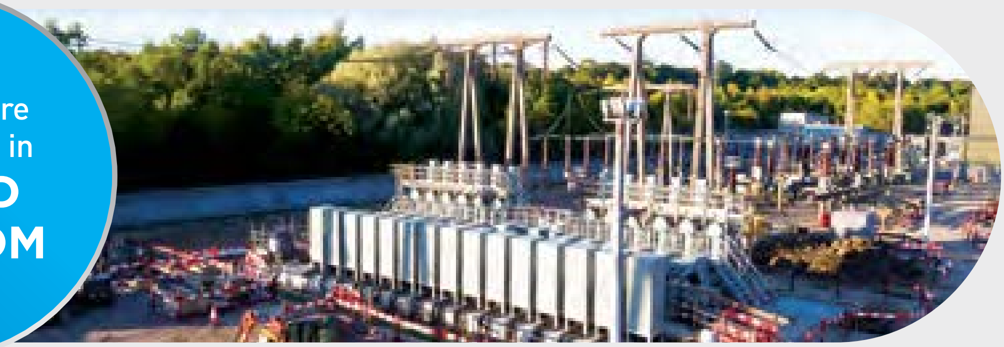
Hong Kong Construction Association
- Proactive Safety Contractor Award
- Environmental Merit Award

Occupational Safety and Health Council
- Safety Performance Award

Environmental Campaign Committee
- Hong Kong Awards for Environmental Excellence – Certificate of Merit (Manufacturing and Industrial Services)
- Go Green Organization Mark

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.

2021 saw the Power Assets Group ("Power Assets" or the "Group") deliver steady performance based on its diversified energy portfolio. This model of investing in low-risk energy infrastructure has helped to insulate the Group from the lingering macroeconomic impact of the global COVID-19 pandemic and fluctuations in fuel prices.

Power Assets' profits attributable to shareholders amounted to HK$6,140 million (2020: HK$6,132 million). Excluding the non-cash deferred tax related charges for the operating companies in the United Kingdom in 2020 and 2021 as well as the disposal gain from the sale of Portugal investment, Iberwind, in 2020, the adjusted profits attributable to shareholders would have increased by 10%.

The Group's financial position remained solid with funds received from operations in 2021 totalling HK$5,300 million (2020: HK$5,533 million).

The energy sector is seeing a dramatic transformation as all players seek to supply energy needs with minimal impact on the environment. Many of the Group's operating companies are at the vanguard of change through research and innovation in collaboration with cross-sector stakeholders.

In 2021, Power Assets' flagship company HK Electric continued to work towards its goal of building a sustainable future. In support of the Government's "Hong Kong's Climate Action Plan 2050", the company is undertaking a phased retirement of all coal-fired generating units and increasing support for renewable energy. Progress was made on its programme of capital works that will see the commissioning of two new gas-fired generating units in 2022 and 2023 respectively, together with an offshore liquefied natural gas receiving terminal scheduled for commissioning in 2022.

All of the Group's operating companies in the UK once again delivered market-leading performance in reliability, safety and customer service. Appeals to the Competition and Markets Authority to challenge the final determinations for Northern Gas Networks and Wales & West Gas Networks have been completed; thus offering stable and predictable cash flow for the five-year regulatory period of 2021-2026.

In Australia, in light of the massive growth in roof top solar and distributed battery energy systems, the Australian Energy Regulator is conducting a comprehensive process to review the regulatory regime for energy companies and the Group's operating companies have been collaborating with the regulator through this process.

The Canadian portfolio progressed with decarbonization and delivered stable performance. Canadian Power acquired two wind farms in Okanagan in June 2021, marking its entry into renewable energy generation.

In the Netherlands, Dutch Enviro Energy was successfully named preferred bidder for AEB, a waste-to-energy business in the Netherlands; the acquisition is poised to extend the company's core business.

Wellington Electricity in New Zealand completed a major three-year programme of works to enhance earthquake readiness across its network. In Thailand, Ratchaburi Power Plant delivered stable performance.

In Mainland China, the Jinwan co-generation power plant increased electricity sent out in response to strong industrial demand despite coal supply scarcities. The two wind farms in Dali and Laoting met targets and jointly offset 207,000 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 which 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 companies in Great Britain.

UK POWER NETWORKS

UK Power Networks owns three of the 14 regulated electricity distribution networks in Great Britain and distributes electricity to over a quarter of the country's population. The company's network is approximately 190,000 kilometres in length, and covers an area of over 29,000 square kilometres. It serves 8.3 million homes and businesses across London, the southeast and east of England. Its reliability rating is the highest in the country. 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.

In December 2021, UK Power Networks submitted its final Business Plan to the Office of Gas and Electricity Networks ("Ofgem") in preparation for the next reset which will run from 2023 to 2028. Against a backdrop of transformative change in the energy system and the society, both of which are working towards decarbonization, the Plan not only addresses sustainability matters, but also aims to keep UK Power Networks' position as the best performing network company in Great Britain.

During the year, UK Power Networks continued to focus on advancing the net zero transition, leading the way in running a smart grid as well as facilitating the decarbonization of heating and the uptake of electric vehicles. The company has become the first UK distribution network operator to have its carbon reduction plan and targets endorsed by the Science-Based Target Initiative. UK Power Networks mapped the carbon footprint of its emissions, modelled the actions it will take to reduce emissions, and set challenging targets across all its activities.

UK Power Networks also launched the Constellation project, installing powerful computers in a series of substations, turning them into smart substations, reducing the reliance on communications to and from the central control systems. These substations will analyse millions of datapoints on how the network is running, and re-configure the network based on specific conditions. The project will free up capacity and help facilitate an increase in renewable energy generation. The plan is to release 1.4 GW of capacity and is forecast to reduce more than 17.8 million tonnes of harmful greenhouse gas emissions by 2050. Consumers will as a result save more than GBP750 million by 2050.

UK Power Networks' wide range of net zero initiatives have been viewed positively by Ofgem. In addition, in the 2020/2021 Stakeholder Engagement and Consumer Vulnerability Award, UK Power Networks was once again rated first across all sectors as the energy industry leader for its exceptional engagement with stakeholders.

One of UK Power Networks' groundbreaking projects, "Distributed Energy Resource Management", was named "Project of the Year" by the Business Green Leaders Awards. The project was recognised for its potential to catalyse the nascent smart appliances market and enable the launch of a raft of new flexible grid services that are set to reduce emissions as well as bolster the energy security of the country.

UK Power Networks was UK's leader in the global Smart Grid Index. It also achieved the sixth place in the "UK's Best Big Company to Work For" by Best Companies in 2021; it was the only electricity distribution network operator to be featured in the list. In addition, UK Power Networks was ranked second in the new "Top 10 Utilities to Work For" list. In the Inclusive Top 50 UK Employers list, the company ranked third for its promotion of an equal, diversified and inclusive work culture.

In 2021, UK Power Networks continued to focus on advancing the net zero transition, leading the way in running a smart grid as well as facilitating the decarbonisation of heating and the uptake of electric vehicles.

NORTHUMBRIAN WATER

Northumbrian Water is one of the ten regulated water and sewerage companies in England and Wales. It 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 supplies 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; as well as a portfolio of long-term water and wastewater contracts in Scotland, Ireland and Gibraltar.

Northumbrian Water received the Final Determination on price controls for 2020-2025 during the year. Further to an appeal to the Competition and Markets Authority (CMA) in 2020, there is a revenue uplift for the company.

Northumbrian Water continued to go beyond its regulatory commitment in regards to environmental sustainability. A dedicated team has been working to deliver improvements to wildlife, biodiversity and water quality. It has achieved the highest possible four stars in the Environment Agency's Environmental Performance Assessment.

Northumbrian Water was approved by the United Nations to become part of the Race to Zero campaign. As outlined in Northumbrian Water's Emission Possible plan, the company intends to achieve net zero in 2027.

During the year, Northumbrian Water rolled out its smart metering network in Essex. The programme involves connectivity to about 11,000 domestic meters. The company is targeting to have 100% coverage of smart meters by 2035.

In view of the COVID-19 pandemic, Northumbrian Water's Innovation Festival 2021 went hybrid with a half-digital and half-physical format for the first time. About 4,000 innovators from over 40 different countries participated to solve industry problems such as water poverty and leakage.

Northumbrian Water was included in the World's Most Ethical Companies List 2021, and is the only water and sewerage company in the world and one of the five UK companies on the list. This is the 10th time the company has received such world-wide recognition from the Ethisphere Institute. Northumbrian Water was also the first water company to achieve the Good Business Charter accreditation supported by the Confederation of British Industry and the Trades Union Congress. The conferment affirms ethical performance of businesses over 10 key components including employee well-being, diversity and inclusion, environmental responsibility, as well as commitment to customers. Furthermore, Northumbrian Water was named one of the UK's Best Workplaces by Great Place to Work UK in recognition of its commitment to promoting a healthy workplace.

A dedicated team of Northumbrian Water has been working to deliver improvements to wildlife, biodiversity and water quality.

NORTHERN GAS NETWORKS

Northern Gas Networks is a gas distribution company that serves the north of England. The network spans 37,000 kilometres of gas distribution pipelines and 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.

Northern Gas Networks started RIIO-GD2, the new regulatory period which came into effect in April 2021, in a strong position having received the highest reward in the sector in recognition of the quality of its business plan for the 5-year period from 2021 to 2026. The Business Plan Incentive was awarded by Ofgem in recognition of the significant additional benefits and value for money that Northern Gas Networks will deliver for customers as the frontier company in the sector.

In 2021, Ofgem released the Discretionary Reward Scheme scores for the period 2018-2021. The panel was particularly impressed with Northern Gas Networks' initiatives in the environmental category, and the company was ranked first across the industry. The Scheme recognises the performance of gas distribution network companies that best serve the interest of customers through social, carbon monoxide safety and environmental initiatives.

During the year, Northern Gas Networks launched a green transition bond, making it the first regulated energy distribution company to launch a green bond exclusively for members of the public.

In recognition of its commitment to excellent health and safety practices, Northern Gas Networks was awarded Gold Medal from RoSPA (The Royal Society for the Prevention of Accidents) for the fifth consecutive year.

In 2021, Northern Gas Networks continued to carry out various pioneering hydrogen projects which make contributions to the United Kingdom's progress towards decarbonization. One of the highlights is participating in the building of the country's first two homes with household gas appliances fuelled entirely by hydrogen. The project showcases the use of 100% hydrogen for domestic heating and cooking. For the first time, these hydrogen houses provide an opportunity for the public to experience a zero-emission gas-fuelled home of the future. It demonstrates that homes can be heated by clean energy and that hydrogen plays a vital role in achieving the United Kingdom's target of net zero carbon emissions by 2050.

Northern Gas Networks' HyDeploy project has commenced blending hydrogen with natural gas on a public gas network.

In addition, Northern Gas Networks built the MicroGrid which comprises approximately one kilometre of pipework of varying pressure tiers and diameters that will link to three demonstration houses featuring hydrogen boilers. This pilot is poised to demonstrate how networks can be operated and managed under 100% hydrogen conditions.

Northern Gas Networks' HyDeploy project has also commenced blending hydrogen with natural gas on a public gas network to supply low carbon heating and cooking to over 600 homes in Winlaton, Gateshead. HyDeploy will supply a 20% hydrogen blend in a 10-month long pilot. This marks the first time that a community has received hydrogen blend via a public natural gas network in the United Kingdom.

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.

Despite the continuing disruption caused by COVID-19, Wales & West Gas Networks remained fully operational in all key areas. During 2021, the company announced a GBP81 million investment programme to continue to upgrade the gas network, replacing the pipes which serve over 30,000 homes and businesses. The programme prepares the gas network for the transportation of green gases such as hydrogen and biomethane in the future. The investment will help communities in the United Kingdom to transition towards a greener future to achieve the country's 2050 net zero target.

During 2021, Wales & West Gas Networks announced a GBP81 million investment programme to upgrade the gas network, replacing the pipes which serve over 30,000 homes and businesses.

Wales & West Gas Networks also received the green light from the Health & Safety Executive (HSE) to start injecting gas with up to 1% hydrogen into its existing network in Swindon. This represents the first time that the United Kingdom government agency permitted natural gas with an elevated hydrogen level to be used in the national network. This initiative will reduce carbon emissions by up to 5,000 tonnes for almost 2,500 homes in Swindon immediately.

In addition, Wales & West Gas Networks teamed up with UK Power Networks to carry out the HyCompact project, a low carbon hybrid heating trial. The new hybrid units contain a gas boiler and an electric air source heat pump alongside smart control software. Installed on the wall in place of an existing conventional gas boiler in customers' homes, the system can flexibly switch between renewable electricity and green gas, enabling the full decarbonisation of heat.

For the eighth consecutive year, Wales & West Gas Networks received the Gold Award from the Royal Society for the Prevention of Accidents (RoSPA) in recognition of its ongoing outstanding health and safety record. It also won the coveted "Safety Award" in the Institution of Gas Engineers & Managers (IGEM) and Energy and Utilities Alliance's Gas Industry Awards for its health and safety culture, as well as its industry-leading safety performance. It also retained its Investors in People (IiP) "Silver" level accreditation for the excellent people practices.

As part of its commitment to helping the United Kingdom work towards net zero carbon emissions, Wales & West Gas Networks has joined the nation's three other gas network companies and the gas transmission network to set out detailed plans to deliver the first hydrogen village by 2025.

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 has a total generating capacity of approximately 1,140 MW from its two generation units. Apart from routine maintenance periods, the plant was available at full capacity during the year.

UK Rails completed the conversion of the innovative new Swift Express Freight train, providing a cost-effective and low carbon solution for transporting parcels around the United Kingdom.

UK RAILS

UK Rails is one of the three major rolling stock owning 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 23 different fleets of passenger trains comprising about 3,250 passenger vehicles and 83 freight locomotives. It also has two depots.

Sustainability is embedded in how UK Rails manages its assets and business. In support of the UK's net zero transport networks by 2050 ambition, UK Rails is driving decarbonisation efforts for its existing assets and looking for opportunities to grow a greener portfolio. This forms the strong foundations of its sustainability framework, as well as delivery of its strategy.

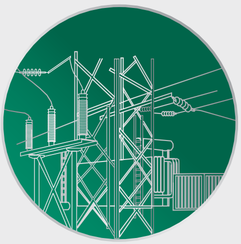
In 2021, UK Rails completed the conversion of the innovative new Swift Express Freight train, providing a cost-effective and low carbon solution for transporting parcels around the United Kingdom. The trains will provide cost-effective, efficient transportation of time-sensitive goods. Encouraging modal shift from road to rail, the Swift Express Freight will contribute towards the meeting of the net zero emission target by 2050. Conversion work of four further trains has commenced.

Through the Revolution VLR Consortium, UK Rails and another six companies worked in partnership to design and build the Revolution VLR ("RVLR") Demonstrator vehicle. This is a first-of-a-kind Demonstrator vehicle designed to support improved services on branch lines, the reopening of disused railway lines, as well as network extensions. The RVLR Demonstrator can run at speeds of up to 65 mph and is equipped with hybrid diesel-electric powerpacks, which provide zero-emissions operations, and low noise when running in stations and built-up areas at speeds up to 20mph.

UK Rails also collaborated with Alstom Transport to develop the first ever brand-new hydrogen train fleet in the United Kingdom. The venture aims to provide an initial fleet of 10 new hydrogen trains for the United Kingdom, supporting the Government's decarbonisation ambitions. In addition, UK Rails has begun the development of the Class 802 inter-city battery hybrid train with Hitachi. The introduction of the battery will cut fuel usage and reduce carbon emissions by at least 20%. By using battery power to travel in and out of stations and urban areas, the train will improve air quality and dramatically reduce noise levels, creating a more pleasant environment for passengers and people living nearby.

In 2021, UK Rails entered into an agreement with H2 Green, a hydrogen network operator, to develop hydrogen supply solutions. Together, the two companies will determine the production and refuelling infrastructure required to support wide-scale deployment of hydrogen-powered rolling stock fleets. The focus will be on providing low-cost and reliable green hydrogen produced by electrolysis of water using renewable energy sources.

During the year, the train fleets of UK Rails won a number of accolades at the country-wide awards for train performance, the 'Golden Spanners'. The company's Class 222 and Class 185 were recognised with Gold Spanners for being the most reliable train fleets in their category. The Class 331 was presented with a Silver Spanner for being the most improved train fleet in its category; while five other Classes respectively received Bronze Spanners for the fastest incident recovery in their categories.



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, of which its member companies – Powercor and CitiPower – distribute electricity to approximately 65% of the population in the state of Victoria; United Energy, an electricity distribution business in Victoria serving approximately 688,000 customers across east and southeast Melbourne and the Mornington Peninsula; Australian Gas Networks and Multinet Gas, natural gas distribution businesses in the country; Dampier Bunbury Pipeline, Western Australia's principal gas transmission pipeline; as well as Energy Developments, a renewable and remote energy solution producer with operations globally. The Group's portfolio also includes Australian Energy Operations, a renewable energy power transmission business in Victoria.

SA POWER NETWORKS

SA Power Networks is an electricity distributor which serves approximately 900,000 customers in South Australia. Its network covers an area of about 178,000 square kilometres; and its route length is approximately 88,000 kilometres.

In the Benchmarking Report for 2021 released by Australian Energy Regulator ("AER"), SA Power Networks continued to be rated the most efficient distribution network in Australia. The report compared performance across 13 electricity distribution businesses in the National Electricity Market for 2020.

During the year, SA Power Networks continued to adopt innovative technology to enhance operation efficiency. The company developed robotic drone technology to improve the quality of raw asset data collection as well as safety in the field. A robotic dog named "Spot" is equipped with artificial intelligence-driven robotics software developed in-house, a first for SA Power Networks. "Spot" uses ground-breaking technology such as autonomous navigation, computer vision and smart robotics to navigate between assets when carrying out inspection.

SA Power Networks' Enhanced Voltage Management (EVM) solution won the Premier's Awards: Energy and Mining in the Innovation and Collaboration in Energy category. The solution allows the company to better manage solar feeds into the electricity distribution network. Working with the South Australian Government and Australian Energy Market Operator, SA Power Networks developed this innovative voltage management solution which not only provides a solution to manage system security emergencies, but also significantly improves network capacity to host solar. This solar feed-in management capability is one of the most advanced in the world.

In September, SA Power Networks launched a trial of its smart "Flexible Exports" system in Adelaide's southern suburbs. It is a world-leading technology which enables new solar customers to export up to 10kW per phase from their panels, doubling the current standard export limit. Flexible export limits offered under the trial will enable more customers to connect solar and provide greater solar export opportunities throughout the year.

In the Benchmarking Report for 2021 released by Australian Energy Regulator, SA Power Networks continued to be rated the most efficient distribution network in Australia.

Victoria Power Networks' Beon completed the construction of the 62 MW Jemalong Solar Farm, 106 MW Yatpool Solar Farm and the 12 MW Melbourne Airport Solar Farm, the latter being one of the largest behind-the-meter solar installations in Australia.

VICTORIA POWER NETWORKS

Victoria Power Networks comprises electricity distribution networks which include CitiPower and Powercor, as well as energy infrastructure developer Beon Energy Solutions ("Beon"). CitiPower owns and operates a network that serves 332,000 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 844,000 customers. Beon is a leader in the design, construction and maintenance of large-scale renewable energy and infrastructure projects in Australia.

In April 2021, the Australian Energy Regulator ("AER") released its final determinations on CitiPower and Powercor's proposed plan for the 2021-2026 period. The Future Networks programme is one of the most critical initiatives approved by the determination. It will enable Victoria Power Networks to facilitate, integrate and connect the increasing volume of green, renewable energy resources, such as solar power, electric vehicle charging stations and batteries to the network.

During the year, CitiPower and Powercor continued to invest in efforts that keep the network safe and reliable. The two companies used helicopters fitted with advanced Light Detection and Ranging (LiDAR) technology to scan for vegetation which has been growing too close to powerlines. The Bell 505 helicopters have begun flying over parts of south west Victoria at an altitude of approximately 300 metres to capture data to create an accurate digital model of the electricity network and its surroundings.

Powercor also conducted a large scale drone trial across western Victoria in 2021. The trial is a significant expansion of the previous trials which have tested the capability of using drones to inspect pole tops and powerlines, including in areas located in remote terrain with difficult access. The drones capture high resolution images and thermographic information, helping to locate hot spots on the network which may lead to faults in the future.

In addition, Powercor successfully completed the second tranche of a major bushfire mitigation technology rollout and has now installed Rapid Earth Fault Current Limiters ("REFCL") in 18 zone substations, providing additional protection for 15,500 kilometres of the network. Acting like a giant safety switch, the REFCL provides additional protection to the community by reducing voltage levels within milliseconds to mitigate fire risk if a tree strikes powerlines or if lines hit the ground. In recognition of Powercor's successful delivery of the REFCL programme (Tranche Two) across the distribution network in Ballarat, greater Bendigo, Ararat and Terang, the company won the Australia Institute of Project Management (AIPM) Project Management Achievement Award in the regional project category.

As part of the Victorian Government's Neighbourhood Battery Initiative, Powercor has received funding to install a community battery to support the growth of rooftop solar in Melbourne's west. Under the plan, Powercor will install a 150 kW/388 kWh battery in Tarneit that will allow customers to share their rooftop solar with others, reduce emissions and make the most of the strong local rooftop solar penetration in the area. CitiPower and Powercor are also exploring opportunities to locate community batteries across parts of Geelong, Bendigo and the Macedon Ranges as well as Melbourne's CBD as part of an extensive study which is also funded by the Neighbourhood Battery Initiative. It will examine the best locations for batteries, considering factors such as community benefits, local power demand and network constraints.

Furthermore, works supporting rooftop solar installations have been carried out by CitiPower and Powercor to allow more customers to export excess solar power. More than 25,000 new solar systems were connected to the networks in 2021. The major works programme involved balancing voltage across all powerlines and changing the settings on major transformers to reduce overall voltage levels.

CitiPower's Urban Projects team collaborated with Yarra Trams to deliver the Route 96 Nicholson Street Asset Relocation project which is Melbourne's first fully accessible tram route. This project led to CitiPower receiving a Gold Award in the 2021 International Project Management Association (IPMA) Awards for small / medium-sized projects in the category of Construction, Engineering and Infrastructure projects.

Beon completed a 12 MW(DC) solar farm at Melbourne Airport. It is one of the largest behind-the-meter solar installations in Australia. During the year, Beon also completed the construction of the 62 MW Jemalong Solar Farm and the 106 MW Yatpool Solar Farm.

UNITED ENERGY

United Energy distributes electricity to more than 700,000 customers across east and southeast Melbourne and the Mornington Peninsula and is an industry leader in network technology and innovation. The electricity distribution network covers an area of approximately 1,500 square kilometers. In 2021, it achieved 99.99% supply reliability.

United Energy distributes electricity to more than 700,000 customers across east and southeast Melbourne and the Mornington Peninsula. It achieved 99.99% supply reliability in 2021.

The Australian Energy Regulator ("AER") announced its final determinations on United Energy's proposed plan for the 2021-2026 period in April 2021. The result supported major investments in the network to sustain reliable, safe and affordable electricity supplies while also building the capability to offer quality services in the rapidly developing energy market featuring greater customer deployment of rooftop solar, batteries and electric vehicles. The determination also led to a reduction in network charges on the electricity bills for customers.

In August 2021, United Energy announced the "Electric Avenue" program which features Australia's largest rollout of community-based batteries. Over the course of 18 months, the company will install forty 30kW batteries on power poles, each with the capacity to service an average of 125 homes. When complete, the fleet of batteries will help to deliver highly reliable electricity and store power to 5,000 homes as part of an A$11 million investment in new energy technology. Work to prepare for the first battery installation began in November last year.

United Energy also continued to adopt advanced technology to improve power reliability and safety by identifying potential network faults. The company installed 22 Early Fault Detection devices on high voltage feeders in Rosebud and Dromana last year to protect some of the most fire-prone parts of the Mornington Peninsula. Arranged in pairs 5 kilometres apart, the devices measure signals travelling across powerlines to identify patterns that indicate the likelihood of a fault. The devices then transmit the data back to network controllers at United Energy, who would dispatch fault crews to investigate and make repairs if required.

In addition, United Energy invested in aerial inspection by employing helicopters fitted with advanced Light Detection and Ranging (LiDAR) technology to accurately measure the distance between tree branches/vegetation and the electricity network. By using lasers to capture data, 3D images of the entire network have been developed. Analysis of this data facilitated United Energy's annual vegetation management program which has cut trees and branches that were close to 41,200 powerline spans in 2021.

AUSTRALIAN GAS INFRASTRUCTURE GROUP

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

Australian Gas Networks

Australian Gas Networks owns over 25,000 kilometres of natural gas distribution networks and 1,000 kilometres of transmission pipelines, serving over 1.3 million customers in South Australia, Victoria, Queensland, New South Wales and the Northern Territory.

In 2021, Australian Gas Networks successfully completed its mains replacement programme for the 2016-2021 regulatory period, which resulted in 1,050 kilometres of aged mains removed and replaced with modern polyethylene and steel mains in its South Australian network. The programme included mains replacement within Adelaide's Central Business District. The CBD project consisted of replacing over 53 kilometres of pipe and took five years to complete.

In May 2021, Australian Gas Networks launched its first hydrogen production facility, Hydrogen Park South Australia, and commenced blending renewable hydrogen into part of its natural gas distribution network in Adelaide.

Western Australia's Economic Regulation Authority released its final decision for the regulatory control period 2021 to 2025. Dampier Bunbury Pipeline's income stream is secured for the next five years.

The Australian Energy Regulator ("AER") released its Final Decision for Australian Gas Networks' South Australian Access Agreement for the 2021-2026 period. The final decision recognises Australian Gas Networks' continued effort in connecting customers to the network, investing in mains replacement and seeking to innovate with customer engagement and support. The AER has approved two key strategic initiatives as part of the company's customer and stakeholder engagement process – (i) the starting of the process of blending renewable gas into the network, and (ii) the launch of an assistance programme for customers experiencing vulnerability. Preparations are underway for Australian Gas Networks' upcoming Victorian rate reset.

In May 2021, Australian Gas Networks launched its first hydrogen production facility, Hydrogen Park South Australia (HyP SA), and commenced blending renewable hydrogen into part of its natural gas distribution network in Adelaide. It is Australia's first, and one of a few projects in the world to deliver a renewable gas blend to homes connected to an existing gas network.

Multinet Gas

Multinet Gas operates a regulated natural gas network which covers approximately 1,860 square kilometres in the eastern and southeastern suburbs of Melbourne, the Yarra Ranges and South Gippsland. It serves approximately 720,000 customers. During the year, Multinet Gas completed 144 kilometres of low pressure and medium pressure mains replacement ahead of schedule. Preparations are being made for the upcoming rate reset with emphasis being placed on customer feedback and engagement.

Dampier Bunbury Pipeline

Dampier Bunbury Pipeline is the principal gas transmission pipeline in Western Australia. It stretches approximately 1,600 kilometres, linking the gas fields in the Carnarvon Basin off the Pilbara coast to mining, industrial, and commercial customers, as well as via other distribution networks to residential customers. The total length of the pipeline including looping and lateral pipelines is approximately 3,300 kilometres.

During the year, Western Australia's Economic Regulation Authority released its final decision on Dampier Bunbury Pipeline's Access Arrangement for the regulatory control period 2021 to 2025. The company's income stream is secured for the next five years.

Dampier Bunbury Pipeline's development arm (AGID) completed the Pluto Northwest Shelf interconnector (PNI) pipeline that connects Pluto's LNG plant to the Karratha Gas Plant (KGP) in Western Australia. Commissioning is expected in early 2022. AGID will receive the treated raw gas from the Pluto LNG plant and transport it via the PNI to the KGP.

ENERGY DEVELOPMENTS

Energy Developments Pty Limited ("EDL") specialises in (i) producing clean electricity from low greenhouse gas emissions sources like wind and solar, and waste gases from landfills and underground coal mines; (ii) producing renewable natural gas (RNG) from landfill, as well as (iii) providing innovative and reliable, low carbon energy solutions in remote, off-grid regions. EDL owns and operates a portfolio of over 1,100 MW of power generation facilities in Australia, North America and the United Kingdom.

In November 2021, EDL commenced operations at its newest RNG facility. The Wood Road RNG Facility in Michigan, USA converts waste gases from landfill into approximately 870,000 mmBtu of pipeline-quality RNG each year, an amount which displaces about 10.2 million gallons of diesel when used in transport. EDL is also commissioning its Tessman RNG Facility in Texas, USA, which will commence operations in early 2022.

EDL's Agnew Hybrid Renewable Microgrid commenced operations in May 2020, and was officially opened in November 2021. Constructed, owned and operated by EDL, the 56 MW microgrid powers the Agnew Gold Mine with an average of 50–60% renewable energy; this percentage can increase up to 85% in favourable weather conditions. It is currently Australia's largest hybrid renewable microgrid, and is the first in the country to power a mine predominantly with wind-generated electricity. The microgrid integrates five energy technologies to deliver the renewable energy with 99.99% reliability – these technologies include (i) five wind turbines, (ii) a solar farm, (iii) a battery energy storage system, (iv) an off-grid gas/diesel engine power plant, as well as (v) an advanced microgrid control system. In recognition of the project's success, EDL has won numerous awards, including the Australian Engineering Excellence Awards 2020 – WA Division; 2020 Global Energy Awards – Engineering Solution of the Year; and 2020 Asian Power Awards – Innovative Power Technology of the Year – Australia. EDL was also recently named the third Most Innovative Company in the Agriculture, Mining and Utility category by the Australian Financial Review newspaper.

In June 2021, EDL commenced the Jabiru Hybrid Renewable Project, which includes the construction of a new power station and a solar farm. Funded by the Northern Territory Government in Australia, the project integrates solar and diesel generation with a battery to provide the town of Jabiru with reliable energy that is at least 50% generated from renewable sources. The facility will begin operation in early 2022. This sustainable energy solution will make a meaningful contribution to the Territory's target of using 50% renewable energy by 2030.

The Northern Territory Government commissioned EDL to construct, own and operate a new hybrid renewable power station which includes solar power and battery to provide the town of Jabiru with reliable energy.

EDL is also building (and will own and operate) a new solar farm and battery storage system to supplement its existing solar farm at Weipa in Queensland, Australia. The project will increase the supply of clean energy for Rio Tinto's bauxite mine operations and the local community. The project will integrate an extra 4 MW of solar generation and an additional 4 MW/4 MWh battery with the existing 1.6 MW solar farm as well as Rio Tinto's diesel-fired power station to balance sustainability with reliability. It is scheduled to be completed in late 2022.

EDL was awarded A$9 million by the Australian Department of Industry, Science, Energy and Resources for its study on capturing CO_2 from biomethane production waste streams for injection into concrete. Further studies will be carried out to investigate how the highly concentrated CO_2 stream can be purified, compressed, liquefied and stored for transportation to customers or use in carbonation curing.

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 and its surrounding areas, while EnviroNZ provides waste collection, management and disposal services nationwide.

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 4,700 kilometres, supplying electricity to approximately 171,000 connections across domestic, commercial and industrial sectors.

The three-year Earthquake Readiness Programme, approved by the Commerce Commission of New Zealand, was completed in the first quarter of 2021. The Programme aims to strengthen the network's readiness and reduce outage time following major earthquakes. Five core workstreams were successfully conducted, namely seismically strengthening of 91 buildings, construction of two portable stations, construction of three data centres, upgrading of radio and phone systems, as well as an increase of spare stocks.

A large-scale cable upgrade project which involves the replacement of major underground cables that transport electricity from National Grid, the nationwide power transmission network, to Wellington Electricity's network has commenced in 2021 and is scheduled for completion before the end of 2022. The cables run from the Central Park substation to Frederick Street substation, the main power hub for the area, supplying electricity to approximately 6,300 residential and 1,800 commercial properties. The new cables were designed to better withstand earthquakes, and the control and protection systems were upgraded at the same time. These upgrades will increase the reliability of the area's power supply and reduce the impact of power outages.

Wellington Electricity's three-year Earthquake Readiness Programme was completed in the first quarter of 2021.

ENVIRO (NZ)

EnviroNZ is one of New Zealand's leading national waste and recycling resource management companies. It provides waste and recycling collection, resource recovery, reuse and disposal services to more than half a million commercial and residential customers. It also owns and manages Hampton Power and Resource Recovery Centre ("Hampton PARRC"), the largest resource recovery site in New Zealand. Covering an area of 360 hectares, Hampton PARRC receives approximately 40% of Greater Auckland's annual landfill volumes. The operation utilises state-of-the-art technology to capture and convert methane gas to electricity, processes landfill leachate to clean water, and turns garden and food waste into compost at its organic facility.

Despite the COVID-19 pandemic causing a nationwide lockdown in New Zealand in mid-August and the prolonged lockdown of Auckland throughout September and October in 2021, EnviroNZ's performance was not materially impacted.

In July, Hamilton City Council's new rubbish and recycling service carried out by EnviroNZ was recognised for environmental excellence in the 2021 Local Government New Zealand Awards. This service commenced in August 2020. It involved upgrading the residential kerbside rubbish and recycling service. In its first 12 months of operation, more than 5.7 tonnes of food waste was transported to EnviroNZ's composting plant in Hampton Downs instead of being disposed into landfill.

Five long term council contracts started in 2021, adding new stable income streams for EnviroNZ.

Coming up, EnviroNZ will unveil a construction and demolition waste sorting facility at its Bombay Resource Recovery facility in South Auckland. Council consent for the recovery has been obtained. The Bombay site will process timber, concrete and other construction materials, diverting them from landfill. This new processing facility will not only generate a new revenue stream for EnviroNZ but will also promote environmental sustainability.

Five long term council contracts started in 2021, adding new stable income streams for EnviroNZ.

Infrastructure Investments in

CONTINENTAL EUROPE

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.

In 2021, ista completed the acquisition of Comptage Immobilier Duran SAS, a regional sub-metering company in Southeast France.

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. Together, 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 waste water, 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 sustainable district heating producers in the Netherlands.

Dutch Enviro Energy achieved aspiring status on the Social Entrepreneurship Performance Ladder ("PSO") in 2021. The PSO is a certification scheme that measures the extent that a company is engaged in social entrepreneurship. The aim of the PSO is to help those people in vulnerable positions within the labour market to find good jobs. Dutch Enviro Energy not only matches disadvantageous candidates to job positions within its organisation, but also encourages its suppliers and contractors to engage in social entrepreneurship.

In December 2021, Dutch Enviro Energy signed an agreement with the municipality of Amsterdam to purchase its 100% shares in AEB, a waste processing and energy company. The sale is awaiting approval by the Netherlands Authority for Consumer & Markets, and the transaction is expected to be completed in 2022. AEB consists of a waste incineration plant, a biomass plant and a recycling installation. It generates electricity during the process of incineration and sells the electricity on the market. AEB also sells heat to a separate heating company, which supplies heat to about 40,000 home equivalents in Amsterdam.

ISTA

ista is a leading international provider of sub-metering and related services with over 100 years of experience. Headquartered in Essen, Germany, 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 analysis, leakage detection and energy performance certificates. With a presence in over 20 countries, ista services more than 13 million households with over 60 million installed measuring devices. The company's major markets are Germany, France, the Netherlands and Denmark.

ista launched its digital power tool MinuteView in Germany for efficient energy management in commercial properties. Previous experience has demonstrated that MinuteView can reduce energy consumption by up to 15%. MinuteView can track and compare energy consumption among individual sensors, buildings, locations and countries. It can also record and balance CO_2 emissions in accordance with DIN EN ISO 14064. Given that industrial and commercial sectors are responsible for more than a quarter of the CO_2-equivalent emissions in Germany, this solution offers tremendous potential for greater energy efficiency and climate protection.

During the year, ista completed the acquisition of Comptage Immobilier Duran SAS, a regional sub-metering company in Southeast France that serves approximately 68,000 dwellings with around 73,000 water meters.

ista is currently operating carbon-neutral and intends to become carbon-free by 2030. Following this timeline, the company will switch over its fleet of vehicles to electric cars and its entire electricity requirements will be covered by renewable energies. A digital climate protection programme for the building sector was also announced with the aim of reducing greenhouse gas emissions. ista intends to equip 10 million apartments with digital metering devices and wireless infrastructure by 2025.

In 2021, ista continued to diversify its financing structure and, for the first time, issued an ESG-linked Schuldschein in the amount of EUR450 million. The interest rates are linked to ista's CO_2 emission targets and further expansion of its digital service infrastructure. A group of international and local investors supported ista's long-term sustainability strategy and the Schuldschein was successfully placed.

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.

BUSINESS REVIEW

In 2021, Canadian Power completed the acquisition of two wind farms in the Okanagan Region of British Columbia.

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 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.

In 2021, Canadian Power completed the acquisition of two wind farms in the Okanagan Region of British Columbia. The two wind farms have a combined capacity of 30 MW and are operated under a 40-year power purchase agreement with BC Hydro.

TransAlta's Sheerness power station in Alberta completed its second stage of conversion from coal to gas, and became 100% gas fired from July 2021. The plant has benefitted from the strong rebound in power prices in Alberta.

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 has operations in seven Canadian cities – Vancouver, Edmonton, Winnipeg, Ottawa, Toronto, Montreal and Halifax. The company offers self-park and valet parking options, as well as a host of other vehicle related services, such as detailing and oil changes in selected cities.

During the course of 2021, travel restrictions arising from the COVID-19 pandemic continued to adversely impact the company's business. In compensation for the drop in revenue, Park'N Fly leased out some of its properties on a short-term basis. Subsidies from Government were also obtained.

Subsequent to the introduction of the Park Safe programme in 2021, Park'N Fly continued to invest in its processes and contactless technology resulting in improved efficiencies and a safer environment for customers and employees.

Park'N Fly continued to invest in its processes and contactless technology resulting in improved efficiencies and a safer environment for customers and employees.

CANADIAN MIDSTREAM ASSETS

Canadian Midstream Assets comprises approximately 2,200 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. Characterised by long-term contracts, Canadian Midstream Assets generates secure and predictable returns for CKI. The company has diversified its operations beyond crude oil transportation and storage, and has expanded into the natural gas transportation and processing sector.

The construction of the Onion Lake lateral commenced in the third quarter of 2021. The project comprises a 32-kilometre, 8-inch blended crude and 4-inch condensate pipeline which provide access to the Hardisty Terminal. The new pipeline connects to the thermal production facilities of the operator of Onion Lake Thermal. A 15-year take-or-pay contract has been signed for the project.

Canadian Midstream Assets commenced the construction of the Onion Lake lateral in the third quarter of 2021. The project provides access to the Hardisty Terminal.

Reliance Home Comfort continued to expand the scope of its business through new acquisitions.

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. Reliance Home Comfort serves over 1.9 million customers and has one of the largest networks of licensed technicians in Canada.

In the second half of 2021, the company kickstarted the second phase of its SAP implementation, which is expected to be completed in the first half of 2022. This infrastructure upgrade will facilitate the sustainment of future growth.

Reliance Home Comfort continued to expand the scope of its business through new acquisitions. Two transactions were completed during the year whereby the Company acquired certain assets from a regional installer and servicer of rental products in the Province of Ontario. Through these acquisitions, new revenue streams have been secured for the coming years.

Infrastructure Investments in

HONG KONG AND MAINLAND CHINA

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

In Mainland China, CKI's infrastructure investments include toll roads and bridges in Guangdong province.

In Mainland China, the Group's infrastructure investments include toll roads and bridges in Guangdong province, namely the Shen-Shan Highway (Eastern Section), Shantou Bay Bridge and Panyu Beidou Bridge. Operations of these projects were smooth in 2021. As for the infrastructure materials manufacturing business, CKI's industry leading position in Hong Kong encompasses the production of cement, concrete and aggregates.

Green Island Cement ("GIC")'s new slag-grinding plant at Tap Shek Kok was commissioned in late 2020. The plant grinds slag – a by-product from the steel industry – to produce ground granulated blast-furnace slag ("GGBS"), a highly sustainable cement substitute. Given its low carbon footprint, GGBS is acknowledged as a Green Product. The plant has the capacity to produce about 350,000 tonnes of GGBS each year. When added to concrete, GGBS improves long-term strength and extends the durability against chemical attack.

In recognition of Green Island Cement's exceptional performance in green management and sustainable procurement, the company was presented the Gold Award in the category of Green Management Award – Corporation (Large Corporation) at the Hong Kong Green Awards 2021.

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

In 2021, Alliance continued to effect its sustainability strategies in practice. The company is building a mega-scale, low carbon and digitalised concrete plant at Sai Tso Wan, Tsing Yi.

Alliance also kick-started developing the Euro VI 5-axle concrete mixer trucks, features of which include higher fuel efficiency, lower carbon emissions and improved lifting capacity.

In Guangdong, China, GIC obtained the first phase of hazardous waste treatment licence at the end of 2020. The cement kiln co-combustion facility which processes hazardous waste started operation in the beginning of 2021.

Green Island Cement's new slag-grinding plant grinds slag to produce ground granulated blast-furnace slag, a highly sustainable cement substitute.

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, 2021, cash and bank deposits on hand amounted to HK$8,085 million and the total borrowings of the Group amounted to HK$29,847 million, which included Hong Kong dollar borrowings of HK$2,673 million and foreign currency borrowings of HK$27,174 million. Of the total borrowings, 35 per cent were repayable in 2022, 61 per cent were repayable between 2023 and 2026 and 4 per cent were repayable beyond 2026. To refinance certain borrowings repayable in 2022, the Group has obtained and is finalising loan facilities with certain banks. The Group's financing activities continue to be well received and fully supported by its bankers.

The Group adopts conservative treasury policies in cash and financial management. To achieve better risk control and minimise the cost of funds, the Group's treasury activities are centralised. Cash is generally placed in short-term deposits mostly denominated in U.S. dollars, Hong Kong dollars, Australian dollars, New Zealand dollars, British pound 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, 2021, the Group maintained a net debt position with a net debt to net total capital ratio of 14.7 per cent. This was based on HK$21,762 million of net debt and HK$147,609 million of net total capital, which represents the total borrowings plus total equity net of cash and bank deposits. This ratio was higher than the net debt to net total capital ratio of 13.1 per cent at the year end of 2020. This change was mainly due to the funds utilised for the redemption of US$1.2 billion perpetual capital securities issued in 2016, which were partially compensated by the funds raised in issues of US$0.6 billion perpetual capital securities during the year.

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, 2021, the notional amounts of these derivative instruments amounted to HK$61,980 million.

CHARGE ON GROUP ASSETS

As at 31st December, 2021, certain assets were pledged to secure bank borrowings totalling HK$1,442 million granted to the Group.

CONTINGENT LIABILITIES

As at 31st December, 2021, the Group was subject to the following contingent liabilities:

HK$ million	
Guarantee in respect of bank loan drawn by an affiliated company	583
Other guarantee given in respect of an affiliated company	363
Performance bond indemnities	175
Sub-contractor warranties	15
Total	1,136

EMPLOYEES

The Group, including its subsidiaries but excluding affiliated companies, employs a total of 2,365 employees. Employees' cost (excluding directors' emoluments) amounted to HK$949 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 57, 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 and the Chairman of the Executive Committee of the Company since April 2005. He has been 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. He serves as a member of the Standing Committee of the 13th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He is also a member of the Chief Executive's Council of Advisers on Innovation and Strategic Development of the Hong Kong Special Administrative Region ("HKSAR") and Vice Chairman of the Hong Kong General Chamber of Commerce. Mr. Li is the Honorary Consul of Barbados in Hong Kong. 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 75, 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 69, 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 70, 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 of the Board of Commissioners 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.

DIRECTORS' BIOGRAPHICAL INFORMATION (CONT'D)

Frank John SIXT

aged 70, 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 member of the Board of Commissioners 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 63, 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 38 years of experience in accounting and financial management.

CHAN Loi Shun

aged 59, 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 59, 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 74, 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 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 80, 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 the Chairperson of the Audit Committee of the Company since July 2020. She is 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.

Colin Stevens RUSSEL

aged 81, has been an Independent Non-executive Director and a member of the Remuneration Committee of the Company since January 2005. He acted as a member and the Chairman of the Audit Committee of the Company from January 2005 to July 2020 and from January 2007 to July 2020 respectively. He is also an Independent Non-executive Director of CK Asset Holdings Limited and CK Life Sciences Int'., (Holdings) Inc. All the companies mentioned above are listed companies. Mr. Russel is a director of a company controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr. Russel is the founder and Managing Director of Emerging Markets Advisory Services Ltd., a company which provides advisory services to organisations on business strategy and planning, market development, competitive positioning and risk management. He is also Managing Director of EMAS (HK) Limited. He was the Canadian Ambassador to Venezuela, Consul General for Canada in Hong Kong, Director for China of the Department of Foreign Affairs, Ottawa, Director for East Asia Trade in Ottawa, Senior Trade Commissioner for Canada in Hong Kong, Director for Japan Trade in Ottawa, and was in the Trade Commissioner Service for Canada in Spain, Hong Kong, Morocco, the Philippines, London and India. He was Project Manager for RCA Ltd in Liberia, Nigeria, Mexico and India and electronic equipment development engineer in Canada with RCA Ltd and in Britain with Associated Electrical Industries. Mr. Russel received his Bachelor's degree in electronics engineering and Master's degree in Business Administration from McGill University, Canada. He is a Qualified Commercial Mediator.

LAN Hong Tsung, David

aged 81, 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 the 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 Ltd. 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 79, 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, and has been an Independent Non-executive Director of the Company since January 2012 and a member of the Nomination Committee of the Company since January 2019. 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.

BOARD AND KEY PERSONNEL

DIRECTORS' BIOGRAPHICAL INFORMATION (CONT'D)

Paul Joseph TIGHE

aged 65, has been an Independent Non-executive Director of the Company since April 2017, a member of the Audit Committee of the Company since March 2019 and 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 73, 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 86, 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. He was a Director of Husky Energy Inc. ("Husky Energy"). Except for HKEIM, CKH, HWL and Husky Energy, 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 68, 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 64, 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 41 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 61, 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 59, 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 45, Head of Corporate Finance, joined the Company in January 2017. 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 79, Executive Director of Anderson Asia (Holdings) Limited, Green Island Cement (Holdings) Limited and Green Island International 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 58, 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 64, 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 51, Head of International Business, joined the Company in February 2011. He has over 28 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 61, 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 64, Chief Executive Officer of CK Infrastructure Materials. He is also an Executive Director of Green Island Cement (Holdings) Limited, Green Island International Limited and Anderson Asia (Holdings) Limited. He joined the CK Group in January 2005. He is a member of Chartered Accountants Australia and New Zealand, the Hong Kong Institute of Certified Public Accountants and the Chartered Governance Institute, and is currently the Chairman of Hong Kong Construction Materials Association Limited. He holds a Bachelor's degree in Economics and a Master's degree in Commerce.

YIP Cheung, Lawrence

aged 58, 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.

BOARD AND KEY PERSONNEL

KEY PERSONNEL'S BIOGRAPHICAL INFORMATION (CONT'D)

OVERSEAS

Christopher AUGHTON

aged 51, 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 47, 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 68, has been Chief Executive of Wales & West Utilities Limited since business start-up in 2005. Mr. Edwards has significant senior management experience across the utility sector – prior to 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 responsibility. 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 Vice President of the Institute of Customer Services and a board member of Dwr Cymru Welsh Water. He is a previous Wales Chair of both the Confederation of British Industry and Business in the Community.

Derek David GOODMANSON

aged 55, 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 53, 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 62, 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 56, 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 48, 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 56, 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 25 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.

BOARD AND KEY PERSONNEL

KEY PERSONNEL'S BIOGRAPHICAL INFORMATION (CONT'D)

OVERSEAS (CONT'D)

Carlo MARRELLO

aged 57, 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 55, 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 57, 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 Confederation of British Industry and 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 55, 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 76, 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. He is currently a Director of Employers and Manufacturers Association NZ. Mr. Pearson holds a Bachelor's degree in Commerce and is a member of the New Zealand Society of Accountants.

Duane RAE

aged 58, 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 50, 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 66, 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.

BOARD AND KEY PERSONNEL

KEY PERSONNEL'S BIOGRAPHICAL INFORMATION (CONT'D)

OVERSEAS (CONT'D)

Greg Donald SKELTON

aged 57, 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 65, 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 charitable organisations including Operation Flinders Foundation and James Brown Memorial Trust. He is also a Director of Business SA and Energy Networks Australia. 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 78, 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, 2021.

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 51, 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 52 to 53. A description of the principal risks and uncertainties facing the Group can be found in the Risk Factors on pages 177 to 184. In addition, particulars of important events affecting the Group that have occurred since the end of the year 2021, 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. The Group is committed to protecting the environment and supporting sustainable development by managing its environmental footprint across its network of operating markets. The Group's business units around the world are implementing initiatives to drive the energy transition and making steady progress on the path towards net zero emissions. In addition to the focus on climate change and energy transition, the Group continues its work on other strategic environmental initiatives to protect biodiversity, promote efficient and responsible use of natural resources, and prevent pollution through continuous improvement of technologies and use of the latest clean technologies, processes and systems to control and minimise environmental impacts.

In 2021, the Group's business units are investing in green energy and innovative solutions to support the fight against climate change. Currently, several of the business units such as HK Electric, SA Power Networks, UK Power Networks, Northern Gas Networks, Australian Gas Infrastructure Group and AVR have pledged to net zero commitments. In particular, UK Power Networks is the first distribution network operator in the UK to have its carbon reduction plan and targets externally verified by the Science Based Targets Initiative.

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 (Directive 2012/27/EU) 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 guideline and procedure.

BUSINESS REVIEW (CONT'D)

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 attraction, retention and development of talent are essential for the Group's long-term development. To retain talents, the Group provides competitive compensation packages, and eligible employees are entitled to additional incentives for their contributions to the company's growth, profitability, and other goals. Wales & West Gas Networks in the UK, for instance, has introduced a flexible benefits scheme as an additional measure to reinforce employees' sense of belonging and commitment, allowing colleagues to choose additional benefits alongside their standard benefits packages.

As a utility services provider serving a total of over 40 million customers worldwide, the Group has various mechanisms that it uses to measure customer satisfaction levels and to monitor feedback in order to understand customer perceptions and any ongoing critical issues and to implement the appropriate corrective actions. Northern Gas Networks in the UK supports relationships with its customers through a wide range of activities and measurements. Alongside its regulated Customer Satisfaction Survey and benchmarking through the Institute for Customer Service, Northern Gas Networks actively monitors and improves the speed and quality of response to customer complaints. The Group is also conscious that many of its customers are currently experiencing additional financial challenges and has therefore set up a range of initiatives for those struggling to pay. In particular, HK Electric established Smart Power Care Fund to subsidise the needy to adopt low-carbon living style and improve living environment and electrical safety. For example, eligible households may apply for a one-off subsidy of HK$5,000. The subsidy can be used for replacing household electrical appliances with more energy-efficient models and appliances.

The Group is 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. As stated in the Group's Supplier Code of Conduct, all businesses in its supply chain are required to share the Group's commitment in terms of human rights, working conditions, occupational health and safety, non-discrimination, business ethics and environmental stewardship. ESG-related factors form an important part of the assessment process and have a due weighting in the consideration of potential suppliers and contractors. Regular monitoring, audits and evaluations are carried out by the Group's businesses to assess the performance of its suppliers.

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 will be 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, 2021 are set out in the Consolidated Income Statement on page 86.

The Directors recommend the payment of a final dividend of HK$1.81 per share which, together with the interim dividend of HK$0.69 per share paid on 15th September, 2021, makes the total dividend of HK$2.50 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 194 and their biographical information is set out on pages 54 to 61.

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. Kam Hing Lam, Mr. Frank John Sixt, Mr. Chan Loi Shun, Mrs. Kwok Eva Lee, Mr. Lan Hong Tsung, David and Mr. George Colin Magnus 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

No 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 2021 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, 2021, 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

Name of Company	Name of Director	Capacity	Number of Ordinary Shares/Share Stapled Units					Approximate % of Shareholding
			Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	
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	4,600,850 (Note 3)	1,160,195,710 (Note 2)	1,165,421,760	30.39%
	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 8)	–	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 9)	936,000	0.02%
	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 10)	11,895 (Note 10)	–	–	11,895	0.0003%

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
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	–	–	7,870,000 (Note 5)	–	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 8)	–	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 8)	–	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	353,292,749 (Note 7)	153,280 (Note 6)	353,638,029	7.33%
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	1,202,380 (Note 8)	–	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
CK Hutchison Capital Securities (17) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	–	–	US$38,000,000 Subordinated Guaranteed Perpetual Capital Securities (Note 4)	–	US$38,000,000 Subordinated 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 1,160,195,710 shares in CK Hutchison Holdings Limited ("CK Hutchison") comprise:

   (a) 1,003,380,744 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 4,600,850 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.

(c) 1,077,000 shares held by a wholly-owned subsidiary of Li Ka Shing (Global) Foundation ("LKSGF"). By virtue of the terms of the constituent documents of LKSGF, 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 LKSGF.

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 7,870,000 share stapled units in HK Electric Investments and HK Electric Investments Limited comprise:

(a) 2,700,000 share stapled units held by a wholly-owned subsidiary of LKSGF. By virtue of the terms of the constituent documents of LKSGF, 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 LKSGF.

(b) 5,170,000 share stapled units 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. 153,280 shares in Hutchison Telecommunications Hong Kong Holdings Limited ("HTHK") are held by TUT3 as trustee of UT3. By virtue of being a director of the Company and 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.

7. The 353,292,749 shares in 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) 245,546 shares held by LKSGF. By virtue of the terms of the constituent documents of LKSGF, 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 LKSGF.

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

9. 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.

10. 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, 2021, 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, 2021, 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, 2021, 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.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group's five largest customers accounted for less than 30 per cent of the Group's sales of goods or services and the Group's five largest suppliers accounted for less than 30 per cent of the Group's purchases.

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), (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)
Kam Hing Lam	CK Asset Holdings Limited	Deputy Managing Director	(1), (2), (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), (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)

DIRECTORS' INTERESTS IN COMPETING BUSINESSES (CONT'D)

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

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
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	Vermillion Aviation Holdings Limited	Director	(2)
	Highbury (HK) Limited	Director	(4)
	Moonstone Global Investment Limited	Director	(1)
	DUET Company Pty Limited	Director	(1)
Eirene Yeung	Accipiter Holdings Designated Activity Company	Director	(2)
	CKP (Canada) Holdings Limited	Director	(5)
	Highbury (HK) Limited	Director	(4)
	Moonstone Global Investment Limited	Director	(1)

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

* With effect from 23rd March, 2021, Mr. Fok Kin Ning, Canning and Mr. Frank John Sixt ceased as Director of Husky Energy Inc. ("Husky") following the merger of Cenovus Energy Inc. and Husky in January 2021.

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

On 24th December, 2021, the Company bought back 131,065,097 shares from a wholly owned subsidiary of the Company at US$8.8378 per share by private arrangement. All the shares bought back were subsequently cancelled on 29th December, 2021.

Save as disclosed above, during the year ended 31st December, 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

EQUITY-LINKED AGREEMENTS

For the year ended 31st December, 2021, 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, 2021.

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$1,143,000.

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, 2021, 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, 2021 is set out below:

HK$ million	
Non-current assets	577,264
Current assets	29,785
Current liabilities	(68,307)
Non-current liabilities	(402,775)
Net assets	135,967
Share capital	47,211
Reserves	88,990
Non-controlling interests	(234)
Total equity	135,967

As at 31st December, 2021, the consolidated attributable interest of the Group in these affiliated companies amounted to HK$92,667 million.

AUDIT COMMITTEE

The Group's annual report for the year ended 31st December, 2021 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 C.3 of the Corporate Governance Report on pages 166 to 168.

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 2022 annual general meeting.

On behalf of the Board
VICTOR T K LI
Chairman

16th March, 2022

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 86 to 148, which comprise the consolidated statement of financial position as at 31st December, 2021, 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, 2021, 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 MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were 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 these matters.

KEY AUDIT MATTERS (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, 2021, the carrying amounts of interests in joint ventures amounted to HK$106,802 million as stated in note 18 to the consolidated financial statements, which represented approximately 66% 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 amounts 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 amount 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; and • Performing sensitivity analysis on the key inputs, including growth rates and discount rates, to evaluate the magnitude of their impacts on the calculations of the recoverable amounts of those joint ventures with impairment indicators and assessing the reasonableness of impairment assessment.

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 Keung To Wai, David.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
16th March, 2022

CONSOLIDATED INCOME STATEMENT

for the year ended 31st December

HK$ million	Notes	2021	2020
Turnover	6	**40,730**	38,352
Sales and interest income from infrastructure investments	6	**7,048**	7,182
Other income	7	**412**	433
Operating costs	8	**(4,627)**	(4,009)
Finance costs	9	**(383)**	(301)
Exchange gain/(loss)		**189**	(391)
Share of results of associates		**2,590**	2,666
Share of results of joint ventures		**2,886**	2,767
Profit before taxation	10	**8,115**	8,347
Taxation	11(a)	**(161)**	(188)
Profit for the year	12	**7,954**	8,159
Attributable to:			
Shareholders of the Company		**7,515**	7,320
Owners of perpetual capital securities		**434**	796
Non-controlling interests		**5**	43
		7,954	8,159
Earnings per share	13	**HK$2.98**	HK$2.91

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31st December

HK$ million	2021	2020
Profit for the year	**7,954**	8,159
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Gain/(Loss) from fair value changes of derivatives designated as effective cash flow hedges	**228**	(109)
Gain/(Loss) from fair value changes of derivatives designated as effective net investment hedges	**1,751**	(2,296)
Exchange differences on translation of financial statements of foreign operations	**(1,948)**	4,562
Share of other comprehensive income/(expense) of associates	**998**	(211)
Share of other comprehensive income/(expense) of joint ventures	**187**	(1,554)
Income tax relating to components of other comprehensive income	**(241)**	654
	975	1,046
Items that will not be reclassified to profit or loss:		
Share of other comprehensive income/(expense) of associates	**809**	(698)
Share of other comprehensive income/(expense) of joint ventures	**1,983**	(2,218)
Income tax relating to components of other comprehensive income	**(605)**	594
	2,187	(2,322)
Other comprehensive income/(expense) for the year	**3,162**	(1,276)
Total comprehensive income for the year	**11,116**	6,883
Attributable to:		
Shareholders of the Company	**10,673**	6,036
Owners of perpetual capital securities	**434**	796
Non-controlling interests	**9**	51
	11,116	6,883

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31st December

HK$ million	Notes	2021	2020
Property, plant and equipment	15	**3,029**	2,965
Investment properties	16	**408**	396
Interests in associates	17	**37,998**	37,133
Interests in joint ventures	18	**106,802**	106,803
Other financial assets	19	**1,613**	1,892
Derivative financial instruments	20	**441**	126
Goodwill and intangible assets	21	**2,447**	2,602
Deferred tax assets	27	**6**	6
Total non-current assets		**152,744**	151,923
Inventories	22	**171**	146
Derivative financial instruments	20	**768**	347
Debtors and prepayments	23	**1,231**	1,518
Bank balances and deposits	24	**8,085**	13,477
Total current assets		**10,255**	15,488
Bank and other loans	25	**10,389**	4,655
Derivative financial instruments	20	**177**	1,030
Creditors, accruals and others	26	**5,963**	5,152
Taxation		**134**	187
Total current liabilities		**16,663**	11,024
Net current (liabilities)/assets		**(6,408)**	4,464
Total assets less current liabilities		**146,336**	156,387
Bank and other loans	25	**19,458**	27,933
Derivative financial instruments	20	**164**	1,378
Deferred tax liabilities	27	**476**	476
Other non-current liabilities		**391**	338
Total non-current liabilities		**20,489**	30,125
Net assets		**125,847**	126,262
Representing:			
Share capital	29	**2,520**	2,651
Reserves		**113,314**	108,791
Equity attributable to shareholders of the Company		**115,834**	111,442
Perpetual capital securities	30	**9,885**	14,701
Non-controlling interests		**128**	119
Total equity		**125,847**	126,262

VICTOR T K LI
Director

IP TAK CHUEN, EDMOND
Director

16th March, 2022

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, 2020	2,651	25,299	(9,245)	6,062	68	(3,625)	(8,496)	98,890	111,604	14,701	69	126,374
Profit for the year	–	–	–	–	–	–	–	7,320	7,320	796	43	8,159
Loss from fair value changes of derivatives designated as effective cash flow hedges	–	–	–	–	–	(109)	–	–	(109)	–	–	(109)
Loss from fair value changes of derivatives designated as effective net investment hedges	–	–	–	–	–	–	(2,296)	–	(2,296)	–	–	(2,296)
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	–	4,554	–	4,554	–	8	4,562
Share of other comprehensive (expense)/income of associates	–	–	–	–	–	(917)	706	(698)	(909)	–	–	(909)
Share of other comprehensive expense of joint ventures	–	–	–	–	–	(1,554)	–	(2,218)	(3,772)	–	–	(3,772)
Income tax relating to components of other comprehensive income	–	–	–	–	–	654	–	594	1,248	–	–	1,248
Total comprehensive (expense)/ income for the year	–	–	–	–	–	(1,926)	2,964	4,998	6,036	796	51	6,883
Final dividend paid for the year 2019	–	–	–	–	–	–	–	(4,485)	(4,485)	–	(1)	(4,486)
Interim dividend paid	–	–	–	–	–	–	–	(1,713)	(1,713)	–	–	(1,713)
Distribution paid on perpetual capital securities	–	–	–	–	–	–	–	–	–	(796)	–	(796)
At 31st December, 2020	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**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31st December

HK$ million	Notes	2021	2020
OPERATING ACTIVITIES			
Cash generated from operating activities before finance costs and income tax paid	32(a)	**3,595**	3,158
Finance costs paid		**(335)**	(199)
Income taxes paid		**(205)**	(134)
Net cash from operating activities		**3,055**	2,825
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(363)**	(203)
Disposals of property, plant and equipment		**37**	1
Additions to intangible assets		**(4)**	(3)
Purchase of other financial assets		**(57)**	–
Advances to associates		**(29)**	(7)
Loan repaid from an associate		**53**	–
Investment in joint ventures		**(1,214)**	(212)
Advances to joint ventures		**(221)**	(50)
Advances repaid from a joint venture		**1**	7
Loan repaid from joint ventures		**316**	1,178
Disposal of joint ventures		**–**	45
Dividends received from associates		**2,592**	2,460
Dividends received from joint ventures		**2,757**	2,488
Distribution from a joint venture		**–**	1,380
Net cash received/(paid) on hedging instruments		**443**	(89)
Net cash flows from investing activities		**4,311**	6,995
Net cash flows before financing activities		**7,366**	9,820
FINANCING ACTIVITIES			
New bank and other loans	32(b)	**9,687**	6,684
Repayments of bank and other loans	32(b)	**(10,864)**	(8,073)
Repayment of lease principal	32(b)	**(38)**	(27)
Interest paid on lease liabilities	32(b)	**(12)**	(9)
Dividends paid		**(6,249)**	(6,198)
Dividends paid to non-controlling interests		**–**	(1)
Distribution paid on perpetual capital securities		**(570)**	(796)
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		**(12,758)**	(8,420)
Net (decrease)/increase in cash and cash equivalents		**(5,392)**	1,400
Cash and cash equivalents at 1st January		**13,477**	12,077
Cash and cash equivalents at 31st December	24	**8,085**	13,477

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.

The Directors are of the opinion that, taking into account of the available banking facilities and internal financial resources of the Group, the Group has sufficient working capital for its present requirements within one year from the end of the reporting period. Hence, the consolidated financial statements have been prepared on a going concern basis.

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 periods beginning on or after 1st January, 2021. In addition, the Group has early applied the Amendment to HKFRS 16 "Covid-19-Related Rent Concessions beyond 30 June 2021". Except as described below, 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.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform – Phase 2"

In the current year, the Group has applied Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform – Phase 2" (the "Amendments") issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1st January, 2021.

The Amendments provide practical expedients to address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes in the basis for determining the contractual cash flows and hedge accounting as a result of interest rate benchmark reform. The Amendments also set out the disclosure requirements.

The Group has certain bank borrowings carrying interest at floating rate which were determined with reference to London Interbank Offered Rate ("LIBOR"). Interest rate swaps were utilised and designated as cash flow hedges to manage certain exposure to interest rate movements.

2. CHANGES IN ACCOUNTING POLICIES (CONT'D)

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform – Phase 2" (Cont'd)

During the year, the Group has agreed with counterparties to transition certain contracts to relevant alternative benchmark rates. Such transitions have had no material impact on the consolidated financial statements as the Group has applied the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank borrowings measured at amortised cost. Additional disclosures as required by HKFRS 7 are set out in note 4.

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	Insurance Contracts and the related amendments
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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 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
Amendments to HKAS 16	Property, Plant and Equipment-Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts-Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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.

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(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.

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 25 per cent of the Group's borrowings (2020: 24 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 85 per cent of the Group's bank balances and deposits at the end of the reporting period (2020: 74 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:

HK$ million	**2021**		2020	
	Effect on profit for the year increase/ (decrease)	**Effect on other comprehensive income increase/ (decrease)**	Effect on profit for the year increase/ (decrease)	Effect on other comprehensive income increase/ (decrease)
Australian dollars	**28**	**(475)**	25	(542)
Pounds sterling	**79**	**(1,316)**	75	(1,330)
Japanese yen	**(102)**	**–**	(112)	–
Canadian dollars	**3**	**(352)**	9	(358)
New Zealand dollars	**11**	**(74)**	16	(78)
Euros	**18**	**(460)**	16	(501)

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. 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, 2021, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would increase the Group's profit for the year by HK$25 million (2020: decrease the Group's profit for the year by HK$12 million). Other comprehensive income would increase by HK$104 million (2020: HK$192 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 debt securities investments, 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.

Debt securities investments are normally liquid securities for long term strategic purposes. 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. 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:

	2021						2020					
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	19,411	19,684	9,076	5,598	5,010	–	24,005	24,421	4,856	9,588	9,977	–
Secured bank loans	1,442	1,453	1,453	–	–	–	1,507	1,531	17	1,514	–	–
Lease liabilities	390	476	42	41	111	282	338	418	43	33	90	252
Unsecured notes and bonds	8,994	9,371	100	100	7,886	1,285	7,076	7,545	96	96	5,929	1,424
Trade creditors	243	243	243	–	–	–	262	262	262	–	–	–
Other payables and accruals	1,106	1,106	1,074	–	–	32	989	989	963	–	–	26
	31,586	32,333	11,988	5,739	13,007	1,599	34,177	35,166	6,237	11,231	15,996	1,702
Derivatives settled gross:												
Currency derivatives held as net investment hedging instruments:												
– outflow		52,103	36,898	701	6,006	8,498		53,585	29,492	8,128	7,000	8,965
– inflow		(53,714)	(37,960)	(674)	(6,195)	(8,885)		(53,044)	(29,159)	(8,131)	(6,869)	(8,885)
		(1,611)	(1,062)	27	(189)	(387)		541	333	(3)	131	80

(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, 2021, 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$81 million (2020: HK$86 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

The Group has certain LIBOR bank borrowings and interest rate swaps which are subject to the interest rate benchmark reform.

At 31st December, 2021, the Group has agreed with counterparties to transition JPY LIBOR bank borrowings and GBP LIBOR interest rate swaps to Tokyo Overnight Average rate ("TONAR") and Sterling Overnight Index Average ("SONIA"), respectively. Subsequently, the GBP LIBOR bank borrowings have also been transitioned to SONIA. 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, 2021, investment properties amounting to HK$408 million (2020: HK$396 million) and unlisted investment in securities amounting to HK$367 million (2020: HK$524 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$1,246 million (2020: HK$1,189 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.

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	Related amounts not offset in the consolidated statement of financial position: Financial assets/ (liabilities)	Related amounts not offset in the consolidated statement of financial position: Cash collateral pledged/ (received)	Net amounts
Financial asset						
Derivative financial instruments	395	–	395	(64)	–	331
Financial liability						
Derivative financial instruments	(64)	–	(64)	64	–	–

As at 31st December, 2020 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	Related amounts not offset in the consolidated statement of financial position: Financial assets/ (liabilities)	Related amounts not offset in the consolidated statement of financial position: Cash collateral pledged/ (received)	Net amounts
Financial asset						
Derivative financial instruments	411	–	411	(411)	–	–
Financial liability						
Derivative financial instruments	(831)	–	(831)	411	–	(420)

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, 2021 is HK$907 million (2020: HK$948 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, 2021 is HK$1,540 million (2020: HK$1,654 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	2021	2020
Sales of infrastructure materials	2,417	2,390
Interest income from loans granted to associates	311	285
Interest income from loans granted to joint ventures	2,466	3,028
Sales of waste management services	1,854	1,479
Sales and interest income from infrastructure investments	7,048	7,182
Share of turnover of joint ventures	33,682	31,170
Turnover	40,730	38,352

7. OTHER INCOME

Other income includes the following:

HK$ million	2021	2020
Gain on disposal of joint ventures	–	57
Bank interest income	45	165
Change in fair values of investment properties	12	(2)

8. OPERATING COSTS

Operating costs include the following:

HK$ million	2021	2020
Depreciation of property, plant and equipment	324	325
Amortisation of intangible assets	45	70
Cost of inventories sold	2,041	1,907
Cost of services provided	1,101	871

9. FINANCE COSTS

HK$ million	2021	2020
Interest and other finance costs on		
Bank borrowings	348	434
Notes and bonds	95	91
Lease liabilities	12	9
Others	(72)	(233)
Total	383	301

10. PROFIT BEFORE TAXATION

HK$ million	2021	2020
Profit before taxation is arrived at after charging:		
Staff costs	**949**	831
Lease expenses relating to short-term leases and leases of low-value assets	**64**	58
Directors' emoluments (note 33)	**108**	100
Auditor's remuneration	**9**	8

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	2021	2020
Current taxation – Hong Kong	**1**	1
Current taxation – outside Hong Kong	**135**	177
Deferred taxation (note 27)	**25**	10
Total	**161**	188

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

HK$ million	2021	2020
Profit before taxation	**8,115**	8,347
Less: Share of results of associates	**(2,590)**	(2,666)
Share of results of joint ventures	**(2,886)**	(2,767)
	2,639	2,914
Tax at 16.5% (2020: 16.5%)	**435**	481
Tax impact on:		
Different domestic rates of subsidiaries operating in other tax jurisdictions	**(115)**	(175)
Income not subject to tax	**(253)**	(261)
Expenses not deductible for tax purpose	**59**	93
Tax losses and other temporary differences not recognised	**18**	34
Others	**17**	16
Tax charge	**161**	188

12. PROFIT FOR THE YEAR AND SEGMENT INFORMATION

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	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Turnover	–	–	20,535	19,355	6,535	6,483	4,963	5,118	3,673	3,434	2,602	1,967	2,422	1,995	40,730	38,352	–	–	40,730	38,352
Sales and interest income from infrastructure investments	–	–	1,287	1,816	596	576	638	685	2,417	2,390	256	236	1,854	1,479	7,048	7,182	–	–	7,048	7,182
Bank interest income	–	–	–	–	–	–	–	–	33	47	–	–	1	1	34	48	11	117	45	165
Other income	–	–	–	–	45	–	–	–	69	56	–	–	7	38	121	94	90	117	211	211
Change in fair value of derivative financial instruments / other financial assets	–	–	(329)	–	–	–	–	–	–	–	–	–	–	–	(329)	–	156	–	(173)	–
Depreciation and amortisation	–	–	–	–	–	–	–	–	(122)	(177)	–	–	(246)	(217)	(368)	(394)	(1)	(1)	(369)	(395)
Other operating costs	–	–	–	–	–	–	–	(31)	(2,179)	(2,058)	–	–	(1,464)	(1,161)	(3,643)	(3,250)	(286)	(364)	(3,929)	(3,614)
Finance costs	–	–	–	–	–	–	–	–	–	–	–	–	(47)	(44)	(47)	(44)	(336)	(257)	(383)	(301)
Exchange (loss) / gain	–	–	(9)	–	–	–	–	–	–	–	–	–	–	–	(9)	–	198	(391)	189	(391)
Gain on disposal of joint ventures	–	–	–	–	–	–	–	–	–	57	–	–	–	–	–	57	–	–	–	57
Share of results of associates and joint ventures #	2,208	2,205	1,422	792	1,262	1,288	56	896	181	117	259	64	88	71	5,476	5,433	–	–	5,476	5,433
Profit / (Loss) before taxation	2,208	2,205	2,371	2,608	1,903	1,864	694	1,550	399	432	515	300	193	167	8,283	9,126	(168)	(779)	8,115	8,347
Taxation	–	–	–	(5)	–	–	–	–	(78)	(99)	(40)	(32)	(23)	(31)	(141)	(167)	(20)	(21)	(161)	(188)
Profit / (Loss) for the year	2,208	2,205	2,371	2,603	1,903	1,864	694	1,550	321	333	475	268	170	136	8,142	8,959	(188)	(800)	7,954	8,159
Attributable to:																				
Shareholders of the Company	2,208	2,205	2,371	2,603	1,903	1,864	694	1,550	316	290	475	268	170	136	8,137	8,916	(622)	(1,596)	7,515	7,320
Owners of perpetual capital securities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	434	796	434	796
Non-controlling interests	–	–	–	–	–	–	–	–	5	43	–	–	–	–	5	43	–	–	5	43
	2,208	2,205	2,371	2,603	1,903	1,864	694	1,550	321	333	475	268	170	136	8,142	8,959	(188)	(800)	7,954	8,159

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 (2020: HK$1,394 million).

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		Infrastructure Investments: Australia		Infrastructure Investments: Continental Europe		Infrastructure Investments: Hong Kong and Mainland China		Infrastructure Investments: Canada		Infrastructure Investments: New Zealand		Total before unallocated items		Unallocated items		Consolidated	
HK$ million	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Other information																				
Expenditure for segment non-current assets:																				
– Additions to property, plant and equipment	**–**	–	**–**	–	**–**	–	**–**	–	**50**	20	**–**	–	**422**	310	**472**	330	**–**	–	**472**	330
– Additions to intangible assets	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**4**	3	**4**	3	**–**	–	**4**	3
– Investments in joint ventures	**–**	–	**–**	4,976	**–**	–	**–**	–	**–**	–	**1,214**	212	**–**	–	**1,214**	5,188	**–**	–	**1,214**	5,188
as at 31st December																				
Assets																				
Interests in associates and joint ventures	**31,200**	30,480	**55,997**	55,873	**31,254**	31,398	**15,314**	16,620	**912**	862	**9,000**	7,661	**1,123**	1,042	**144,800**	143,936	**–**	–	**144,800**	143,936
Property, plant and equipment and investment properties	**–**	–	**–**	–	**–**	–	**–**	–	**1,766**	1,805	**–**	–	**1,669**	1,554	**3,435**	3,359	**2**	2	**3,437**	3,361
Other segment assets	**–**	–	**378**	657	**–**	–	**–**	–	**2,976**	3,177	**9**	7	**2,924**	3,097	**6,287**	6,938	**–**	–	**6,287**	6,938
Unallocated corporate assets	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**8,475**	13,176	**8,475**	13,176
Total assets	**31,200**	30,480	**56,375**	56,530	**31,254**	31,398	**15,314**	16,620	**5,654**	5,844	**9,009**	7,668	**5,716**	5,693	**154,522**	154,233	**8,477**	13,178	**162,999**	167,411
Liabilities																				
Segment liabilities	**–**	–	**–**	–	**–**	–	**102**	109	**1,164**	1,120	**58**	36	**2,595**	2,638	**3,919**	3,903	**–**	–	**3,919**	3,903
Unallocated corporate liabilities	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**33,233**	37,246	**33,233**	37,246
Total liabilities	**–**	–	**–**	–	**–**	–	**102**	109	**1,164**	1,120	**58**	36	**2,595**	2,638	**3,919**	3,903	**33,233**	37,246	**37,152**	41,149

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$7,515 million (2020: HK$7,320 million) and on 2,519,610,945 shares (2020: 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	2021	2020
Interim dividend paid of HK$0.69 per share (2020: HK$0.68 per share)	**1,739**	1,713
Proposed final dividend of HK$1.81 per share (2020: HK$1.79 per share)	**4,560**	4,510
Total	**6,299**	6,223

During the year, dividends of HK$6,299 million (2020: HK$6,223 million) are stated after elimination of HK$90 million (2020: HK$324 million) paid for the shares issued in connection with the issue of perpetual capital securities. There is no such elimination for the proposed final dividend in 2021 after the cancellation of such shares in December 2021 (note 30).

(b)

HK$ million	2021	2020
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$1.79 per share (2020: HK$1.78 per share)	**4,510**	4,485

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 (2020: HK$233 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, 2020	393	144	289	1,370	3,135	321	70	5,722
Additions	–	–	25	2	174	127	2	330
Disposals	–	–	–	–	(85)	–	(1)	(86)
Termination of leases	–	–	–	–	–	(26)	–	(26)
Exchange translation differences	–	10	24	74	208	34	4	354
At 31st December, 2020	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
Accumulated depreciation								
At 1st January, 2020	213	54	–	707	1,777	121	45	2,917
Charge for the year	7	3	14	47	220	29	5	325
Disposals	–	–	–	–	(56)	–	(1)	(57)
Termination of leases	–	–	–	–	–	(24)	–	(24)
Exchange translation differences	–	4	1	30	122	9	2	168
At 31st December, 2020	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
Carrying value								
At 31st December, 2021	**166**	**91**	**284**	**688**	**1,409**	**367**	**24**	**3,029**
At 31st December, 2020	173	93	323	662	1,369	321	24	2,965

16. INVESTMENT PROPERTIES

HK$ million	
Medium term leases in Hong Kong, at fair value	
At 1st January, 2020	398
Change in fair values	(2)
At 31st December, 2020	396
Change in fair values	12
At 31st December, 2021	**408**

The fair values of the Group's investment properties at 31st December, 2021 and 2020 are determined based on a valuation carried out by Mr. K. B. Wong for and on behalf of DTZ Debenham Tie Leung 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	2021	2020
Investment costs		
– Listed in Hong Kong	**8,036**	8,036
– Unlisted	**730**	730
Share of post-acquisition reserves	**26,246**	25,163
	35,012	33,929
Amounts due by unlisted associates (note 36)	**2,986**	3,204
	37,998	37,133
Market value of investment in a listed associate	**37,300**	32,120

Included in the amounts due by unlisted associates are subordinated loans of HK$2,856 million (2020: HK$3,009 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	**2021**	2020
Current assets	**4,963**	6,062
Non-current assets	**89,341**	87,490
Current liabilities	**(3,554)**	(7,406)
Non-current liabilities	**(3,983)**	(1,380)
Equity	**86,767**	84,766
Reconciled to the Group's interests in the material associate		
Group's effective interest	**35.96%**	35.96%
Group's shares of net assets of the material associate and its carrying amount in the consolidated financial statements	**31,200**	30,480

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

	Power Assets	
HK$ million	**2021**	2020
Turnover	**1,276**	1,270
Profit for the year	**6,140**	6,132
Other comprehensive income/(expense)	**1,880**	(882)
Total comprehensive income	**8,020**	5,250
Dividend received from the material associate	**2,164**	2,149

17. INTERESTS IN ASSOCIATES (CONT'D)

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

HK$ million	2021	2020
Aggregate carrying amount of individually insignificant associates in the consolidated financial statements	**3,812**	3,449
Aggregate amounts of the Group's share of those associates'		
Profit for the year	**382**	461
Other comprehensive income/(expense)	**592**	(222)
Total comprehensive income	**974**	239

Particulars of the principal associates are set out in Appendix 2 on pages 145 and 146.

18. INTERESTS IN JOINT VENTURES

HK$ million	2021	2020
Investment costs	**58,077**	56,863
Share of post-acquisition reserves	**10,964**	10,456
	69,041	67,319
Amounts due by joint ventures (note 36)	**37,761**	39,484
	106,802	106,803

Included in the amounts due by joint ventures are subordinated loans of HK$26,783 million (2020: HK$27,557 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	**2021**	2020	**2021**	2020
Current assets	**4,563**	4,419	**4,945**	6,915
Non-current assets	**92,637**	96,895	**147,303**	142,725
Current liabilities	**(15,175)**	(5,214)	**(9,508)**	(15,874)
Non-current liabilities	**(59,711)**	(74,576)	**(81,947)**	(75,651)
Equity	**22,314**	21,524	**60,793**	58,115
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	**8,926**	8,610	**24,317**	23,246
Consolidation adjustments at Group level and non-controlling interests	**555**	710	**124**	124
Carrying amount of the joint ventures in the consolidated financial statements	**9,481**	9,320	**24,441**	23,370
Included in the above assets and liabilities:				
Cash and cash equivalents	**1,616**	1,828	**1,831**	3,081
Current financial liabilities (excluding trade and other payables and provisions)	**(10,955)**	(1,890)	**(986)**	(8,310)
Non-current financial liabilities (excluding trade and other payables and provisions)	**(51,328)**	(65,729)	**(61,835)**	(56,522)

18. INTERESTS IN JOINT VENTURES (CONT'D)

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

HK$ million	CK William 2021	CK William 2020	UK Power Networks 2021	UK Power Networks 2020
Turnover	**10,490**	10,783	**17,848**	16,118
Profit for the year	**930**	947	**3,492**	4,129
Other comprehensive income/ (expense)	**1,004**	(378)	**1,369**	(2,846)
Total comprehensive income	**1,934**	569	**4,861**	1,283
Dividend received from the joint ventures	**194**	55	**615**	964
Included in the above profit:				
Depreciation and amortisation	**(2,772)**	(2,851)	**(3,188)**	(2,849)
Interest income	**9**	18	**274**	268
Interest expense	**(2,092)**	(2,261)	**(2,868)**	(2,446)
Income tax expense	**(528)**	(575)	**(3,146)**	(2,250)

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

HK$ million	2021	2020
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	**35,119**	34,629
Aggregate amounts of the Group's share of those joint ventures'		
Profit for the year	**1,117**	737
Other comprehensive income/(expense)	**922**	(1,614)
Total comprehensive income/(expense)	**2,039**	(877)

Particulars of the principal joint ventures are set out in Appendix 3 on pages 147 and 148.

19. OTHER FINANCIAL ASSETS

HK$ million	2021	2020
Financial assets at fair value through profit or loss		
Equity securities, unlisted	**367**	524
Other investments#	**1,246**	1,189
Financial assets at amortised cost		
Debt securities, unlisted	**–**	179
Total	**1,613**	1,892

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

	2021		2020	
HK$ million	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts	**555**	**(69)**	432	(1,125)
Cross currency swaps	**654**	**(48)**	41	(677)
Interest rate swaps	**–**	**(224)**	–	(606)
	1,209	**(341)**	473	(2,408)
Portion classified as:				
Non-current	**441**	**(164)**	126	(1,378)
Current	**768**	**(177)**	347	(1,030)
	1,209	**(341)**	473	(2,408)

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, 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

20. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

Currency Derivatives (Cont'd)

As at 31st December, 2020 Notional amount	Maturity
Sell AUD 159.3 million^	2021
Sell CAD 276.7 million^	2021
Sell GBP 2,411.4 million^	2021
Sell NZD 280.0 million^	2021
Sell CAD 400.0 million^	2022
Sell GBP 76.0 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$1,092 million (net assets to the Group) (2020: HK$1,329 million (net liabilities to the Group)) have been deferred in equity at 31st December, 2021.

None of above currency derivatives is designated and effective as cash flow hedges and fair value hedges at 31st December, 2021 and 2020.

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, 2021 and the major terms of these contracts are as follows:

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

As at 31st December, 2020 HK$ million	Floating interest rate	Weighted average fixed interest rate	Notional principal amount
Contracts maturing in 2022	BKBM*	1.53%	830
Contracts maturing in 2022	LIBOR*	1.89%	6,300
Contracts maturing in 2025	BBSW*	2.70%	3,003

* 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$167 million (2020: HK$393 million) (net liabilities to the Group) have been deferred in equity at 31st December, 2021.

21. GOODWILL AND INTANGIBLE ASSETS

HK$ million	2021	2020
Goodwill	**907**	948
Intangible assets	**1,540**	1,654
Total	**2,447**	2,602

Goodwill

HK$ million	2021	2020
At 1st January	**948**	881
Exchange difference	**(41)**	67
At 31st December	**907**	948

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 (2020: 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 (2020: 3 per cent). The Group considers that cash flow projections of 5 years (2020: 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 6.7 per cent to 9.8 per cent (2020: 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, 2021 and 2020.

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, 2020	122	57	1,493	66	89	13	1,840
Additions	–	–	1	–	–	2	3
Exchange translation differences	9	3	111	5	6	–	134
At 31st December, 2020	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
Accumulated amortisation							
At 1st January, 2020	–	42	106	24	52	11	235
Charge for the year	–	5	19	7	38	1	70
Exchange translation differences	–	3	8	2	5	–	18
At 31st December, 2020	–	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
Carrying value							
At 31st December, 2021	**126**	**4**	**1,387**	**21**	**–**	**2**	**1,540**
At 31st December, 2020	131	10	1,472	38	–	3	1,654

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	2021	2020
Raw materials	60	62
Work-in-progress	31	26
Stores, spare parts and supplies	36	39
Finished goods	44	19
Total	**171**	146

23. DEBTORS AND PREPAYMENTS

HK$ million	2021	2020
Trade debtors	311	257
Prepayments, deposits and other receivables	920	1,261
Total	**1,231**	1,518

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

HK$ million	2021	2020
Less than 1 month	214	189
1 to 3 months	87	65
More than 3 months but less than 12 months	19	17
More than 12 months	3	–
Gross total	323	271
Loss allowance	(12)	(14)
Total after allowance	**311**	257

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, 2021, 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 22.3 per cent (2020: from 0.4 per cent to 31.1 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	2021	2020
At 1st January	14	12
Impairment loss recognised	2	3
Impairment loss written back	(4)	(1)
At 31st December	**12**	14

24. BANK BALANCES AND DEPOSITS

Bank balances and deposits carry average effective interest rate at 0.17 per cent (2020: 1.00 per cent) per annum.

25. BANK AND OTHER LOANS

HK$ million	2021	2020
Unsecured bank loans repayable:		
Within 1 year	**8,947**	4,655
In the 2nd year	**5,523**	9,463
In the 3rd to 5th year, inclusive	**4,941**	9,887
	19,411	24,005
Unsecured notes and bonds repayable:		
Within 1 year	**–**	–
In the 2nd year	**–**	–
In the 3rd to 5th year, inclusive	**7,717**	5,700
After 5 years	**1,277**	1,376
	8,994	7,076
Secured bank loans repayable:		
Within 1 year	**1,442**	–
In the 2nd year	**–**	1,507
	1,442	1,507
Total	**29,847**	32,588
Portion classified as:		
Current liabilities	**10,389**	4,655
Non-current liabilities	**19,458**	27,933
Total	**29,847**	32,588

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	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
GBP	**1,559**	1,575	**–**	–	**–**	–	**1,559**	1,575
AUD	**15,190**	16,004	**–**	–	**–**	–	**15,190**	16,004
JPY	**1,016**	1,116	**1,017**	1,116	**–**	–	**2,033**	2,232
EUR	**884**	950	**–**	–	**5,304**	5,700	**6,188**	6,650
NZD	**1,442**	1,507	**–**	–	**–**	–	**1,442**	1,507
Others	**762**	4,360	**2,673**	260	**–**	–	**3,435**	4,620
Total	**20,853**	25,512	**3,690**	1,376	**5,304**	5,700	**29,847**	32,588

The average effective interest rate of the Group's bank loans is 1.09 per cent (2020: 1.33 per cent) per annum.

The Group's notes and bonds of HK$6,581 million (2020: HK$7,076 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*, LIBOR, USD LIBOR, EURIBOR, BKBM, CDOR** or JPY LIBOR plus an average margin less than 1 per cent (2020: 1 per cent) per annum.

Fixed rate notes and bonds carried interest ranging from 1 per cent to 4 per cent (2020: interest ranging from 1 per cent to 4 per cent) per annum.

Certain assets were pledged to secure bank borrowings totalling HK$1,442 million (2020: HK$1,507 million) granted to the Group.

* BBSY – Australian Bank Bill Swap Bid Rate

** CDOR – Canadian Dollar Offered Rate

26. CREDITORS, ACCRUALS AND OTHERS

HK$ million	2021	2020
Trade creditors	243	262
Other payables and accruals	5,689	4,858
Lease liabilities	31	32
Total	**5,963**	5,152

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

HK$ million	2021	2020
Current	164	188
1 month	27	37
2 to 3 months	12	9
Over 3 months	40	28
Total	**243**	262

At 31st December, 2021, non-current lease liabilities of HK$359 million (2020: HK$306 million) is included under other non-current liabilities.

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

HK$ million	2021	2020
Within 1 year	31	32
Within a period of more than 1 year but not more than 2 years	30	32
Within a period of more than 2 years but not more than 5 years	103	86
Within a period of more than 5 years	226	188
	390	338
Less: Amount due for settlement within 12 months shown under current liabilities	(31)	(32)
Amount due for settlement after 12 months shown under non-current liabilities (included in other non-current liabilities)	**359**	306

27. DEFERRED TAX ASSETS/LIABILITIES

HK$ million	2021	2020
Deferred tax assets	**(6)**	(6)
Deferred tax liabilities	**476**	476
Total	**470**	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, 2020	150	(67)	388	(24)	447
(Credit)/Charge to profit for the year	(8)	1	(3)	20	10
Exchange translation differences	3	–	29	(3)	29
Others	–	–	–	(16)	(16)
At 31st December, 2020	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**

27. DEFERRED TAX ASSETS/LIABILITIES (CONT'D)

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$1,901 million (2020: HK$1,764 million) at 31st December, 2021. 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	2021	2020
Within 1 year	–	–
In the 2nd year	–	–
In the 3rd to 5th year, inclusive	–	–
No expiry date	**1,901**	1,764
Total	**1,901**	1,764

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.

28. RETIREMENT PLANS (CONT'D)

Defined Contribution Retirement Plans (Cont'd)

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$28 million (2020: HK$24 million). Forfeited contributions and earnings for the year under the defined contribution plans amounting to HK$1 million were used to reduce the existing level of contributions (2020: nil). At 31st December, 2021, there were no forfeited contributions and earnings available to the Group to reduce its contributions to the defined contribution plans in future years (2020: nil).

29. SHARE CAPITAL

	Number of Shares		Amount	
	2021	2020	**2021 HK$ million**	2020 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	**2,650,676,042**	2,650,676,042	**2,651**	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**	2,650,676,042	**2,520**	2,651

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 borrowings, notes, bonds as detailed in note 25, lease liabilities, bank balances and deposits, equity attributable to shareholders of the Company, comprising issued share capital and reserves, and perpetual capital securities 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 14.7 per cent (2020: 13.1 per cent) as at 31st December, 2021. The management targets to maintain a solid capital position to pursue more new investment opportunities. The Group's overall strategy remains unchanged from 2020.

The net debt to net total capital ratios at 31st December, 2021 and 2020 were as follows:

HK$ million	**2021**	2020
Total debts	**29,847**	32,588
Bank balances and deposits	**(8,085)**	(13,477)
Net debt	**21,762**	19,111
Net total capital	**147,609**	145,373
Net debt to net total capital ratio	**14.7%**	13.1%

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	2021	2020
Profit before taxation	**8,115**	8,347
Share of results of associates	**(2,590)**	(2,666)
Share of results of joint ventures	**(2,886)**	(2,767)
Interest income from loans granted to associates	**(311)**	(285)
Interest income from loans granted to joint ventures	**(2,466)**	(3,028)
Bank interest income	**(45)**	(165)
Finance costs	**383**	301
Depreciation of property, plant and equipment	**324**	325
Amortisation of intangible assets	**45**	70
Change in fair values of investment properties	**(12)**	2
(Gain)/Loss on disposal of property, plant and equipment	**(5)**	28
Gain on disposal of joint ventures	**–**	(57)
Change in fair value of other financial assets	**329**	–
Change in fair value of derivative financial instruments	**(156)**	130
Unrealised exchange (gain)/loss	**(199)**	93
Returns received from joint ventures	**158**	2
Interest received from associates	**314**	285
Interest received from joint ventures	**2,606**	1,818
Bank interest received	**47**	172
Operating cash flows before changes in working capital	**3,651**	2,605
Increase in inventories	**(25)**	(9)
Increase in debtors and prepayments	**(133)**	(24)
Increase in creditors and accruals	**87**	487
Exchange translation differences	**15**	99
Cash generated from operating activities before finance costs and income taxes paid	**3,595**	3,158

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, 2020	23,938	1,272	214	6,532	31,956
Financing cash flows	(1,506)	117	(36)	–	(1,425)
New lease entered/lease modified	–	–	125	–	125
Interest expenses	–	–	9	–	9
Exchange loss	1,573	118	26	544	2,261
At 31st December, 2020	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**

(c) Funds from Operations*

HK$ million	2021	2020
Net cash from operating activities	**3,055**	2,825
Dividends received from associates	**2,592**	2,460
Dividends received from joint ventures	**2,757**	2,488
	8,404	7,773

* 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 2021**	Total Emoluments 2020
Victor T K Li (1 and 3)	0.125	–	29.553	–	–	**29.678**	26.026
Kam Hing Lam	0.075	4.200	10.735	–	–	**15.010**	13.691
Ip Tak Chuen, Edmond	0.100	1.800	11.698	–	–	**13.598**	12.138
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	12.661	15.100	1.265	–	**29.101**	27.859
Chan Loi Shun (1, 2 and 3)	0.075	7.108	2.953	0.709	–	**10.845**	10.741
Chen Tsien Hua	0.075	5.745	2.384	0.572	–	**8.776**	8.677
Cheong Ying Chew, Henry (4)	0.200	–	–	–	–	**0.200**	0.180
Kwok Eva Lee (4)	0.100	–	–	–	–	**0.100**	0.077
Sng Sow-Mei (4)	0.175	–	–	–	–	**0.175**	0.155
Colin Stevens Russel (4)	0.100	–	–	–	–	**0.100**	0.143
Lan Hong Tsung, David (4)	0.175	–	–	–	–	**0.175**	0.155
Barrie Cook (4)	0.100	–	–	–	–	**0.100**	0.077
Paul Joseph Tighe (4)	0.200	–	–	–	–	**0.200**	0.157
Lee Pui Ling, Angelina	0.075	–	–	–	–	**0.075**	0.075
George Colin Magnus	0.075	–	–	–	–	**0.075**	0.075
Total for the year 2021	**1.875**	**31.514**	**72.423**	**2.546**	**–**	**108.358**	
Total for the year 2020	1.723	31.516	64.591	2.546	–		100.376

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 (2020: HK$70,000), Mr. Fok Kin Ning, Canning received director's fees of HK$120,000 (2020: HK$120,000) from Power Assets. The directors' fees totalling HK$330,000 (2020: HK$330,000) were then paid back to the Company.

(2) During the year, the directors' emoluments in the sum of HK$5,502,100 (2020: 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 (2020: HK$1,694) during the year. The fees totalling HK$40,000 (2020: HK$3,388) were then paid back to the Company.

(4) INED, ACM, RCM, NCM and SCM – During the year, Mr. Cheong Ying Chew, Henry has acted as INED, ACM and RCM of the Company. Mr. Lan Hong Tsung, David and Mrs. Sng Sow-Mei have acted as INED and ACM of the Company. Mr. Colin Stevens Russel has acted as INED and RCM of the Company. Mrs. Kwok Eva Lee and Mr. Barrie Cook have acted as INED and NCM of the Company. Mr. Paul Joseph Tighe has acted as INED, ACM and SCM of the Company. The total emoluments paid to these INED, ACM, RCM, NCM and SCM during the year were HK$1,050,000 (2020: HK$944,193).

Of the five individuals with the highest emoluments in the Group, all (2020: 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	**2021**	2020
Investments in joint ventures	**11**	13
Plant and machinery	**310**	287
Other financial assets	**201**	–
Total	**522**	300

35. CONTINGENT LIABILITIES

The contingent liabilities of the Group are as follows:

HK$ million	**2021**	2020
Guarantee in respect of bank loan drawn by a joint venture	**583**	1,191
Other guarantees given in respect of a joint venture	**363**	438
Performance bond indemnities	**175**	173
Sub-contractor warranties	**15**	–
Total	**1,136**	1,802

36. MATERIAL RELATED PARTY TRANSACTIONS

During the year, the Group advanced HK$29 million (2020: HK$7 million) to its unlisted associates. The Group received repayment of HK$53 million (2020: nil) from an unlisted associate. The total outstanding loan balances as at 31st December, 2021 amounted to HK$2,986 million (2020: HK$3,204 million), of which HK$2,856 million (2020: HK$3,043 million) at fixed rates ranging from 10.85 per cent to 11.19 per cent (2020: from 10.85 per cent to 11.19 per cent) per annum and HK$130 million (2020: HK$161 million) was interest-free. The average effective interest rate of the loan granted to associates is 11.05 per cent (2020: 11.08 per cent) per annum. As stated in note 6, interest income from loans granted to associates during the year amounted to HK$311 million (2020: HK$285 million). The loans had no fixed terms of repayment.

During the year, the Group advanced HK$221 million (2020: HK$50 million) to its joint ventures. The Group received repayments of HK$317 million (2020: HK$1,185 million) from its joint ventures. The total outstanding loan balances as at 31st December, 2021 amounted to HK$37,761 million (2020: HK$39,484 million), of which HK$18,432 million (2020: HK$19,239 million) bore interest with reference to London Interbank Offered Rate, Australian Bank Bill Swap Reference Rate and return from joint ventures, and HK$18,418 million (2020: HK$19,232 million) at fixed rate ranging from 4.4 per cent to 14 per cent (2020: from 4.4 per cent to 14 per cent) per annum, and HK$911 million (2020: HK$1,013 million) was interest-free. The average effective interest rate of the loan granted to joint ventures is 6.13 per cent (2020: 6.17 per cent) per annum. As stated in note 6, interest income from loans granted to joint ventures during the year amounted to HK$2,466 million (2020: HK$3,028 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$354 million (2020: HK$338 million) and HK$2 million (2020: HK$2 million), respectively. The Group also received income and incurred operating costs from sales of waste management services from/to its joint ventures amounted to HK$92 million (2020: HK$79 million) and HK$63 million (2020: HK$54 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	2021	2020
Property, plant and equipment	2	2
Unlisted investments in subsidiaries	49,234	48,170
Total non-current assets	49,236	48,172
Amounts due from subsidiaries	56,565	57,866
Amount due from a joint venture	10	8
Prepayments, deposits and other receivables	15	15
Bank balances	10	16
Total current assets	56,600	57,905
Amounts due to subsidiaries	56,169	51,555
Other payables and accruals	96	276
Total current liabilities	56,265	51,831
Net current assets	335	6,074
Net assets	49,571	54,246
Representing:		
Share capital	2,520	2,651
Reserves	47,051	51,595
Total equity	49,571	54,246

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, 2020	2,651	25,267	26,288	54,206
Profit for the year	–	–	6,561	6,561
Final dividend paid for the year 2019	–	–	(4,719)	(4,719)
Interim dividend paid	–	–	(1,802)	(1,802)
At 31st December, 2020	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**

38. COMPARATIVE FIGURES

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

39. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements set out on pages 86 to 148 were approved by the Board of Directors on 16th March, 2022.

PRINCIPAL SUBSIDIARIES

APPENDIX 1

The table below shows the subsidiaries as at 31st December, 2021 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	Mainland 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
Daredon Assets Limited	British Virgin Islands/ Hong Kong	US$1	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, 2021 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, 2021 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	£39 A ordinary £142 B ordinary	52	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 TopCo GmbH	Germany	€25,000	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") which was in force throughout the year ended 31st December, 2021. Corporate Governance Report of 2022 and onward will be based on new CG Code which has been amended with effect from 1st January, 2022.

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

I. CODE PROVISIONS

<table>
<tr><th>Code Ref.</th><th>Code Provisions</th><th>Comply ("C")/
Explain ("E")</th><th>Corporate Governance Practices</th></tr>
<tr><td>A.</td><td colspan="3">DIRECTORS</td></tr>
<tr><td>A.1</td><td colspan="3">The Board
Corporate Governance Principle
The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.
The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether he is spending sufficient time performing them.</td></tr>
<tr><td>A.1.1</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 majority of directors.</td><td>C</td><td>• The Board meets regularly and held meetings in March, May, August and November of 2021.
• Directors' attendance record in 2021 is as follows:

Members of the Board — Attendance
Executive Directors
Victor T K LI (Chairman) — 4/4
KAM Hing Lam (Group Managing Director) — 4/4
IP Tak Chuen, Edmond (Deputy Chairman) — 4/4
FOK Kin Ning, Canning (Deputy Chairman) — 4/4
Frank John SIXT — 4/4
Andrew John HUNTER (Deputy Managing Director) — 4/4
CHAN Loi Shun (Chief Financial Officer) — 4/4
CHEN Tsien Hua — 4/4
Independent Non-executive Directors
CHEONG Ying Chew, Henry — 4/4
KWOK Eva Lee — 4/4
SNG Sow-mei alias POON Sow Mei — 4/4
Colin Stevens RUSSEL — 4/4
LAN Hong Tsung, David — 4/4
Barrie COOK — 3/4
Paul Joseph TIGHE — 4/4
Non-executive Directors
LEE Pui Ling, Angelina — 4/4
George Colin MAGNUS — 4/4

• The Directors may attend meetings in person, by phone or through other means of electronic communication or by their 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 Hong Kong Exchanges and Clearing Limited ("HKEx"). There were no significant changes in the Company's constitutional documents during the year 2021.</td></tr>
</table>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.1.2	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.
A.1.3	– 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. • According to the Company's Bye-laws, any Director may waive notice of any meeting.
A.1.4	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 prepares 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.
A.1.5	– 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 to 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.
A.1.6	– 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.
A.1.7	– 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, the matters before approval is granted. • 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.
A.1.8	Arrange appropriate insurance cover in respect of legal action against the directors.	C	• The Company has arranged appropriate Directors and Officers liability insurance coverage for its Directors and officers since 1996 including the year 2021/2022.
A.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.*		

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.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.
A.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 2021. Attendance record in 2021 is 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 2/2 LAN Hong Tsung, David 2/2 Barrie COOK 2/2 Paul Joseph TIGHE 2/2
A.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.
A.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. He 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 management. • The Board meets regularly and held meetings in March, May, August and November of 2021. • 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.
A.2.5	The chairman should take primary responsibility for ensuring that good corporate governance practices and procedures are established.	C	• The Board as a whole and the management of the Company are committed to the maintenance of good corporate governance practices and procedures.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.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 A.2.3 and A.2.4 above for the details.
A.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 Board meetings, the Chairman met with the Independent Non-executive Directors without the presence of other Directors in May and November of 2021. Please refer to A.2.2 above for the attendance records.
A.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	• The Company establishes different communication channels with shareholders and investors to communicate their views on various matters affecting the Company, including (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 Company Secretarial Department 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. • In March 2012, the Board has established a shareholders communication policy and has made it available on the Company's website. The policy is subject to review on a regular basis to ensure its implementation and effectiveness.
A.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.
A.3	**Board composition** ***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 include a balanced composition of Executive and Non-executive Directors so that independent judgement can effectively be exercised.*		
A.3.1	Independent non-executive directors should be identified in all corporate communications that disclose the names of directors.	C	• The composition of the Board, by category and position of Directors including the names of the Chairman, the Executive Directors, the Non-executive Directors and the Independent Non-executive Directors, is disclosed in all corporate communications.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.3.1 (Cont'd)			• The Board consists of a total of seventeen Directors, comprising eight Executive Directors, two Non-executive Directors and seven Independent Non-executive Directors. Three Alternate Directors were appointed. More than one Independent Non-executive Directors have appropriate professional qualifications, or accounting or related financial management expertise. • Seven out of seventeen members of the Board are Independent Non-executive Directors. During the year under review, all Independent Non-executive Directors attend to the affairs of the Group through their participation at the annual general meeting, Board and Board Committee meetings and perusal of Board papers. Three out of five committees established by the Board, namely the audit committee ("Audit Committee"), the nomination committee ("Nomination Committee") and the remuneration committee ("Remuneration Committee") are chaired by Independent Non-executive Directors. The Audit Committee comprises of Independent Non-executive Directors only, while the Nomination Committee and the Remuneration Committee comprise of a majority of Independent Non-executive Directors. • The Company maintains the view that a Director's independence is a question of fact and this is formally recognised in the Company's policy on diversity of Board members ("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 and the gravitas inside and outside the boardroom context. These attributes and desired behaviour have been demonstrated by our Independent Non-executive Directors as circumstances require. • Details of the composition of the Board are set out on page 194. • The Directors' biographical information and the relationships among the Directors are set out on pages 54 to 61. • Review of the Board composition is made regularly through Nomination Committee to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company.
A.3.2	The company should maintain on its website and on HKEx's website an updated list of its directors identifying their role and function and whether they are independent non-executive directors.	C	• The Company maintains on its website an updated list of its Directors identifying their respective roles and functions together with their biographical information, and whether they are independent non-executive directors. Since March 2012, the updated list of Directors has been posted on the website of HKEx which has been revised from time to time. The Company has also posted on its website and/or the website of HKEx the Terms of Reference of its Board Committees to enable the shareholders to understand the roles played by those Independent Non-executive Directors who serve on the relevant Board Committees.
A.4	**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.*		
A.4.1	Non-executive directors should be appointed for a specific term, subject to re-election.	C	• 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.
A.4.2	– All directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. – Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.	C C	• In accordance with the Company's Bye-laws, newly appointed Directors are required to offer themselves for re-election at the next following general meeting (in the case of filling a casual vacancy) or at the next following annual general meeting (in the case of an addition to the existing Board) following their appointment. • Under the Company's Bye-laws, the Board may from time to time appoint a Director either to fill a casual vacancy or as an addition to the existing Board. Any such new Director shall hold office until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the existing Board) and shall then be eligible for re-election at the same general meeting. • 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.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.4.2 (Cont'd)			• The structure, size and composition of the Board are reviewed from time to time to ensure the Board has a balanced and diversified composition of skills and experience appropriate for the requirements of the businesses of the Company. The independence of the Independent Non-executive Directors is assessed according to the relevant rules and requirements under the Listing Rules. • Each of the Independent Non-executive Directors makes an annual confirmation of independence pursuant to the requirements of the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in the relevant requirements of the Listing Rules and are independent in accordance with the terms of the guidelines. • The Company has published on its website the procedures for shareholders to propose a person for election as a Director.
A.4.3	– If an independent non-executive director serves more than 9 years, his further appointment should be subject to a separate resolution to be approved by shareholders. – The papers to shareholders accompanying that resolution should include the reasons why the board believes he is still independent and should be re-elected.	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. Each Independent Non-executive Director who is eligible for re-election at the annual general meeting will make a confirmation of independence pursuant to Rule 3.13 of the Listing Rules. • 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 contribution 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. • Notwithstanding that six out of seven Independent Non-executive Directors have served the Board for more than nine years, they have continued to bring in fresh perspectives, skills and knowledge gained from their other directorships and appointments on an ongoing basis. Their wealth of skills, knowledge and experience have enabled them to contribute meaningfully and objectively to the Board as Independent Non-executive Directors. The Board considers that the long serving Independent Non-executive Directors' independence from management has not been diminished by their years of service. • The Board has expressed the view in its circular for 2022 annual general meeting that each Independent Non-executive Director who is eligible for re-election has met the independence guidelines set out in Rule 3.13 of the Listing Rules and is independent in accordance with the terms of the guidelines. In respect of an Independent Non-executive Director who has served more than nine years, the Board has expressed its view in the circular for the 2022 annual general meeting as regards such Director's independence. In accordance with the CG Code, the Company has to include its own recommendation in the circular to explain why a particular candidate should be re-elected, including the factors considered, the process and the discussion of the Nomination Committee in arriving at such determination. As their relevant credentials have been included in the circular for the shareholders' information, the Company opines that it is more important for the shareholders themselves to make their own independent decision on whether to approve a particular re-election or not.
A.5	**Nomination Committee** ***Corporate Governance Principle*** *In carrying out its responsibilities, the nomination committee should give adequate consideration to the principles under Sections A.3 and A.4 in the CG Code.*		
A.5.1	The company should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors.	C	• The Company established its Nomination Committee on 1st January, 2019 which currently 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.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.5.2	– 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:- 1. 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; 2. identify individuals suitably qualified to become board members and select or make recommendations to the board on the selection of individuals nominated for directorships; 3. assess the independence of independent non-executive directors; and 4. 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.	C C	• The terms of reference of the Nomination Committee follow closely the requirements of the CG Code. In connection with the change of composition of the Nomination Committee, the terms of reference of the Nomination Committee have been updated on 1st December, 2020. Nomination Committee meeting was held in March 2021. Attendance record of the members of the Nomination Committee in 2021 is as follows: **Members of the Nomination Committee** — **Attendance** KWOK Eva Lee — 1/1 *(Chairperson of the Nomination Committee)* 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 2021: 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 identify 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; and 4. Make recommendation to the Board on the re-election of Directors at the 2021 annual general meeting. • Since August 2013, the Company has established the Board Diversity Policy which has been modified from time to time, and the same is available on the Company's website. • In 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, education 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 currently comprises four female directors, representing approximately 24% of the Board. For the financial year commencing on 1st January, 2022, the Board will consider numerical targets in relation to gender diversity on its Board as required under new CG Code. • The Board and the Nomination Committee review from time to time the Board Diversity Policy, monitor its implementation to ensure its continued effectiveness and compliance with regulatory requirements and good corporate governance practice and the Nomination Committee makes recommendation on any revisions as may be required to the Board for approval.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.5.2 (Cont'd)			• In January 2019, the Company established a Director Nomination Policy which was modified in December 2020 to set 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. 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 posted on the website of the Company. • The Director Nomination Policy is posted 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.
A.5.3	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 posted 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.
A.5.4	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.

<table>
<tr><th>Code Ref.</th><th>Code Provisions</th><th>Comply ("C")/ Explain ("E")</th><th>Corporate Governance Practices</th></tr>
<tr><td>A.5.5</td><td>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:
1. 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;
2. if the proposed independent non-executive director will be holding their seventh (or more), where applicable, listed company directorship, why the board believes the individual would still be able to devote sufficient time to the board;
3. the perspectives, skills and experience that the individual can bring to the board; and
4. how the individual contributes to diversity of the board.</td><td>1. C
2. C
3. C
4. C</td><td>• Please refer to A.4.3 above for the details.
• The following information has been set out in the Company's circular to shareholders for the proposed resolution to elect an individual as an Independent Non-executive Director at the 2021 annual general meeting:
1. the process used for identifying the individual and why the Board believes the individual should be elected and the reasons why the Board considers the individual to be independent;
2. if the proposed Independent Non-executive Director will be holding their seventh (or more), where applicable, listed company directorship, why the board believes the individual would still be able to devote sufficient time to the board;
3. the perspectives, skills and experience that the individual can bring to the Board; and
4. how the individual contributes to diversity of the Board.</td></tr>
<tr><td>A.6</td><td colspan="3">Responsibilities of Directors
Corporate Governance Principle
Every Director must always know his responsibilities as a Director of the Company and its conduct, business activities and development.</td></tr>
<tr><td>A.6.1</td><td>Every newly appointed director of the company should receive a comprehensive, formal and tailored induction on appointment. Subsequently he should receive any briefing and professional development necessary to ensure that he has a proper understanding of the company's operations and business and is fully aware of his responsibilities under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.</td><td>C</td><td>• The Company Secretary and authorised officers liaise closely with newly appointed Directors both immediately before and after his/her appointment 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 legal advisers, setting out the duties and responsibilities of directors under the Listing Rules and relevant regulatory requirements is provided to each newly appointed Director. Further information package comprising the latest developments in laws, rules and regulations relating to the duties and responsibilities of directors will be forwarded to each Director from time to time for his/her information and ready reference. Guidelines for directors have also been forwarded to each Director for his/her 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.</td></tr>
<tr><td>A.6.2</td><td>The functions of non-executive directors include:
– bring independent judgement on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct at board meetings;</td><td>C</td><td>• 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 ("Sustainability Committee") of the Company.</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>A.6.2 (Cont'd)</td><td>– take the lead on potential conflicts of interests;
– serve on the audit, remuneration, nomination and other governance committees, if invited; and
– scrutinise the company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.</td><td>C
C
C</td><td>• The table below provides membership information of these committees on which the Independent Non-executive Directors serve:-
<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>C</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>Colin Stevens RUSSEL</td><td>–</td><td>M</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>–</td></tr>
<tr><td>Paul Joseph TIGHE</td><td>M</td><td>–</td><td>–</td><td>M</td></tr>
</table>
Notes:
* also comprises other Board members/key personnel
C Chairman/Chairperson of the relevant Board committees
M Member of the relevant Board committees</td></tr>
<tr><td>A.6.3</td><td>Every director should ensure that he can give sufficient time and attention to the company's affairs and should not accept the appointment if he cannot do so.</td><td>C</td><td>• There is satisfactory attendance at Board meetings during the year. Please refer to A.1.1 above for the attendance records.
• Every Executive Director has hands-on knowledge and expertise in the areas and operation in which he/she is in-charged with. 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 his/her area of knowledge and expertise, and his/her global perspective.</td></tr>
<tr><td>A.6.4</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 for securities transactions by directors of listed issuers ("Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions effective from 31st March, 2004. The Model Code has been revised and adopted 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, 2021.
• 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.
• Since December 2011, the Company has established a policy on handling of confidential and price-sensitive information, and securities dealing for all employees of the Group to comply with when they are in possession of confidential or unpublished price-sensitive information in relation to the Group. Such policy has since been revised to comply with the requirements set out in Part XIVA of the Securities and Futures Ordinance. The policy has been further revised in July 2020 and such revised policy has been posted on the Company's intranet and disseminated to all employees of the Company.</td></tr>
<tr><td>A.6.5</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 legal advisers, setting out the duties and responsibilities of directors under the Listing Rules and relevant regulatory requirements is provided to each newly appointed Director. Further information package comprising the latest developments in laws, rules and regulations relating to the duties and responsibilities of directors will be forwarded to each Director from time to time for his/her information and ready reference. Guidelines for directors have also been forwarded to each Director for his/her 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 2021.
• 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.</td></tr>
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<table>
<tr><th>Code Ref.</th><th>Code Provisions</th><th>Comply ("C")/
Explain ("E")</th><th>Corporate Governance Practices</th></tr>
<tr><td>A.6.5
(Cont'd)</td><td></td><td></td><td>
• 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 2021 is as follows:
<table>
<tr><th>Members of the Board</th><th>Training received</th></tr>
<tr><td>Executive Directors</td><td></td></tr>
<tr><td>Victor T K LI (Chairman)</td><td>(1), (2) & (3)</td></tr>
<tr><td>KAM Hing Lam (Group Managing Director)</td><td>(1), (2) & (3)</td></tr>
<tr><td>IP Tak Chuen, Edmond (Deputy Chairman)</td><td>(1), (2) & (3)</td></tr>
<tr><td>FOK Kin Ning, Canning (Deputy Chairman)</td><td>(1), (2) & (3)</td></tr>
<tr><td>Frank John SIXT</td><td>(1), (2) & (3)</td></tr>
<tr><td>Andrew John HUNTER (Deputy Managing Director)</td><td>(1), (2) & (3)</td></tr>
<tr><td>CHAN Loi Shun (Chief Financial Officer)</td><td>(1), (2) & (3)</td></tr>
<tr><td>CHEN Tsien Hua</td><td>(1), (2) & (3)</td></tr>
<tr><td>Independent Non-executive Directors</td><td></td></tr>
<tr><td>CHEONG Ying Chew, Henry</td><td>(1) & (2)</td></tr>
<tr><td>KWOK Eva Lee</td><td>(1), (2) & (3)</td></tr>
<tr><td>SNG Sow-mei alias POON Sow Mei</td><td>(1), (2) & (3)</td></tr>
<tr><td>Colin Stevens RUSSEL</td><td>(1) & (2)</td></tr>
<tr><td>LAN Hong Tsung, David</td><td>(1), (2) & (3)</td></tr>
<tr><td>Barrie COOK</td><td>(1), (2) & (3)</td></tr>
<tr><td>Paul Joseph TIGHE</td><td>(1), (2) & (3)</td></tr>
<tr><td>Non-executive Directors</td><td></td></tr>
<tr><td>LEE Pui Ling, Angelina</td><td>(1) & (2)</td></tr>
<tr><td>George Colin MAGNUS</td><td>(1), (2) & (3)</td></tr>
</table>
</td></tr>
<tr><td>A.6.6</td><td>Each director should disclose to the company at the time of his appointment, and in a timely manner for any change, 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.</td><td>C</td><td>• The Directors have disclosed to the Company at the time of their appointment and from time to time thereafter the number and nature of offices held in public companies or organisations and other significant commitments, identifying the public companies or organisations involved.</td></tr>
<tr><td>A.6.7</td><td>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.</td><td>C</td><td>• 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 A.1.1, A.2.2, A.5.2, B.1.2, C.3.3 and E.1.2 for the attendance records.
• Extent of participation and contribution should be viewed both quantitatively and qualitatively.</td></tr>
</table>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.6.8	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 A.6.7 above.
A.7	**Supply of and access to information** ***Corporate Governance Principle*** *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.*		
A.7.1	– 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.
A.7.2	– 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 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.
A.7.3	– 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 A.7.1 and A.7.2 above.
B.	**REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND BOARD EVALUATION**		
B.1	**The level and make-up of remuneration and disclosure** ***Corporate Governance Principle*** *The Company should disclose its Director's remuneration policy and other remuneration related matters. The procedure for setting policy on Executive Directors' remuneration and all Directors' remuneration packages should be formal and transparent.*		
B.1.1	The remuneration committee should consult the chairman and/or chief executive about their remuneration proposals for other executive directors and should have access to independent professional advice if necessary.	C	• 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.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
B.1.2	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 his associates is involved in deciding his own remuneration.	C	• 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, Mr. Colin Stevens Russel. • 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 reviews the remuneration of Non-executive Directors. • Since the publication of the Annual Report 2020 in April 2021, meeting of the Remuneration Committee was held in January 2022. Attendance record of the members of the Remuneration Committee is as follows: **Members of the Remuneration Committee** — **Attendance** CHEONG Ying Chew, Henry *(Chairman of the Remuneration Committee)* — 1/1 Victor T K LI — 1/1 Colin Stevens RUSSEL — 1/1 • The following is a summary of the work of the Remuneration Committee during the said meeting: 1. Review the remuneration policy for 2021/2022; 2. Recommend to the Board the Company's policy and structure for the remuneration of Directors and the management; 3. Review 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 and approve 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 2022.
B.1.3	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.	C	• The terms of reference of the Remuneration Committee (both English and Chinese versions) are posted on the websites of the Company and HKEx. • The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for the remuneration of Directors and the management, and reviewing the remuneration packages of all Executive Directors and the management with reference to the corporate goals and objectives of the Board resolved from time to time.
B.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.
B.1.5	The company should disclose details of any remuneration payable to members of senior management by band 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.
C.	**ACCOUNTABILITY AND AUDIT**		
C.1	**Financial reporting** ***Corporate Governance Principle*** *The Board should present a balanced, clear and comprehensive assessment of the Company's performance, position and prospects.*		
C.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
C.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 had been provided to all members of the Board since April 2012, the effective date of code provision C.1.2, for the purpose of providing a balance 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.
C.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 C.1.3 of the CG Code. • With the assistance of the Company's Finance and Accounting Department which is 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 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 81 to 85.
C.1.4	The directors should include in the separate statement containing 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 the separate statement containing a discussion and analysis of the Group's Long Term Development Strategy in the Annual Report 2021.
C.1.5	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 key officers of the Company Secretarial 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.
C.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. 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.*		

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.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.
C.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 and financial reporting functions.	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 and financial reporting functions at the Board meeting held in March 2022 and noted that the Company has been in compliance with the Code Provision for the year 2021. Please also refer to C.3.3 below.
C.2.3	The board's annual review should, in particular, consider:		
	1. the changes, since the last annual review, in the nature and extent of significant 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 environmental, social and corporate governance ("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.
	2. the scope and quality of management's ongoing monitoring of 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.
	3. 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.
	4. 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.
	5. the effectiveness of the company's processes for financial reporting and Listing Rule 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.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.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.
	1. 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.
	2. 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 177 to 184 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.
	3. 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.
	4. 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 C.2.3 above.

<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.2.4 (cont'd)</td><td>5. the procedures and internal controls for the handling and dissemination of inside information.</td><td>C</td><td>• 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.</td></tr>
<tr><td>C.2.5</td><td>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.</td><td>C</td><td>• 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.</td></tr>
<tr><td>C.3</td><td colspan="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.</td></tr>
<tr><td>C.3.1</td><td>– 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.</td><td>C

C</td><td>• Minutes drafted by the Company Secretary are circulated to members of the Audit Committee within a reasonable time after each meeting.</td></tr>
<tr><td>C.3.2</td><td>A former partner of existing auditing firm shall not act as a member of the audit committee for 2 years from the date of his ceasing to be a partner of or to have any financial interest in, the firm, whichever is later.</td><td>C</td><td>• 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 were revised with effect from 1st January, 2019 to 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.</td></tr>
<tr><td>C.3.3</td><td>The audit committee's terms of reference should include:
– 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.</td><td>C</td><td>• 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 2021. Attendance record of the members of the Audit Committee in 2021 is as follows:
<table><tr><th>Members of the Audit Committee</th><th>Attendance</th></tr><tr><td>SNG Sow-mei alias POON Sow Mei
(Chairperson of the Audit Committee)</td><td>4/4</td></tr><tr><td>CHEONG Ying Chew, Henry</td><td>4/4</td></tr><tr><td>LAN Hong Tsung, David</td><td>4/4</td></tr><tr><td>Paul Joseph TIGHE</td><td>4/4</td></tr></table>• The following is a summary of the work of the Audit Committee during 2021:
1. Review the financial reports for 2020 annual results and 2021 interim results, and unaudited financial results for the 1st quarter and the 3rd quarter 2021;
2. Review the findings and recommendations of the Group Internal Audit on the work of various business units and divisions/departments;
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;
7. Review the control mechanisms for such risks advising on action plans for improvement of the situations;</td></tr>
</table>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.3.3 (cont'd)			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. Perform the corporate governance functions and 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 14th March, 2022 that the internal control system was adequate and effective. • On 14th March, 2022, the Audit Committee met to review the Group's 2021 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 2021 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 the consolidated financial statements for the year ended 31st December, 2021. • The Audit Committee also recommended to the Board the re-appointment of Deloitte as the Company's external auditor for 2022 and that the related resolution shall be put forth for shareholders' consideration and approval at the 2022 annual general meeting. • The Group's Annual Report 2021 has been reviewed by the Audit Committee.
C.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 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 posted 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 comprises four Independent Non-executive Directors, namely, Mrs. Sng Sow-mei alias Poon Sow Mei (Chairperson of the Audit Committee), Mr. Cheong Ying Chew, Henry, Mr. Lan Hong Tsung, David and Mr. Paul Joseph Tighe.
C.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 2022. • For the year ended 31st December, 2021, the external auditor of the Company received approximately HK$8.8 million for annual audit services and approximately HK$7.7 million for tax and other services.
C.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.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.3.7	The terms of reference of the audit committee should also require it: – 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 – to act as the key representative body for overseeing the company's relations with the external auditor.	C C	• The terms of reference of the Audit Committee were revised with effect from 1st January, 2012 to 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 to raise concerns, in confidence, 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 posted 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.	**DELEGATION BY THE BOARD**		
D.1	**Management functions** ***Corporate Governance Principle*** *The Company should have a formal schedule of matters specifically reserved for Board approval and those delegated to management.*		
D.1.1	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 businesses and functional divisions in accordance with their respective areas of expertise. • Please refer to the Management Structure Chart set out on page 176. • 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, circular will be prepared and shareholders' approval will be obtained in accordance with the requirements of the applicable rules and regulations.
D.1.2	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	• The Board, led by the Chairman, 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. • Under the leadership of the Group Managing Director, management is responsible for the day-to-day operations of the Group.
D.1.3	The company should disclose the respective responsibilities, accountabilities and contributions of the board and management.	C	• Please refer to the Management Structure Chart set out on page 176.
D.1.4	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	• In February 2012, formal letters of appointment have been issued to all Directors setting out the key terms and conditions of their respective appointment. Each newly appointed Director will also be issued with a letter of appointment.
D.2	**Board Committees** ***Corporate Governance Principle*** *Board Committees should be formed with specific written terms of reference which deal clearly with their authority and duties.*		
D.2.1	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, have been established with specific terms of reference.
D.2.2	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).	C	• Board Committees report to the Board of their decisions and recommendations at the Board meetings.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
D.3	**Corporate Governance Functions**		
D.3.1	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; – 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.	C	• The terms of reference of the Audit Committee were revised with effect from 1st January, 2012 to 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 this Corporate Governance Report. • At the Audit Committee's meeting held in March 2022, the Audit Committee was satisfied that the above-mentioned corporate governance functions were adhered to, and 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; 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. • As mentioned above, the Company has established and from time to time updated the Whistleblowing Policy – Procedures for Reporting Possible Improprieties 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. • The Company has established Anti-Fraud and Anti-Bribery Policy and systems that promote and support anti-corruption laws and regulations.
D.3.2	The board should be responsible for performing the corporate governance duties set out in the terms of reference in D.3.1 or it may delegate the responsibility to a committee or committees.	C	• The board has delegated the responsibility of performing the corporate governance duties to the Audit Committee. To that effect, the terms of reference of the Audit Committee as set out in D.3.1 above were revised with effect from 1st January, 2012 to include the corporate governance functions delegated by the Board.
E.	**COMMUNICATION WITH SHAREHOLDERS**		
E.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.*		

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
E.1.1	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.
E.1.2	– The chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee to be available to answer questions at the annual general meeting. – 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. – 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.	C C C	• In 2021, 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 2021 annual general meeting and were available to answer questions. • Directors' attendance record^ of the annual general meeting in 2021 is as follows: **Members of the Board** — **Attendance** **Executive Directors** Victor T K LI — 1/1 *(Chairman of the Board and Chairman of the Executive Committee)* KAM Hing Lam — 1/1 IP Tak Chuen, Edmond — 1/1 *(Chairman of the Sustainability Committee)* FOK Kin Ning, Canning — 1/1 Frank John SIXT — 1/1 Andrew John HUNTER — 1/1 CHAN Loi Shun — 1/1 CHEN Tsien Hua — 1/1 **Independent Non-executive Directors** CHEONG Ying Chew, Henry — 1/1 *(Chairman of the Remuneration Committee)* KWOK Eva Lee — 1/1 *(Chairperson of the Nomination Committee)* SNG Sow-mei alias POON Sow Mei — 1/1 *(Chairperson of the Audit Committee)* Colin Stevens RUSSEL — 1/1 LAN Hong Tsung, David — 1/1 Barrie COOK — 1/1 Paul Joseph TIGHE — 1/1 **Non-executive Directors** LEE Pui Ling, Angelina — 1/1 George Colin MAGNUS — 1/1 ^ All Directors attended via video conferencing • In 2021, the Company's external auditor attended the annual general meeting via video conferencing and was available to answer questions.
E.1.3	The company should arrange for the notice to shareholders to be sent for annual general meeting at least 20 clear business days before the meeting and to be sent at least 10 clear business days for all other general meetings.	C	• The Company's notice to shareholders for the 2021 annual general meeting of the Company was sent at least 20 clear business days before the meeting.
E.1.4	The board should establish a shareholders' communication policy and review it on a regular basis to ensure its effectiveness.	C	• In March 2012, the Board has established a shareholders communication policy and made it available on the Company's website. The policy is subject to review on a regular basis to ensure its 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.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
E.1.4 (cont'd)			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. 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 (CCASS) 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.
E.1.5	The company should have a policy on payment of dividends and should disclose it in the annual report.	C	• The Company adopted the Dividend Policy with effect from January 2019 whereby 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.
E.2	**Voting by Poll** ***Corporate Governance Principle*** *The Company should ensure that shareholders are familiar with the detailed procedures for conducting a poll.*		
E.2.1	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.	C	• At the 2021 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 2021 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.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
E.2.1 (cont'd)			• Representatives of the Branch Share Registrar of the Company were appointed as scrutineer to monitor and count the poll votes cast at the 2021 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 12th May, 2021 are set out below:

	Resolutions proposed at the 2021 Annual General Meeting	**Percentage of Votes**
1	To receive the audited Financial Statements, the Report of the Directors and the Independent Auditor's Report for the year ended 31st December, 2020.	99.975182%
2	To declare a final dividend.	99.999999%
3(1)	To elect Mr. Ip Tak Chuen, Edmond as Director.	96.816667%
3(2)	To elect Mr. Fok Kin Ning, Canning as Director.	92.721873%
3(3)	To elect Mr. Andrew John Hunter as Director.	99.214030%
3(4)	To elect Mr. Cheong Ying Chew, Henry as Director.	89.526711%
3(5)	To elect Mr. Barrie Cook as Director.	95.856306%
3(6)	To elect Mrs. Lee Pui Ling, Angelina as Director.	95.656153%
4	To appoint Messrs. Deloitte Touche Tohmatsu as Auditor and authorise the Directors to fix their remuneration.	90.567213%
5(1)	To give a general mandate to the Directors to issue additional shares of the Company.	97.273744%
5(2)	To give a general mandate to the Directors to buy back shares of the Company.	99.993270%

• Accordingly, all resolutions put to shareholders at the 2021 annual general meeting were duly passed as ordinary resolutions. Poll results were posted on the websites of the Company and HKEx.

F. 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.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
F.1.1	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 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, 2021. • The Company Secretary ensures the effective conduct of board meetings and that Board procedures are duly followed. • The Company Secretary prepares 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.
F.1.2	The board should approve the selection, appointment or dismissal of the company secretary.	C	• The appointment and removal of the Company Secretary is subject to Board approval in accordance with the Company's Bye-laws.
F.1.3	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.
F.1.4	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 key officers of the Company Secretarial Department 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 Stock Exchange's webcast 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.

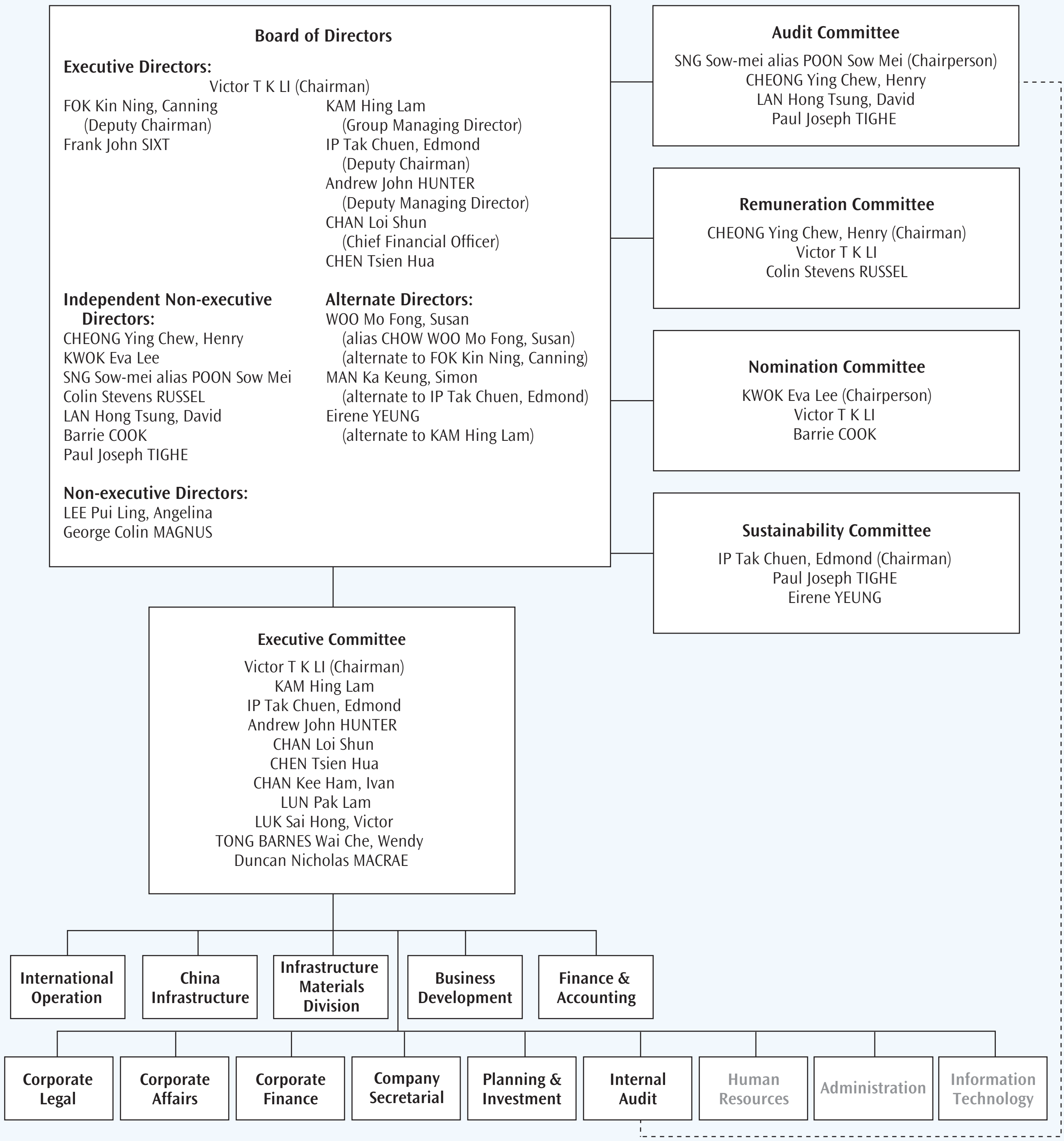
II. RECOMMENDED BEST PRACTICES

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.	**DIRECTORS**		
A.1	**The Board** ***Corporate Governance Principle*** *The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.* *The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether he is spending sufficient time performing them.*		
There is no recommended best practice under Section A.1 in the CG Code.			
A.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 A.2 in the CG Code.			
A.3	**Board composition** ***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 include a balanced composition of Executive and Non-executive Directors so that independent judgement can effectively be exercised.*		
A.3.3	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 wide spectrum of skills and experience, and financially independent.
A.4	**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 A.4 in the CG Code.			
A.5	**Nomination Committee** ***Corporate Governance Principle*** *In carrying out its responsibilities, the nomination committee should give adequate consideration to the principles under Sections A.3 and A.4 in the CG Code.*		
There is no recommended best practice under Section A.5 in the CG Code.			
A.6	**Responsibilities of directors** ***Corporate Governance Principle*** *Every Director must always know his responsibilities as a Director of the Company and its conduct, business activities and development.*		
There is no recommended best practice under Section A.6 in the CG Code.			
A.7	**Supply of and access to information** ***Corporate Governance Principle*** *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 A.7 in the CG Code.			

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
B.	**REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND BOARD EVALUATION**		
B.1	**The level and make-up of remuneration and disclosure** ***Corporate Governance Principle*** *The Company should disclose its Director's remuneration policy and other remuneration related matters. The procedure for setting policy on Executive Directors' remuneration and all Directors' remuneration packages should be formal and transparent.*		
B.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.
B.1.7	A significant proportion of executive directors' remuneration should link rewards to corporate and individual performance.	C	• In 2021, 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.
B.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.
B.1.9	The board should conduct a regular evaluation of its performance.	E	• The performances of the Board or individual Director are best reflected by the Company's results and stock price performance, as well as the Company's decisions to retain the individuals as its Directors.
C.	**ACCOUNTABILITY AND AUDIT**		
C.1	**Financial reporting** ***Corporate Governance Principle*** *The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.*		
C.1.6 – C.1.7	– 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. – 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.	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. 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 result in incurring costs disproportionate to any additional benefits to the shareholders. • Please refer to C.1.6 above for details.
C.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 controls systems. 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.*		

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2.6	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 C.2.3 above.
C.2.7	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 2021.
C.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*		
C.3.8	The audit committee 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, with the audit committee about possible improprieties in any matter related to the company.	C	• Please refer to C.3.7 above for the details.
D.	**DELEGATION BY THE BOARD**		
D.1	**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 D.1 in the CG Code.			
D.2	**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 D.2 in the CG Code.			
D.3	**Corporate Governance Functions**		
There is no recommended best practice under Section D.3 in the CG Code.			
E.	**COMMUNICATION WITH SHAREHOLDERS**		
E.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.*		
There is no recommended best practice under Section E.1 in the CG Code.			
E.2	**Voting by Poll** ***Corporate Governance Principle*** *The Company should ensure that shareholders are familiar with the detailed procedures for conducting a poll.*		
There is no recommended best practice under Section E.2 in the CG Code.			
F.	**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 F in the CG Code.			

MANAGEMENT STRUCTURE CHART



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

The ongoing COVID-19 pandemic continues to bring about widespread and severe impacts on worldwide economic activities. Despite some signs of recovery of the global economy from the COVID-19 pandemic, the momentum could be dampened due to possible emergence of new COVID-19 variants. The pace of recovery could also be constrained by uneven vaccination across countries. The global economic outlook still depends on the development of the health crisis, including the duration, spread, severity and any recurrence of the pandemic, the efficacy and availability of vaccines, and the nature and severity of measures adopted by governments. International trade relations, uncertainties following Brexit, supply chain disruptions, the fluctuation of major currencies, the increasing geopolitical tensions, as well as the development of inflation, interest rate and energy costs in major economies, all have created uncertainties 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 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 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.

OUTBREAK OF HIGHLY CONTAGIOUS DISEASE

The continuing COVID-19 pandemic and the spread of new coronavirus variants in different parts of the world, including the places of businesses in which the Group operates, has a significant adverse impact on most economies due to the disruption of business activities, behavioral change, weakened sentiment in consumption, restricted labour supply and production and confidence effects, in addition to travel restrictions. Despite the situation of 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. The threat of new COVID-19 variants may cause setback to the global economic recovery and disruption of operational activities and loss of life, and may pose a negative impact on the Group's businesses, financial conditions, results of operations or growth prospects. In particular, the Group's investment in Park'N Fly can be substantially affected should travel restrictions in Canada remain in place. 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 may 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.

A general interest rate hike cycle may 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 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 who 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 or will soon be undergoing challenging regulatory resets. Against an environment of ultra-low interest and inflation rates as well as tougher stances adopted by regulators, the outcome is expected to be lower revenues arising from lower allowed returns. 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 perception 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"). Lower prices over a prolonged period of time for crude oil could adversely affect the value and quantity of Cenovus's 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 places 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 on the Group's financial conditions or results of operations, asset values and liabilities.

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) 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 cyberattacks 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 reputation, businesses, financial conditions, results of operations or growth prospects.

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 and entered into force in May 2021 sets out preferential arrangements in various areas. Brexit has created significant uncertainty about the new economic and social partnership between the UK and the EU, and have impacted upon labour availability, supply chain and exchange rates. The COVID-19 pandemic has caused such distortions that have affected the extent to which the Group can clearly assess and manage the risk of Brexit.

A significant and prolonged depreciation of the 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, Her 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 are impacted by sanctions or restrictions, 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 are affected by sanctions or restrictions, the continuation or disruption of strategic alliance 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 on 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 other 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 condition 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 merchant 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. COVID-19 has introduced more market uncertainty and has also imposed logistical restrictions on the ability to conduct due diligence according to the Group's usual procedures.

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, 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 issue 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 action or civil claims. The expenses on remediation, the cost of regulatory or legal action, and any monetary 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 rain amount may cause shortage of crops for food and other natural resources. The harsher temperatures in some locations may also pose increased risk for colleagues working in those locations. Changes in microclimates for certain locations may render certain businesses obsolete. Some governments are also beginning to introduce legislations or requirements to restrict emissions and other environmental protective measures. Regulations, 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, 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, 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 AND TERRORIST THREAT

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 and terrorist activities occurred across the globe that resulted in economic losses, multiple deaths and casualties. 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 threat, and if these events occur, it may have an adverse impact on the Group's businesses, financial conditions, results of operations or growth prospects.

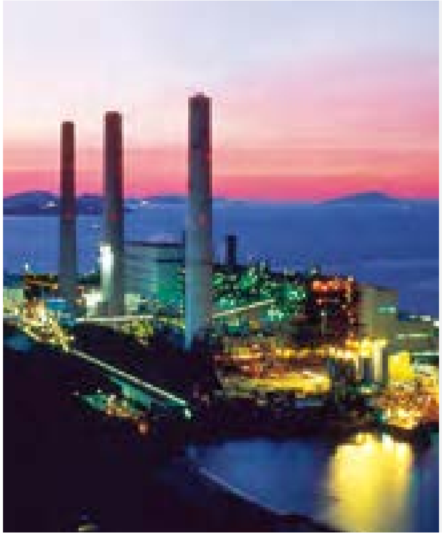
PAST PERFORMANCE AND FORWARD LOOKING STATEMENTS

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
3,617 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, the Netherlands and Portugal, bringing sustainable energy and lighting up the lives of millions around the world

CKI's ownership
35.96%

Infrastructure Investments in

UNITED KINGDOM

UK POWER NETWORKS

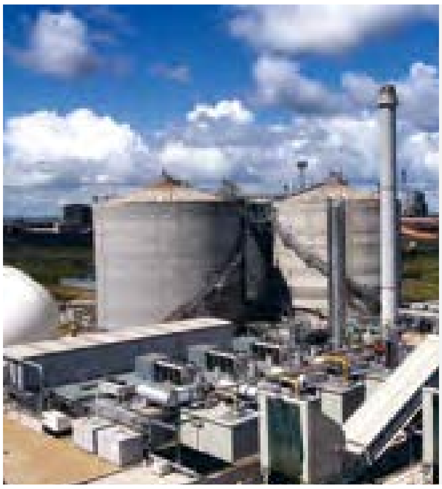
THE UNITED KINGDOM

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 8.3 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 – 53
Sewage treatment works – 410
Water service reservoirs – 341

Consumer coverage
Serves a total population of 4.5 million

CKI's ownership
40%

Additional economic benefits
CKI 12%; Power Assets 8%

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 Great Britain

Natural gas distribution network length
Approximately 37,000 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
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 operation 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 88,000 km

Consumer coverage
Approximately 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 88,000 km

Consumer coverage
Around 844,000 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 332,000 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)

PROJECT PROFILES

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 25,000 km

Consumer coverage
Approximately 1.3 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 3,300 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 the United Kingdom, specialising in producing electricity from safe, clean, zero greenhouse gas emissions sources such as wind and solar, or landfill gas and waste coal mine gas

Generation capacity
Over 1,100 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
42 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 4,700 km

Consumer coverage
Approximately 171,000 customers

CKI's ownership
50%
(another 50% held by Power Assets)

ENVIRO (NZ)
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 13 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, comfort protection plans and other services to homeowners primarily in Ontario, Canada

Consumer coverage

Over 1.9 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
2,200 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 as well as 100% of the Meridian Cogeneration Plant in Saskatchewan

Generation capacity
Five power plants with total gross capacity of 1,284 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

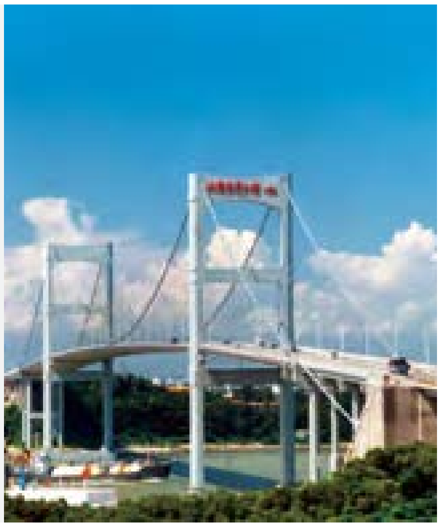
CKI's investment
HK$877 million

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

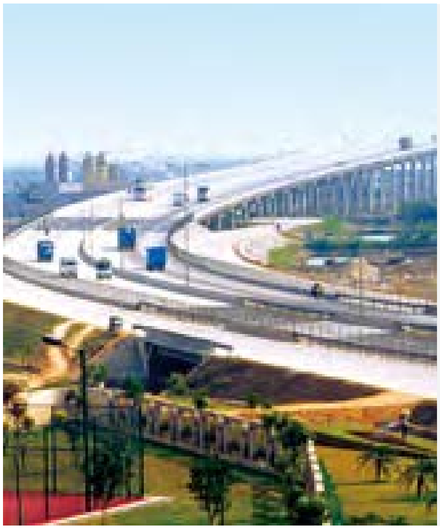
Joint venture contract date
1993

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
Colin Stevens RUSSEL
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

SNG Sow-mei alias POON Sow Mei (Chairperson)
CHEONG Ying Chew, Henry
LAN Hong Tsung, David
Paul Joseph TIGHE

REMUNERATION COMMITTEE

CHEONG Ying Chew, Henry (Chairman)
LI Tzar Kuoi, Victor
Colin Stevens RUSSEL

NOMINATION COMMITTEE

KWOK Eva Lee (Chairperson)
LI Tzar Kuoi, Victor
Barrie COOK

SUSTAINABILITY COMMITTEE

IP Tak Chuen, Edmond (Chairman)
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

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

CK Infrastructure Holdings Limited
12th Floor, Cheung Kong Center,
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	16th March, 2022
Closure of Register of Members (for determination of shareholders who are entitled to attend and vote at Annual General Meeting)	12th May, 2022 to 17th May, 2022 *(both days inclusive)*
Annual General Meeting	17th May, 2022
Record Date (for determination of shareholders who qualify for the Final Dividend)	23rd May, 2022
Payment of Final Dividend	8th June, 2022

This annual report 2021 ("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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