

This document comprises a prospectus (the “**Prospectus**”) for the purposes of Article 3 of the UK version of Regulation (EU) No 2017/1129 as amended by The Prospectus (Amendment etc.) (EU Exit) Regulations 2019, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK Prospectus Regulation**”) as amended, relating to CK Infrastructure Holdings Limited (the “**Company**” or “**CKI**”) prepared in accordance with the prospectus regulation rules (the “**Prospectus Regulation Rules**”) of the Financial Conduct Authority (the “**FCA**”) made under Section 73A of the Financial Services and Markets Act 2000, as amended (the “**FSMA**”).

This Prospectus has been prepared solely in connection with the proposed admission of the entire issued share capital in CKI (the “**Shares**”) to listing in the Equity Shares (International Commercial Companies Secondary Listing) (“**ESICC**”) category of the official list (the “**Official List**”) of the FCA and to trading on the main market for listed securities (“**Main Market**”) of London Stock Exchange plc (“**London Stock Exchange**”). This Prospectus has been approved by the FCA (as competent authority under the UK Prospectus Regulation), and will be made available to the public and has been filed in accordance with the Prospectus Regulation Rules. The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation, and such approval should not be considered as an endorsement of the Company or the quality of the Shares. Investors should make their own assessment as to the suitability of investing in the Shares.

Application has been made to the FCA for all of the Shares to be admitted to listing in the ESICC category and to the London Stock Exchange for all of the Shares to be admitted to trading on the Main Market (together, “**Admission**”). It is expected that Admission will become effective, and that dealings in the Shares will commence, on 19 August 2024. The Shares are already admitted to listing and trading on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) where they will continue to be listed following Admission. No application is currently intended to be made for the Shares to be admitted to listing or dealt with on any other exchange other than those of the London Stock Exchange and the Hong Kong Stock Exchange. This Prospectus is not an offer or invitation to the public to subscribe for or purchase Shares but is issued solely in connection with the Admission.

The Company has established arrangements to enable investors to settle interests in the Shares through the CREST system. Securities issued by non-UK companies, such as CKI, cannot be directly held in uncertificated form or transferred electronically in the CREST system. In order for the Shares to be traded on the London Stock Exchange, CREST depositary interests representing the underlying Shares will be issued by Computershare Investor Services PLC (in its capacity as the Depositary) (on a one-for-one basis) (“**DIs**” or “**Depositary Interests**”) to persons who wish to transact in the Shares in electronic form within the CREST system. Any DIs issued will be independent securities constituted under English law, which may be held and transferred directly through the CREST system operated by Euroclear UK. DIs have the same ISIN as the underlying Shares and do not require a separate admission to trading on the London Stock Exchange. It should be noted that it is the DIs which will be settled through CREST, and not the Shares. In this Prospectus, references to Shares in the context of the admission to trading on the Main Market of the London Stock Exchange includes references to any DIs.

The Directors, whose names appear on page 27 of this Prospectus, and the Company accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Directors and the Company, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

This Prospectus should be read in its entirety, including “*Risk Factors*”, which contains a discussion of certain risks relating to the Group. The definitions in “*Definitions and Glossary*” apply throughout this Prospectus.



CK Infrastructure Holdings Limited

(Incorporated under the Companies Act of Bermuda)

Admission of Shares to the Equity Shares (International Commercial Companies Secondary Listing) category of the Official List of the FCA and to trading on the Main Market of the London Stock Exchange

Listing Agent

HSBC

Ordinary share capital immediately following Admission

Issued and fully paid

Number
2,519,610,945

Nominal Value
HK\$1.00

HSBC Bank plc (“**HSBC**”), which is authorised by the Prudential Regulation Authority (the “**PRA**”) and regulated in the United Kingdom by the PRA and the FCA, is acting exclusively for the Company and no one else in connection with the Admission and will not be responsible to anyone other than the Company for providing the protections afforded to its clients, for the contents of this document, or for providing any advice in relation to this document or the Admission. Apart from the responsibilities and liabilities, if any, which may be imposed on HSBC by the FSMA or by the regulatory regime established thereunder, neither HSBC nor any of its affiliates accept any responsibility whatsoever for the contents of this document including its accuracy, completeness or for any other statement made or purported to be made by or on behalf of HSBC or any of its affiliates in connection with the Company or the Shares. HSBC and each of its affiliates accordingly disclaim all and any liability whether arising in tort, contract or otherwise (save as referred to above) in respect of this document or any such statement(s) and no representation or warranty, express or implied, is made by HSBC or any of its affiliates as to the accuracy, completeness or sufficiency of the information set out in this document. The contents of this document should not be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own legal, financial or tax adviser for legal, financial or tax advice.

HSBC and its affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services to the Company, for which they would have received customary fees. HSBC and its affiliates may provide such services to the Company and any of their affiliates in the future.

Any reproduction or distribution of this Prospectus, in whole or in part, and any disclosure of its contents or use of any information contained in this Prospectus for any purpose other than considering Admission is prohibited. No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by the Company, HSBC or any other person.

Neither the delivery of this Prospectus nor Admission shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Prospectus or that the information in this Prospectus is correct as at any time subsequent to its date.

Without limitation, the contents of the website of the Company (or any other websites, including the content of any website accessible from hyperlinks on the websites of the Company) do not form part of this Prospectus.

TABLE OF CONTENTS

	<u>Page</u>
PART 1 SUMMARY	1
PART 2 RISK FACTORS	7
PART 3 PRESENTATION OF FINANCIAL AND OTHER INFORMATION	21
PART 4 DIRECTORS, SECRETARY, REGISTERED AND HEAD OFFICES, ADVISERS, AND TIMETABLE OF PRINCIPAL EVENTS	27
PART 5 CONSEQUENCES OF AN ESICC LISTING	29
PART 6 BUSINESS	31
PART 7 DIRECTORS, SENIOR MANAGERS AND CORPORATE GOVERNANCE	60
PART 8 SELECTED FINANCIAL INFORMATION	72
PART 9 OPERATING AND FINANCIAL REVIEW	76
PART 10 CAPITALISATION AND INDEBTEDNESS	100
PART 11 AUDITED HISTORICAL FINANCIAL INFORMATION	101
PART 12 UNAUDITED INTERIM HISTORICAL FINANCIAL INFORMATION	304
PART 13 ADMISSION, SETTLEMENT AND TRADING	315
PART 14 ADDITIONAL INFORMATION	320
PART 15 DEFINITIONS AND GLOSSARY	347

PART 1 SUMMARY

Section A—INTRODUCTION AND WARNINGS

1. Name and international securities identifier number (ISIN) of the securities

The Shares are the issued ordinary shares in the capital of CK Infrastructure Holdings Limited (the “**Company**” or “**CKI**”) with a nominal value of HK\$1.00 each (the “**Shares**”). When admitted to trading, the Shares will be registered with ISIN number BMG2178K1009 and SEDOL number BRXDBN4 and trade under the symbol “CKI”.

2. Identity and contact details of the issuer, including its Legal Entity Identifier

The Company’s registered office is at Clarendon House, Church Street, Hamilton HM11, Bermuda, and principal place of business is at 12th Floor, Cheung Kong Center, 2 Queen’s Road Central, Hong Kong. Its legal entity identifier (“**LEI**”) number is 5299005U11RQ1C27MR12.

3. Identity and contact details of the competent authority approving the prospectus

This Prospectus has been approved by the Financial Conduct Authority (“**FCA**”), as competent authority under the UK Prospectus Regulation, with its head office at 12 Endeavour Square, London E20 1JN, and telephone number: +44 (0)20 7066 1000.

4. Date of approval of the prospectus

This Prospectus was approved on 14 August 2024.

5. Warning

This summary has been prepared in accordance with Article 7 of the of the UK version of Regulation (EU) No 2017/1129 as amended by The Prospectus (Amendment etc.) (EU Exit) Regulations 2019, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK Prospectus Regulation**”), and should be read as an introduction to the prospectus (the “**Prospectus**”). Any decision to invest in the Shares should be based on a consideration of the Prospectus as a whole by the investor. Investors could lose all or part of their invested capital. Civil liability attaches only to those persons who are responsible for the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.

Section B—KEY INFORMATION ON THE ISSUER

6. Who is the issuer of the securities?

Domicile, legal form, LEI, jurisdiction of incorporation, the law under which it operates and country of operation

The Company is the issuer of the Shares. The Company is an exempted company limited by shares incorporated in Bermuda on 28 May 1996 with registration number 21980, with its Shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) under stock code 1038. The Shares will remain listed on the Hong Kong Stock Exchange following Admission. The Company’s principal place of business is in Hong Kong.

The Company’s registered office is situated in Bermuda, and the principal legislation under which the Company operates is the Companies Act 1981 of Bermuda, as amended (the “**Bermuda Companies Act**”). The Company’s LEI number is 5299005U11RQ1C27MR12. The liability of the Company’s shareholders is limited.

Principal activities

CKI is one of the world’s largest global infrastructure companies. The Company 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 other infrastructure-related

businesses. The Group's businesses primarily span the United Kingdom, Australia, New Zealand, Continental Europe, Canada, Hong Kong, and Mainland China.

Major shareholders

In so far as is known to the Directors, the only person or entity with an interest (within the meaning of Part 22 of the Companies Act 2006, as amended (the “**UK Companies Act**”)) which represents, or will represent, directly or indirectly, 3% or more of the total issued share capital of the Company immediately prior to listing in the Equity Shares (International Commercial Companies Secondary Listing) (“**ESICC**”) category of the official list (the “**Official List**”) of the FCA and to trading on the main market for listed securities (“**Main Market**”) of London Stock Exchange plc (“**London Stock Exchange**”) (together, “**Admission**”) is Hutchison Infrastructure Holdings Limited (“**HIHL**”), which is 100% owned by CK Hutchison Holdings Limited (“**CK Hutchison**”). Immediately prior to Admission, CK Hutchison, through HIHL, will have an interest in 1,906,681,945 Shares, representing 75.67% of the issued ordinary share capital of the Company.

The Shares owned by HIHL rank *pari passu* with the other Shares in all respects.

There are no applicable notification requirements regarding interests in the Company's capital or voting rights under Bermuda law, being the law of the Company's jurisdiction of incorporation.

Directors

The Directors of the Company are: Li Tzar Kuoi, Victor (*Chairman and Executive Director*), Kam Hing Lam (*Group Managing Director and Executive Director*), Ip Tak Chuen, Edmond (*Deputy Chairman and Executive Director*), Fok Kin Ning, Canning (*Deputy Chairman and Executive Director*), Frank John Sixt (*Executive Director*), Andrew John Hunter (*Deputy Managing Director and Executive Director*), Chan Loi Shun (*Chief Financial Officer and Executive Director*), Chen Tsien Hua (*Executive Director*), Cheong Ying Chew, Henry (*Independent Non-executive Director*), Kwok Eva Lee (*Independent Non-executive Director*), Sng Sow-mei alias Poon Sow Mei (*Independent Non-executive Director*), Lan Hong Tsung, David (*Independent Non-executive Director*), Paul Joseph Tighe (*Independent Non-executive Director*), Lee Pui Ling, Angelina (*Non-executive Director*), and George Colin Magnus (*Non-executive Director*). Man Ka Keung, Simon and Eirene Yeung are Alternate Directors for Ip Tak Chuen, Edmond and Kam Hing Lam, respectively.

Statutory auditors

The Group's statutory auditors for the period covered by the historical financial information set out in this Prospectus are Deloitte Touche Tohmatsu whose registered address is at 35/F One Pacific Place, 88 Queensway, Hong Kong.

7. What is the key financial information regarding the issuer?

The tables below set out the Group's summary financial information for the periods indicated, as reported in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”). There are no qualifications to the auditor's report on the historical financial information. The historical financial information for the Group as of and for each of the years ended 31 December 2023, 2022 and 2021, as well as the unaudited consolidated financial information for the six months ended 30 June 2024 and 2023, has been extracted without material adjustment from the Group's financial statements.

As HKFRS was converged with International Financial Reporting Standards (“**IFRS**”) from the annual reporting periods commencing from 1 January 2005, HKFRS contains wording identical to the equivalent IFRS except for the transitional provisions that were converged initially with effect from 1 January 2005.

Selected Consolidated Income Statement Data

<i>In HK\$ million</i>	Six months ended 30 June		Year ended 31 December		
	2024 (unaudited)	2023 (unaudited)	2023 (audited)	2022 (audited)	2021 (audited)
Turnover	19,090	19,534	38,582	39,236	40,730
Sales and interest income from infrastructure investments	2,478	3,180	5,990	6,615	7,048
Other income	347	387	784	925	412
Operating costs	(1,918)	(2,107)	(4,257)	(4,364)	(4,627)
Finance costs	(415)	(370)	(769)	(519)	(383)
Exchange gain	108	133	572	111	189
Share of results of associates	1,351	1,239	2,571	2,442	2,590
Share of results of joint ventures	2,626	2,047	3,687	3,084	2,886
Profit before taxation	4,577	4,509	8,578	8,294	8,115
Taxation	(53)	(50)	(119)	(121)	(161)
Profit for the period	4,524	4,459	8,459	8,173	7,954
Attributable to:					
Shareholders of the Company	4,311	4,239	8,027	7,748	7,515
Owners of perpetual capital securities	219	219	438	438	434
Non-controlling interests	(6)	1	(6)	(13)	5
	4,524	4,459	8,459	8,173	7,954

Selected Consolidated Statement of Financial Position Data

<i>In HK\$ million</i>	As of 30 June		As of 31 December		
	2024 (unaudited)	2023 (unaudited)	2023 (audited)	2022 (audited)	2021 (audited)
Total non-current assets	151,181	152,543	151,286	146,342	152,744
Total current assets	10,814	13,325	14,587	19,525	10,255
Total current liabilities	19,213	8,991	16,099	12,268	16,663
Total non-current liabilities	11,428	23,957	16,503	24,217	20,489
Net assets	131,354	132,920	133,271	129,382	125,847
Total equity	131,354	132,920	133,271	129,382	125,847

Selected Consolidated Statement of Cash Flows Data

<i>In HK\$ million</i>	Six months ended 30 June		Year ended 31 December		
	2024 (unaudited)	2023 (unaudited)	2023 (audited)	2022 (audited)	2021 (audited)
Net cash from operating activities	641	1,686	3,845	1,717	3,055
Net cash from investing activities	443	38	2,406	14,868	4,311
Net cash utilised in financing activities	(4,981)	(7,716)	(11,219)	(6,625)	(12,758)
Net (decrease)/increase in cash and cash equivalents	(3,897)	(5,992)	(4,968)	9,960	(5,392)
Cash and cash equivalents at 1 January	13,077	18,045	18,045	8,085	13,477
Cash and cash equivalents at the end of the period	9,180	12,053	13,077	18,045	8,085

8. What are the key risks that are specific to the issuer?

- The infrastructure market is highly regulated and the operations and financial position of the Group's businesses may be significantly impacted by decisions of regulators
- The Group may be impacted by local, national and international legal and regulatory changes

- The Group's businesses may be affected by supply and labour disruptions
- Potential and actual breaches of, or changes in, environmental or health and safety laws or regulations could expose the Group's businesses to adverse regulatory consequences as well as cause reputational damage
- Environmental regulations may impact the Group's operations
- The Group is subject to risks associated with extreme weather events or natural disasters, climate change and other environmental impacts
- The Group may be impacted by any unfavourable global economic, business or political conditions, particularly conditions in the countries where the Group's businesses operate
- The Group may be impacted by fluctuations in interest rates and inflation
- The Group's businesses may be affected by energy prices
- Currency fluctuations may impact the Group's financial performance

Section C—KEY INFORMATION ON THE SECURITIES

9. What are the main features of the Shares?

Type, class and ISIN

The Shares that will be admitted to trading are the issued ordinary shares of the Company with a nominal value of HK\$1.00 each. When admitted to trading, the Shares will be registered with ISIN number BMG2178K1009 and SEDOL number BRXDBN4, and trade on the Main Market of the London Stock Exchange under the ticker symbol CKI. The Shares are currently listed and traded on the Main Board of the Hong Kong Stock Exchange under stock code 1038.

The Shares, as securities issued by CKI, a non-UK company, cannot be directly held in uncertificated form or transferred electronically in the CREST system. However, to enable investors to hold and transfer such securities, and settle the trades in the Shares placed on the London Stock Exchange through the CREST system, a depositary or custodian can hold the relevant securities and issue de-materialized depositary interests ("**Depositary Interests**" or "**DIs**") representing the underlying securities which are held on trust for the holders of the Depositary Interests. The Shares will not themselves be admitted to CREST. Any DIs issued will be independent securities constituted under English law and held and transferred directly through the CREST system. DIs have the same ISIN as the underlying Shares and do not require a separate admission to trading on the London Stock Exchange.

Currency, denomination, par value, number of securities issued and duration

The Shares are quoted and traded in Hong Kong dollars ("**HK\$**") on the Hong Kong Stock Exchange and, following Admission, will be quoted and traded in GBP on the London Stock Exchange. As of the date of this Prospectus, the issued and outstanding Shares of the Company are, and upon Admission will be, 2,519,610,945 Shares (all of which are fully paid).

Rights attaching to the Shares

The rights attaching to the Shares will be uniform in all respects and they will form a single class for all purposes, including with respect to voting and for all dividends and other distributions declared, made or paid on the ordinary share capital of the Company. The Company has only one class of ordinary shares, each carrying one vote. Except as provided by the rights and restrictions attached to any class of shares, shareholders will under the Company's bye-laws (the "**Bye-laws**") or general law be entitled to participate in any surplus assets in a winding up in proportion to their shareholdings.

Rank of securities in the issuer's capital structure in the event of insolvency

Under Bermuda law, in the event of insolvency, shareholders are the last to receive payment after the settlement of all other debts and liabilities. In general, secured creditors are paid first, followed by preferential creditors (such as unpaid wages and taxes), then unsecured creditors, then subordinated debt, with shareholders receiving payments last.

The Company has certain outstanding secured charges and senior debts and unsecured perpetual capital certificates granted in favour of third parties, each of which will rank prior to the Shares in the event of insolvency.

According to the Bye-laws, the liquidators may, with the authority of a special resolution passed by the shareholders of the Company, distribute the Company's assets among the shareholders either in their original form or in kind. As the Company has only one class of ordinary shares in issue, all shareholders will have equal rights, ranking *pari passu* with each other.

Restrictions on free transferability of the Shares

There are no restrictions on the free transferability of the Shares.

Dividend or payout policy

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.

10. Where will the securities be traded?

Application has been made to the FCA for all of the issued Shares to be admitted to listing in the ESICC category of the Official List of the FCA and to the London Stock Exchange for all of the Shares to be admitted to trading on the London Stock Exchange's Main Market. The Shares are currently listed and traded on the Main Board of the Hong Kong Stock Exchange under stock code 1038.

11. What are the key risks that are specific to the securities?

- An active trading market may not develop or be sustained in the future
- Volatility in the value and the market price for the Shares
- Substantial future sales of the Shares, or the perception that such sales might occur, or offerings of the Shares, could depress the market price of the Shares
- Future issues of the Shares could be dilutive
- Dual listing on the Hong Kong Stock Exchange and the London Stock Exchange may lead to an inefficient market in the Shares

Section D—KEY INFORMATION ON THE LISTING OF SECURITIES AND THE ADMISSION TO TRADING ON A REGULATED MARKET

12. Under which conditions and timetable can I invest in this security?

This Prospectus does not constitute an offer or invitation to any person to subscribe for or purchase any Shares. It is expected that Admission will become effective, and that dealings in the Shares will commence on the London Stock Exchange, at 8.00 a.m. (London time) on 19 August 2024.

The Company is not offering any Shares for cash and therefore will not receive any proceeds as a result of Admission. The estimated transaction costs in connection with Admission are £6.5 million.

In order to support the public trading of the Shares on the London Stock Exchange from the date of Admission, the Company intends to enter into customary arrangements with market makers on the London Stock Exchange to facilitate liquidity. In addition, and based on engagement the Company has had with its controlling shareholder, CK Hutchison, with regards to ongoing liquidity, there is a possibility that the Company's controlling shareholder could make available some Shares to facilitate initial trading in Shares on the London Stock Exchange following Admission in order to accommodate market demand.

13. Why is this prospectus being produced?

This document has been prepared solely in connection with the application to the FCA for all of the Shares to be admitted to listing in the ESICC category of the Official List of the FCA and to the London Stock Exchange for such Shares to be admitted to trading on the London Stock Exchange's Main Market for listed securities.

The Company believes that a listing in London, in addition to the Company's listing on the Hong Kong Stock Exchange, will benefit its geographically diverse shareholder base and will assist in building the Company's profile and provide a greater market for trading in the Shares. In terms of geographical presence, the UK is the Group's largest market, accounting for 35.7%, 35.2% (or 31.3% excluding the one-off gain from the Group's

sale of part of the stake in Northumbrian Water in 2022) and 29.1% of its profit attributable to shareholders of the Company (before unallocated items) in 2023, 2022 and 2021, respectively.

14. Material conflicts of interest

There are no conflicting interests which are material in connection with the Admission.

PART 2

RISK FACTORS

The risks referred to below are those risks the Company and the Directors consider to be the material risks relating to the Group. However, there may be additional risks that the Company and the Directors do not currently consider to be material or of which the Company and the Directors are not currently aware that may adversely affect the Group's business, financial condition, results of operations or prospects. If any of these risks occur, the Group's reputation, business, financial condition, results of operations and prospects may be materially and adversely affected.

1. Risks Related to the Group and its Businesses

The infrastructure market is highly regulated and the operations and financial position of the Group's businesses may be significantly impacted by decisions of regulators

The Group has historically focused, and continues to focus, its portfolio on regulated businesses in the power and infrastructure sectors, specifically electricity, gas and water. For the year ended 31 December 2023, 51.3% of the Group's total profit attributable to shareholders of the Company before unallocated items was attributable to the Group's portfolio businesses in the Regulated Utilities segment, which consists of portfolio businesses that operate under regulatory price controls under defined tariff mechanisms that are established, and periodically renewed, by the relevant authorities. Such price controls are regularly reviewed by regulators and are subject to change as the regulators consider a number of factors including, for example, regulatory assumptions concerning expenditures or allowed costs of capital. A number of the Group's regulated businesses, including UK Power Networks, Australian Gas Networks and Multinet Gas Networks, have recently undergone challenging regulatory resets with lower permitted returns. In addition, restrictions have been imposed, or are being proposed, on shareholders' distributions under certain circumstances. For example, the Water Services Regulation Authority ("Ofwat"), the regulator of the water and sewerage sectors in England and Wales, has proposed that in the next reset period of 2025 to 2030, water companies in England and Wales might face restrictions on dividend payments to shareholders if the respective company's debt exceeds a proposed limit. Similarly, the Office of Gas and Electricity Markets ("Ofgem"), the regulator for the electricity and downstream natural gas markets in Great Britain, is considering similar debt limits for energy companies for the next reset period of 2026 to 2031. These potential new rules are still under review and subject to final decisions by the regulators, as well as possible appeals by the affected companies. If implemented, such measures may restrict the amount of distributions the Group may receive from its portfolio companies, which could, in turn, have a material adverse impact on the Group's business, financial condition, results of operations or growth prospects.

In addition, many factors may affect the returns of the Group's regulated businesses, including prevailing interest rates, inflation, energy costs, any energy windfall tax, any cap on energy retail prices in certain markets as well as policy changes adopted by regulators, which may affect the performance of the regulated businesses and impact the actual returns of these businesses. For example, in the UK, the current electricity distribution price control known as RIIO-ED2 has established more challenging performance and incentive targets and a lower allowable rate of return compared to the previous regulatory period. The Group's portfolio businesses in the Contracted Infrastructure segment, which accounted for 21.3% of the Group's total profit attributable to shareholders of the Company before unallocated items for the year ended 31 December 2023, may also be impacted by regulatory reforms that could alter market dynamics.

More generally, the regulated businesses of the Group are required to comply with licence requirements, codes and guidelines established by the relevant regulators from time to time. Failure to comply with these requirements may lead to penalties, or, in extreme circumstances, amendment, suspension or cancellation of the relevant licences by the authorities. In certain jurisdictions, such as the UK and Australia, regulators also have the power to modify a licence without the consent of the relevant regulated company, albeit with such regulated companies retaining the ability to challenge the decision, and any such licence modifications could have a negative impact on the financial condition and prospects of the relevant regulated company. Further, any operational practices that are significantly out of step with community expectations can lead to concerns with regulators or local or national governments, and may ultimately lead to more stringent regulatory resets, regulatory oversight as well as negative publicity that could also have a reputational impact.

The Group may be impacted by local, national and international legal and regulatory changes

The local business risks in different countries and territories in which the Group operates could have a material impact on the Group's business, financial condition, results of operations or growth prospects. The Group's

businesses primarily span the United Kingdom, Australia, New Zealand, Continental Europe, Canada, Hong Kong, and Mainland China. As a result, the Group and its businesses are, and may increasingly become, exposed to different and changing political, social, legal, tax, regulatory and environmental requirements at the local, national and international levels, especially in the countries and territories in which the Group and its portfolio businesses primarily operate. For example, the UK government announced an increase in corporation tax rate from 19% to 25% in its 2021 Spring Budget, leading to the Group's share of higher net deferred tax charges from joint ventures in the United Kingdom. Additionally, with the change in the UK government following the 2024 general election, the UK government's target date of achieving net zero carbon emissions for the electricity sector tightened from 2035 to 2030. While it is not possible to quantify the impact of such changes, this and similar changes in any jurisdictions where the Group operates may impact the long-term planning for the Group and its portfolio businesses. Specifically, the change in the UK government's target date of achieving net zero for the electricity sector may impact the long-term planning of the Group's portfolio businesses focusing on gas and electricity in the UK. Additionally, the Group's UK portfolio businesses focusing on gas, such as Northern Gas Networks and Wales & West Gas Networks, could incur capital expenditures that later prove redundant and for which they may not receive reimbursement.

Also, new guidelines, directives, policies or measures by governments, whether fiscal, tax, regulatory, environmental or other legal changes, may lead to an increase in additional or unplanned operating expenses and capital expenditures. These changes could also result in increases in overall market capacity available in a relevant market, reduction in government subsidies, increased risks to the overall investment return of the Group's businesses, and delays or hindrances to the commercial operation of businesses, any of which may result in loss of profit and otherwise adversely affect the Group's business, financial condition, results of operations or growth prospects. For example, in the UK, Ofwat has proposed that in the next reset period of 2025 to 2030, water companies in England and Wales might face restrictions on dividend payments to shareholders if the respective company's debt exceeds a proposed limit. Similarly, Ofgem is considering similar debt limits for energy companies for the next reset period of 2026 to 2031. These potential new rules are still under review and subject to final decisions by the regulators, as well as possible appeals by the affected companies.

In addition, the U.S. currently imposes various economic sanctions administered by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"). These sanctions apply to U.S. persons and, in certain cases, to foreign subsidiaries of U.S. persons or to transactions involving certain assets subject to U.S. jurisdiction. Similar sanctions are administered by the UK, the EU, United Nations Security Council and other applicable jurisdictions. These sanctions aim to address a variety of policy concerns and national security goals. Countries and territories currently subject to comprehensive U.S. sanctions are Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine and the so-called People's Republics of Donetsk and Luhansk. The U.S., the EU and the UK also have in place broad sanctions that restrict dealings with various other countries, including but not limited to Belarus, Russia and Venezuela. While the Group does not believe that any of its activities fall within the scope of these sanctions, if the Group or its businesses engage in any prohibited transactions by any means or it is otherwise determined that any of the Group's transactions or transactions of the Group's businesses violated applicable sanctions regulations, the Group could be subject to penalties under the applicable sanctions laws, and its reputation and ability to conduct future business could be adversely affected.

The Group's businesses may be affected by supply and labour disruptions

The Group's portfolio businesses are generally exposed to risks of supply and labour disruptions. In particular, as the Group's portfolio businesses in the Regulated Utilities segment are engaged in the distribution of electricity, the distribution and transmission of gas, or the distribution of water, the robustness of the distribution and transmission networks is critical to the operations of these businesses, which are susceptible to supply interruptions. If a severe earthquake, storm, flood, fire, drought, sabotage, terrorist attack, outbreak of epidemic 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, losses from certain events, such as terrorist or cyber-attacks, may not be recoverable through insurance.

Increases in the number or duration of supply interruptions could result in a substantial uptick in the costs associated with the operation of distribution and transmission networks. The Russia-Ukraine conflict and the instability in the Middle East may continue to put energy supplies at risk and cause significant price volatility. In addition, the increased frequency of extreme weather events or natural disasters due to climate change may further elevate the number and/or duration of supply interruptions. The increase in the frequency or duration of

supply interruptions could lead to additional costs associated with operating electricity and gas distribution and transmission networks.

The labour markets in the geographies which the Group's portfolio companies primarily operate, namely the United Kingdom, Australia, New Zealand, Continental Europe, Canada, Hong Kong, and Mainland China, are undergoing major short- and long-term structural changes. Unemployment rates are at lows and people are seeking to improve work life balance. There is a high level of uncertainty in labour availability and cost. There is no assurance that the situation will improve anytime soon.

Any of these factors could have a material adverse effect on the Group's businesses, and, in turn, the Group's financial condition, results of operations or growth prospects.

Potential and actual breaches of, or changes in, environmental or health and safety laws or regulations could expose the Group's businesses to adverse regulatory consequences as well as cause reputational damage

Many aspects of the Group's businesses and their operations are inherently dangerous, such as the operation and maintenance of electricity generation and distribution businesses, and gas transmission and distribution businesses which have the potential to trigger operational hazards. Workers are often required to work at height, or in enclosed spaces. They may have to handle heavy machinery or tools or drive heavy vehicles. They may be required to operate in hostile weather environments, or with potentially hazardous products and by-products. Overground electric lines, particularly in rural areas, are susceptible to causing bushfires. In addition, certain operational aspects of the Group's businesses that are not currently regarded or proven to have adverse effects could be later found to be hazardous, such as the operations effected by electric and magnetic fields.

The Group's businesses are subject to laws and regulations governing health and safety matters to protect both the public, employees and contractors, who could potentially be harmed by these activities, as well as laws and regulations relating to pollution, the protection of the environment, and the use and disposal of hazardous substances and waste materials, which are all subject to change in the future. Any breach of these obligations, or even incidents that do not amount to a breach could adversely affect the Group's results of operations and reputation. For example, in November 2021, regulators in the UK, including Ofwat and the Environment Agency, announced investigations into all water and wastewater companies in England and Wales, including Northumbrian Water, one of the Group's portfolio businesses in the UK, regarding the improper release of sewage discharges into rivers and watercourses. In March 2022, Ofwat commenced an enforcement case against five companies, including Northumbrian Water, in relation to this matter. On 6 August 2024, as part of its proposed decision, Ofwat proposed a fine of GBP17.0 million for Northumbrian Water. Ofwat is now consulting on the proposed fine and proposed enforcement orders, which may require Northumbrian Water to take additional action to ensure it is compliant with the legal and regulatory obligations that Ofwat has outlined. In addition to potential fines, which may be imposed by the regulators, any findings of breaches of, or non-compliance with, the relevant laws and regulations could negatively impact Northumbrian Water's reputation and customer rating. In addition, regulatory actions, such as this, can increase the likelihood of legal proceedings, including potential class action lawsuits, against utility companies, such as Northumbrian Water. These legal challenges, even if without merit, may cause reputational harm and distract management from its primary business objectives, and could result in monetary damages that may negatively impact the portfolio businesses' results of operations and financial condition, which may in turn have a material adverse impact on the Group's financial condition, results of operations or growth prospects.

The Group and its businesses are also increasingly subject to regulations in relation to climate change. While the Group commits significant expenditure towards complying with these laws and regulations, the cost of future environmental obligations is often inherently difficult to estimate. If additional and more onerous requirements are imposed on the Group or its businesses are less able to recover additional costs imposed, the Group's business, results of operations and financial condition may be materially and adversely affected.

Environmental regulations may impact the Group's operations

The Group is required to comply with numerous laws and regulations relating to the protection of the environment and land use in the United Kingdom, Australia, New Zealand, Continental Europe, Canada, Hong Kong, Mainland China and elsewhere. These laws and regulations may change over time.

The Group believes that it and its businesses have obtained all material environmental approvals currently required to operate their facilities. The Group has also strategically implemented Environmental Management Systems ("EMS") to ensure strict adherence to relevant environmental regulations. However, the Group and its businesses may incur significant additional costs as a result of current and future environmental regulations and

requirements to obtain approvals. In addition, there can be no assurance that the requirements to obtain such approvals may not become more stringent in the future and that such approvals would be renewed when they expire. Furthermore, there is a risk that some environmental agencies may seek to retroactively alter certain permitting conditions, particularly in cases where certain practices were established and agreed upon in principle but were not documented.

In addition, the Group's businesses may be significantly impacted by evolving environmental regulations and decarbonisation efforts in the countries where they operate. For instance, some countries aim to drastically reduce the use of gas, particularly for heating homes, which could render gas distribution networks as stranded assets. Similarly, the Group's investments in gas-fired power plants, such as Seabank Power and Canadian Power, could face prohibitions or prohibitive carbon emitting taxes or tariffs in the future due to environmental regulations. Decarbonisation commitments may also lead to bans on diesel trains, potentially stranding a significant portion of UK Rail's diesel fleet. Additionally, there is a risk that governments or regulators may restrict certain types of energy production currently deemed sustainable in the future. For example, waste coal mine gas powered stations owned by one of the Group's portfolio businesses, EDL, use extracted methane from its clients' coal mines to generate electricity. The operations will be negatively affected if governments or regulators restrict coal mine operations. Furthermore, many countries are seeking to implement more environmentally friendly waste management solutions, such as increased recycling, which could render landfill and waste incineration redundant in the longer term, thereby affecting the businesses of Enviro NZ and Dutch Enviro Energy.

Failure to comply with environmental laws and regulations could result in the imposition of civil or criminal liabilities, the imposition of liens or fines and additional expenditures to bring the facilities into compliance, which would have a material adverse effect on the Group's business, financial condition, results of operations or growth prospects.

The Group is subject to risks associated with extreme weather events or natural disasters, climate change and other environmental impacts

The Group's businesses are subject to risks of extreme weather events and natural disasters, such as earthquakes, floods, droughts, rapid freeze-thaw events, forest fires and similar disasters. For example, in the UK, the Group's portfolio businesses in the electricity distribution and gas distribution sectors are exposed to heightened risks of flooding, which may cause damage to the distribution networks and lead to supply interruptions. In Australia, the Group's portfolio businesses in electricity distribution are exposed to heightened risks of bushfires and flooding. In New Zealand, the Group's portfolio business, Wellington Electricity, is subject to heightened risk of earthquakes. In Canada, Canadian Power's Okanagan wind farms are exposed to heightened risks of bushfires. Such extreme weather events and natural disasters could interrupt business operations, disrupt supply chain, and cause financial and physical damages, any of which would have a material adverse effect on the business, financial condition, results of operations or growth prospects of the Group and its portfolio businesses.

In addition, climate change may increase the frequency and intensity of extreme weather events and result in natural disasters. The impact of climate change is already being experienced by the Group's businesses, including in the UK, through more frequent storm events, characterised by extreme wind speeds and flooding. The risk of bushfires has increased as summers become hotter and dryer, posing a particular threat to the Group's Australian electricity businesses. Since not all regulators deem extreme weather events to be "excluded items" for performance metrics, significant regulatory penalties may be incurred due to climate-related customer interruptions. More frequent extreme weather events as a result of climate changes may also lead to increases in insurance premiums, which may adversely affect the results of operations and profitability of the Group's businesses. Furthermore, some governments are also beginning to introduce legislation or regulatory requirements to restrict carbon emissions and other environmental protection measures. Disruption and damage arising from climate change as well as additional laws and regulations associated with climate change could have a material impact on the Group's businesses and adversely affect the Group's financial condition and results of operations.

The Group may be impacted by any unfavourable global economic, business or political conditions, particularly conditions in the countries where the Group's businesses operate

The Group's results of operations could be adversely affected by general conditions in the global economy and in the global financial markets, including conditions that are outside of the Group's control. Continued trade protectionism, fluctuations of major currencies, increasing international geopolitical tensions, supply chain disruptions, access to necessary labour, high inflation and high interest rates pressure in some countries, the

high cost of living causing necessary utilities bill increases not to be approved by regulators, tightening fiscal policy and monetary policy, high commodity prices and energy costs, natural disasters, pandemics (such as the COVID-19 pandemic), acts of terrorism, hostilities or the perception that hostilities may be imminent, and military conflict, have created uncertainties and volatility in the world economy and global financial markets. Slowdown in global economic growth could lead to economic contraction, commercial and consumer delinquencies, weakened consumer confidence and increased market volatility, and, as consequence, have a material adverse effect on the Group's business.

The Group is a global infrastructure company with businesses primarily in the United Kingdom, Australia, New Zealand, Continental Europe, Canada, Hong Kong, and Mainland China. Any adverse economic or political conditions in those countries and territories in which the Group's businesses operate may impact the Group's businesses and, in turn, their dividends to the Group.

Thus, any deterioration in the economic or political conditions of the countries and territories in which the Group's portfolio businesses operate could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may be impacted by fluctuations in interest rates and inflation

The interest rate cycle impacts aggregate demand from all sectors, which may, in turn, affect the Group's businesses. In recent years, interest rates have remained high in many countries and territories that the Group operates in. 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 a high interest rate environment. In particular, certain businesses in the Group are subject to regulatory regimes where local interest rates are factored into the calculation of the regulated cost of capital, which directly influences the revenue these businesses generate. The Group's regulated businesses may face the risk of timing mismatches between inflation and interest rate adjustments used to calculate defined tariffs. The impact from variations in interest rates and inflation costs are typically passed through to customers on a lagged basis. Increases in inflation and interest rates can result in losses in the short-term to the businesses, though in the long-term can be substantially recovered. There is also a risk that regulators may not fully compensate for these timing mismatches, especially in a situation where wage inflation exceeds general inflation. There can be no assurance that any changes in the regulated cost of capital can be fully mitigated by the businesses.

Furthermore, the Group's income from finance and treasury operations depends on the capital markets, interest rate and currency environment, and global economic and market conditions. Consequently, there can be no assurance that changes in these conditions will not adversely affect the Group's business, financial condition, results of operations and growth prospects.

In addition, higher interest rates generally lead to higher funding costs for capital expenditure projects, with such costs ultimately being passed on to customers through their bills in regulated businesses. In a high cost of living environment, where there is pressure to limit bill increases, regulators may approve lower levels of capital expenditure than desired. This can lead to operational inefficiencies and a gradual deterioration of the Group's asset base if timely replacement and upgrades are not made.

The Group's businesses may be affected by energy prices

Some of the Group's businesses may be affected by fluctuations in energy prices. For example, energy costs represent a significant operating expense for water companies, such as Northumbrian Water. Large fluctuations in energy prices, depending on the degree of hedging in place, can significantly impact the profitability of the Group's businesses, especially in the water sector.

In addition, the Group's investment in Husky Midstream Limited Partnership ("**Canadian Midstream Assets**") comprises oil pipelines, storage facilities and ancillary assets in Canada. Demand for Canadian Midstream Assets' services may depend on volumes of refined products and crude oil received into its system, which may be indirectly impacted by oil prices. Furthermore, Canadian Midstream Assets is also susceptible to unforeseen pipeline releases.

If the above events occur or continue to occur, they may adversely affect the Group's businesses and, in turn, the Group's financial condition and results of operations.

Currency fluctuations may impact the Group's financial performance

The Group is a global infrastructure group and is exposed to potential currency fluctuations in the countries and territories where it operates, particularly with respect to U.S. dollars, Hong Kong dollars, Australian dollars, New Zealand dollars, British pounds sterling, Canadian dollars and Euros.

The results of the Group are reported 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 the translation of the accounts of these subsidiaries, joint ventures and associates, as well as on the repatriation of earnings, equity investments and loans, may therefore impact the Group's financial conditions or results of operations, asset values and liabilities. For example, the devaluation of the British pound sterling arising from Brexit impacted all businesses that had exposure to the United Kingdom or to the British pound sterling.

To minimise currency risk exposure in respect of its investments in other countries, the Group generally employs hedging strategies, including (i) currency swaps and (ii) maintaining an appropriate level of borrowings denominated in the local currencies. However, there is no assurance that the hedges employed by the group will be sufficient or effective in fully mitigating the Group's foreign currency risk. The Group has not entered into any speculative derivative transaction.

A depreciation or fluctuation of the currencies in which the Group's businesses conduct operations relative to the Hong Kong dollar could adversely affect the Group's business, financial condition, results of operations or growth prospects.

The Group's businesses are concentrated in certain geographical markets, particularly the United Kingdom and Australia

The portfolio of the Group's businesses may be viewed as substantially concentrated in certain geographical markets. Specifically, in the year ended 31 December 2023, the Group's profits from its businesses in the United Kingdom and Australia were HK\$3,050 million and HK\$1,855 million, respectively, which amounted to 35.7% and 21.7% of the Group's profit attributable to shareholders of the Company (before unallocated items) in 2023, respectively. Any developments affecting these countries, such as 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, may materially disrupt the operations of the Group's businesses in those markets and, in turn, impact the Group's profitability and financial condition.

In recent years, the UK and Australian economies have experienced a number of headwinds including higher inflation, stagnation in living standards and higher costs of living. Following the general election held on 4 July 2024, the UK economy may be further affected by anticipated policy reforms. Any unfavourable changes following the general election could result in increased volatility in capital markets, potential changes in regulatory regimes or otherwise adversely affect financing conditions in the UK or the environment in which the Group's businesses operate. Any similar changes in the economic, social or political conditions in Australia may have a material adverse impact on the Group's business in Australia, which may impact the Group's profitability and financial condition.

Many of the Group's businesses require significant capital expenditures and continued investment

Capital expenditure investment plans for the Group's businesses, particularly its regulated businesses, such as UK Power Networks, Australian Gas Networks and SA Power Networks, are proposed and planned based on the asset conditions, regulatory compliance and government initiatives, such as net zero commitments and hydrogen plans. Such capital expenditure investment plans require a highly skilled labour force to execute and can be constrained by the availability of such labour. High targets could require significant capital investment in a short period of time. Excess demand could further increase capital investment project costs, which might result in the cost of funding not being justified by the weighted average cost of capital return allowed by the relevant regulators.

Infrastructure projects of the types undertaken by the Group's portfolio businesses typically require substantial capital expenditures during the construction phases and usually take many months, sometimes years, before they become operational and generate revenue. The time taken and the costs involved in completing construction can be adversely affected by many factors, including shortages of materials, equipment and labour, adverse weather conditions, natural disasters, labour disputes, disputes with sub-contractors, accidents, changes in government priorities and unforeseen problems and circumstances, any of which could give rise to delays in the completion of construction and/or to cost overruns. Project delays and cost overruns may become more pronounced in the immediate term due to an increase in the number of planned infrastructure projects

worldwide, which could further strain the limited number of construction firms, which draw upon a limited labour force, available to execute and deliver these projects. Construction delays can result in the loss of revenues. The failure to complete construction according to its specifications may result in liabilities, reduced efficiency and lower returns. Furthermore, as a result of the capital-intensive nature of the infrastructure businesses, in the event of a sale of infrastructure assets, there may be a limited number of potential buyers available.

A significant amount of capital expenditure is also required for the Group's businesses to maintain their assets, particularly in certain sectors, such as energy, water, sub-metering, HVAC (heating, ventilation and air conditioning) and water heaters. Although the Group's businesses have their own asset management plans, it is possible that due to unforeseen events, capital expenditure required for the replacement of assets could exceed budgeted amounts. For example, in September 2023, one of the Group's portfolio businesses, AVR, had a major fire at its waste-to-energy plant in Rozenburg, the Netherlands, resulting in the immediate shutdown of its operations. The facilities are expected to begin ramp-up of operations from the fourth quarter of 2024. While AVR's damaged facilities and loss of income due to the downtime and diversion of operations is expected to be largely covered by insurance, additional capital expenditures are expected to be required to fully replace the damaged infrastructure. While there are no arrangements in place requiring CKI to step in in such cases to cover the amounts exceeding the budget, in some cases, CKI may assist in the form of investment in additional shareholder equity or loans. Any of the above could affect the business, financial condition, results of operations or growth prospects of the Group.

CKI's ability to pay dividends and meet its obligations largely depends on the performance of its portfolio businesses and there is no guarantee that CKI's track record of dividend payment and growth may continue in the future

Since its listing on the Hong Kong Stock Exchange in 1996, CKI has grown its dividends in each of the past 27 years, achieving a compounded annual growth rate of 10.8% over that period. However, CKI's track record of dividend payment may not continue in the future. CKI's principal assets consist of its ownership stakes in its operating portfolio businesses. CKI's ability to pay dividends and fulfil its obligations depends, among other factors, on the ability of its portfolio businesses to distribute dividends, repay intercompany loans provided by CKI or extend intercompany loans to CKI. The Group's portfolio businesses are subject to regulations that may limit the amount of dividends, loans or advances they may make to CKI. Certain regulators of the regulated business of the Group, such as, for example, Ofwat in the UK, also have the powers to restrict the amount of dividends that may be paid to shareholders.

In addition, CKI's ability to pay dividends may be constrained by business considerations, such as the impact of dividends on CKI's credit ratings or competitive position. These restrictions could limit CKI's ability to pay dividends to its shareholders or fund growth opportunities.

Furthermore, as a Bermuda incorporated company and under the Bye-laws, CKI may not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (i) CKI is, or would after the payment be, unable to pay its liabilities as they become due or (ii) the realisable value of its assets would thereby become less than the aggregate of its liabilities and its issued share capital and share premium account. As a result, CKI's ability to pay dividends may be limited by such solvency and asset value tests imposed by Bermuda corporate law and the Bye-laws.

The Group may acquire other businesses, form joint ventures or make other investments that could negatively affect its operating results, dilute shareholders' ownership, increase the Group's debt or cause it to incur significant expenses

The Group has undertaken significant merger and acquisition activities in the past, and as part of its strategic growth plans, expects to continue to do so at any time in the future if there are appropriate acquisition opportunities in the market.

In pursuit of new business opportunities, the Group is experiencing more intense competition, with competing bidders being more aggressive in their valuation of assets due to abundant market liquidity, lower return requirements, higher tolerance of leverage, and an increased willingness to take market risks. There can be no assurance that due diligence and analysis conducted by the Group before undertaking merger and acquisition activities can fully uncover 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 are based on numerous assumptions, and there can be no assurance that those assumptions will withstand the test

of time. Relevant facts and circumstances used in the analyses can change over time, and new facts and circumstances may come to light, rendering previous assumptions, valuations, and analyses obsolete.

Some of these merger and acquisition activities are subject to regulatory approvals, and there can be no assurance that such approvals will be obtained. Even if granted, there may be burdensome conditions attached to such approvals. Specifically, the approval processes for foreign investments, particularly for critical infrastructure assets such as electricity and gas networks, can be longer and more complicated. Increasing geopolitical tensions have accelerated these trends, as governments have responded with additional foreign investment regulations to protect local enterprises from foreign acquisitions and to safeguard strategic assets from foreign control. Given the footprint of the Group, new merger and acquisition activities in certain markets in which it operates may also be subject to lengthy anti-trust approval processes.

The Group may not be able to integrate a target business into its portfolio successfully and may not be able to derive any synergies from the acquisition, leading to increased costs, time and resource expenditure than originally anticipated. The Group may also be exposed to different and changing political, social, legal and regulatory requirements at the local, national and international levels in the markets in which it operates. The Group may also face different cultural issues when dealing with local employees, customers, governmental authorities and pressure groups. Any of the above factors could have a material adverse effect on the Group's financial condition and results of operations.

Some of the Group's non-regulated businesses are operating in highly competitive markets

Unlike the Group's regulated businesses, which do not experience significant competition, some of the Group's non-regulated businesses, which collectively accounted for 23.4% of the Group's profit attributable to shareholders of the Company before unallocated items for the year ended 31 December 2023, operate in competitive markets and are subject to competition from both new market entrants and existing market players. For example, ista, one of the Group's portfolio businesses in Continental Europe providing sub-metering and related services, is exposed to the potential risk of customer churn upon contract renewals and tenders from its customers. Reliance Home Comfort, one of the Group's portfolio businesses in Canada providing residential home services, is exposed to similar competition risks. This competitive environment necessitates continuous efforts to retain customers and attract new ones, as well as the need to innovate and provide superior service to differentiate themselves from competitors. Failure to effectively manage these challenges could result in a significant loss of market share for the Group's non-regulated businesses, and could adversely impact the businesses', and in turn, the Group's financial condition, results of operations or growth prospects.

The Group and its portfolio businesses may be exposed to cybersecurity risks

With the fast expanding adoption of internet and networking operational technology and the rapid development of artificial intelligence technology, cyber-attacks and security breaches are occurring at a higher frequency and intensity. As the Group's businesses focus on power and infrastructure sectors, they could be particularly prone to cyber-attacks and security breaches due to their structural importance. For example, in response to the conflict in Ukraine, the UK government warned of heightened cyber threat to national infrastructure, and there can be no assurance that the security measures taken by the Group's businesses will be sufficient to prevent breaches from wherever they originate. Malicious attack, sabotage or other intentional acts may also damage the assets, systems, or data, or otherwise significantly affect corporate activities and, as a consequence, have a material adverse effect on the operational and business performance, as well as the business reputation of the Group and the Group's portfolio businesses.

Although the Group has not experienced any major damage to its infrastructure projects and assets from cyber-attacks to date, there can be no assurance that future cyber-attacks or security breaches of the Group's or its businesses' IT systems will not occur. Unauthorised access to private customer information may make the Group or its businesses liable for violations of data privacy regulations, which may in turn expose the Group or its businesses to significant regulatory fines or liabilities. As threats related to cyber security develop and grow, the Group and its businesses may also find it necessary to make further investments to enhance cybersecurity, which may impact the Group's results of operations and financial condition.

The Group may be impacted by non-compliance with personal data protection legislation

In the ordinary course of their 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 the regulatory focus on privacy issues continues to increase and worldwide laws and regulations concerning the handling of

personal information expand and become more complex, potential risks related to personal data collection and use within the Group's businesses are expected to intensify.

In the event that any relevant business of the Group is unable to meet its obligations under applicable data protection laws, it may be subject to regulatory action or civil claims. The cost of regulatory or legal actions, and any monetary or reputational damage suffered as a result of such action, could have a material adverse effect on the Group's financial condition and results of operations.

Potential social incidents and terrorist attacks could affect the Group's activities

The Group has a diversified portfolio of businesses across the United Kingdom, Australia, New Zealand, Continental Europe, Canada, Hong Kong, and Mainland China. In recent years, a series of social incidents and terrorist activities occurred across the globe that resulted in economic losses, multiple deaths and casualties, persistent supply chain disruptions and volatility in commodity markets. As the Group's businesses focus on power and infrastructure sectors that could be perceived as parts of critical infrastructure, they may be particularly targeted by terrorist activities due to their systemic importance.

There can be no assurance that countries and territories in which the Group's businesses operate will not have any social incidents or they will be immune from terrorist threat, and if these events occur, they may have an adverse impact on the Group's business, financial condition, results of operations or growth prospects.

Key partners are critical to the Group's pursuit of its stated strategies

Most of the Group's businesses are conducted through non-wholly owned subsidiaries, associates, internal joint ventures, and, to a lesser extent, external joint ventures in which the Group shares control. These arrangements provide strategic benefits, such as expertise, shared resources and market access. The Group works particularly closely in alliances with Power Assets and CK Asset Holdings Limited ("CK Asset"). Any material disruptions in the businesses of these partners could affect the Group as it may limit the Group's ability to form the necessary alliances to participate in future acquisitions and other investments.

There can be no assurance that any of the Group's external 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.

Furthermore, the Group's 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 or other difficulties; or (e) be unable or unwilling to fulfil their obligations under the joint ventures, which may affect the Group's business, financial condition, results of operations or growth prospects. Additionally, a key risk of joint ventures is the potential for disputes with joint venture partners, which could adversely affect or cause stagnation in the Company's operations, financial condition, and business prospects. In particular, if the Group and its joint venture partners are unable to align their interests and objectives, the Group's pursuit of its strategies and potential acquisitions and investments may be materially and adversely impacted.

Damage to the Group's reputation or the reputation of one of its affiliates could damage its businesses

The Group's portfolio is primarily comprised of regulated businesses, and maintaining trust in the Group is critical to its ability to maintain strong relationships with the relevant regulators as well as investors and employees. Damage to the Group's reputation can therefore cause significant harm to its business and prospects. Harm to the Group's reputation can arise from numerous sources, including, among others, employee misconduct, security breaches, compliance failures, litigation or regulatory outcomes, or governmental investigations. For example, the current enforcement action of Ofwat against Northumbrian Water may cause reputational damage, which may affect customer ratings and, in turn, adversely affect its business and results of operations. The Group also has strategic alliances with its affiliated companies, and the Group's reputation could also be harmed by the failure of an affiliate, a vendor or other third parties with which it does business, to comply with laws or regulations.

In addition, any failure or perceived failure of any of the Group's portfolio businesses to deliver appropriate standards of service and quality or to handle or use confidential information appropriately can result in user or regulators' dissatisfaction, litigation and heightened regulatory scrutiny, all of which can lead to lost turnover, higher operating costs and harm to the Group's and its businesses' reputation. Adverse publicity or negative information posted on social media regarding the Group or its businesses, whether or not true, may result in reputational harm, and have a material adverse effect on the Group's business and prospects. Should any of

these or other events or factors that can undermine the Group's reputation occur, there is no assurance that the additional costs and expenses that it may need to incur to address the issues giving rise to the reputational harm could not adversely affect its business and results of operations.

The Group's goals and objectives related to environmental or sustainability matters may be costly to accomplish and failure to meet them may negatively impact the Group's reputation and business

In alignment with global commitments, CKI has established and announced goals to achieve a 50% reduction in its Scope 1 and 2 greenhouse gas ("GHG") emissions by 2035, taking 2020 as baseline, and is committed to the pursuit of net zero by 2050. Goal statements such as these reflect the Group's current plans and aspirations and are not guarantees that it will be able to achieve them as these goals and objectives could be difficult to quantify and implement and may be beyond the Group's control. The Group's efforts to accomplish and accurately report on these goals and objectives present numerous operational, reputational, financial, legal and other risks, any of which could have a material negative impact on the Group's reputation and business. The Group may be required to expend significant resources to meet its sustainability goals, which could increase its operational costs. Further, there can be no assurance of the extent to which the Group's environmental or sustainability goals will be achieved, if at all, including on the timeline currently planned, or that any future investments the Group makes in furtherance of achieving its goals will meet its expectations and needs.

Any failure, or perceived failure, by the Group to achieve its environmental or sustainability goals, further its initiatives or adhere to its public statements could harm the Group's reputation or lead to adverse publicity and reaction from investors, advocacy groups or other stakeholders, which may adversely affect the Group's financial condition, results of operations and growth prospects.

The Group is subject to the regulatory requirements of having a controlling shareholder

Similar to the issued ordinary shares of CKI, the issued ordinary shares of CK Hutchison are also listed on the Hong Kong Stock Exchange. Although CKI believes that its relationship with CK Hutchison provides it with significant business advantages, the relationship also gives rise to connected transactions implications under the HK Listing Rules. Accordingly, any transactions entered into between the Group and CK Hutchison, its subsidiaries or associates may constitute connected transactions for the Company. Unless one of the exemptions is available, such connected transactions will be subject to compliance with the applicable requirements of the HK Listing Rules, which depending on the size of the transaction, may require an announcement to be published, independent shareholders' approval for the transaction and disclosure in the annual report. If independent shareholders' approval is required, this may affect the ability of the Company to enter into the transaction with CK Hutchison, its subsidiaries or associates (as the case may be).

In addition, the concentration of ownership in the Company by CK Hutchison following Admission may have the effect of delaying, deferring or preventing a change of control, merger, consolidation, takeover or other business combination or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company, which in turn could have an adverse effect on the trading price of the Shares.

2. Risks Related to the Company's Governance Structure

Legislation enacted in Bermuda as to Economic Substance may affect the Group's operations

Pursuant to the Economic Substance Act 2018 (as amended) of Bermuda (the "ES Act") that came into force on 1 January 2019, a registered entity other than an entity which is resident for tax purposes in certain jurisdictions outside Bermuda ("non-resident entity") that carries on as a business any one or more of the "relevant activities" referred to in the ES Act must comply with economic substance requirements. The ES Act may require in-scope Bermuda entities, which are engaged in such "relevant activities", to be directed and managed in Bermuda, have an adequate level of qualified employees in Bermuda, incur an adequate level of annual expenditure in Bermuda, maintain physical offices and premises in Bermuda or perform core income-generating activities in Bermuda. The list of "relevant activities" includes carrying on any one or more of banking, insurance, fund management, financing, leasing, headquarters, shipping, distribution and service centre, intellectual property and holding entities.

Based on the ES Act currently, for so long as the Company is a non-resident entity, it is not required to satisfy any such economic substance requirements other than providing the Bermuda Registrar of Companies annually information, including the jurisdiction in which it claims to be resident for tax purposes together with sufficient evidence to support that tax residence. Although it is presently anticipated that the ES Act will have little material impact on the Company or its operations, as the legislation is new and remains subject to further

clarification and interpretation, it is not currently possible to ascertain the precise impact of the ES Act on the Company.

The Bermuda Registrar of Companies is responsible for monitoring and enforcing the economic substance regime. The ES Act provides for civil penalties, subject to rights of appeal, up to US\$250,000 to be applied in relation to non-compliance with the applicable economic substance requirements. If, after the civil penalties have been exhausted, an entity continues its failure to comply, the Registrar may apply to the Bermuda court for an order in such terms as it thinks fit. This may include an order for striking off the entity. Further, knowingly providing false declaration information to the Bermuda Registrar is an offence punished by up to US\$10,000, imprisonment for two years, or both. If the Company is found to be operating in violation of the ES Act, it may be subject to civil penalties and administrative actions, including a possible order to cease operations in Bermuda or be struck off, potentially adversely affecting the Group's business and results of operations.

Exchange Control

The permission of the Bermuda Monetary Authority is required, under the provisions of the Exchange Control Act 1972 and related regulations, for all issuances and transfers of shares (which includes the Shares) of Bermuda companies to or from a non-resident of Bermuda for exchange control purposes, other than in cases where the Bermuda Monetary Authority has granted a general permission. The Bermuda Monetary Authority, in its notice to the public dated June 1, 2005, has granted a general permission for the issue and subsequent transfer of any securities of a Bermuda company from and/or to a non-resident of Bermuda for exchange control purposes for so long as any "Equity Securities" of the company (which would include the Shares) are listed on an "Appointed Stock Exchange" (which would include the Hong Kong Stock Exchange and the London Stock Exchange). In granting the general permission the Bermuda Monetary Authority accepts no responsibility for the Company's financial soundness or the correctness of any of the statements made or opinions expressed in this Prospectus.

If the Shares cease to be listed on an "Appointed Stock Exchange", save for some exceptions, the Bermuda Monetary Authority's consent will be required for any transfer, affecting the free transferability of the Shares and making any transfer a more time consuming and costly process.

Indemnification of Directors and Officers

Section 98 of the Bermuda Companies Act provides generally that a Bermuda company may indemnify its directors, officers and auditors against any liability which by virtue of any rule of law would otherwise be imposed on them in respect of any negligence, default, breach of duty or breach of trust, except in cases where such liability arises from fraud or dishonesty of which such director, officer or auditor may be guilty in relation to the company. Section 98 further provides that a Bermuda company may indemnify its directors, officers and auditors against any liability incurred by them in defending any proceedings, whether civil or criminal, in which judgment is awarded in their favour or in which they are acquitted or granted relief by the Supreme Court of Bermuda pursuant to section 281 of the Bermuda Companies Act.

The Company has adopted provisions in the Bye-laws that provide that the Company shall indemnify its officers and directors in respect of their actions and omissions, except in respect of their fraud or dishonesty. The Bye-laws provide that the shareholders of the Company waive all claims or rights of action that they might have, individually or in right of the company, against any of the Company's directors or officers for any act or failure to act in the performance of such director's or officer's duties, except in respect of any fraud or dishonesty of such director or officer. Section 98A of the Bermuda Companies Act permits the Company to purchase and maintain insurance for the benefit of any officer or director in respect of any loss or liability attaching to him in respect of any negligence, default, breach of duty or breach of trust, whether or not the Company may otherwise indemnify such officer or director. The Company's directors' and officers' liability is covered under CK Hutchison's policy.

The indemnification obligations and the general waiver included in the Bye-laws may discourage shareholders from bringing a lawsuit against the Company's officers or directors for breach of their fiduciary duty. Furthermore, a shareholder's investment may be adversely affected to the extent the Company pays the costs of settlement and damage awards against its officers and directors pursuant to these indemnification provisions.

3. Risks Related to the Shares

An active trading market may not develop or be sustained in the future

Although CKI has applied to the FCA for admission of the Shares to listing in the Equity Shares (International Commercial Companies Secondary Listing) (“ESICC”) category of the Official List and has applied to the London Stock Exchange for admission of the Shares to trading on the Main Market, and although the Shares are already listed on the Hong Kong Stock Exchange, CKI can give no assurance that an active trading market for the Shares will develop in the United Kingdom or, if developed, can be sustained. If an active trading market is not developed or maintained, the liquidity and trading price of the Shares could be adversely affected.

Volatility in the value and the market price for the Shares

The market price for the Shares may be volatile and subject to fluctuations in response to numerous factors, many of which are beyond the Group’s control, including but are not limited to:

- variations in operating results;
- macro-economic conditions;
- rumour or speculation in the market;
- foreign currency exchange fluctuations relating to the denominations in which the Group conducts business;
- market conditions in the industries of the Group’s businesses as well as in the regions where the Group’s businesses operate;
- actual or expected changes in the Group’s growth rates or competitors’ growth rates;
- changes in the market valuation of similar companies;
- trading volume of the Shares;
- sales of the Shares by shareholders; and
- adoption or modification of regulations, policies, procedures or programmes affecting the Group’s businesses.

Financial markets have experienced significant price and volume fluctuations during the years that have particularly affected market prices of equity securities, in contrast with the operating performance, prospects or underlying asset values of these companies.

Also, certain institutional investors may base their investment decisions on consideration of the Group’s environmental, governance and social practices. If the performance of the Group fails to meet those institutions’ respective investment guidelines and criteria, this may result in a limited or no investment in the Shares by those institutions, which could adversely affect the trading price of the Shares.

There is no assurance that continuing fluctuations in the price and volume of publicly traded equity securities will not occur. If increased levels of volatility and market turmoil occur, the trading price of the Shares may be adversely affected.

Substantial future sales of the Shares, or the perception that such sales might occur, or offerings of the Shares, could depress the market price of the Shares

The Group cannot predict what effect, if any, future sales of the Shares, or the availability of the Shares for future sale, or the offering of additional Shares in the future, will have on the market price of the Shares. There are no lock-ups or other specific contractual or regulatory restrictions on the Company’s controlling shareholder selling Shares at any time following Admission, nor are there any similar restrictions on the Company issuing new Shares at any time following Admission (other than the terms for issuing new Shares under the general share issuance mandate granted by shareholders to the Board at the Company’s annual general meeting held on 22 May 2024). Sales or an additional offering of substantial numbers of the Shares in the public market, or the perception or any announcement that such sales or an additional offering could occur, could adversely affect the market price of the Shares and may make it more difficult for shareholders to sell their Shares at a time and price which they deem appropriate, which may also impede the Group’s ability to raise capital through the issue of equity securities.

Future issues of the Shares could be dilutive

In the future the Group may seek to raise financing to fund acquisitions and other growth opportunities or for other corporate purposes. The Group may, for these and other purposes, issue additional equity or convertible equity securities in the Group, and there is no guarantee that any such issuance would be conducted on a pre-emptive basis. As a result of any such issuance, existing holders of the Shares may suffer dilution in their percentage ownership and/or the market price of the Shares may be adversely affected. At each annual general meeting of the Company, the Company seeks the approval of shareholders to grant a general share issuance mandate to the Board to issue, allot and dispose of additional shares of the Company subject to the limitations set out in the HK Listing Rules. At the Company's annual general meeting held on 22 May 2024, shareholders of the Company granted a general share issuance mandate to the Board, which is valid until the Company's next annual general meeting, to issue, allot and dispose of additional shares in the Company not exceeding ten per cent. of the total shares in issue as at the date of such meeting.

Dual listing on the Hong Kong Stock Exchange and the London Stock Exchange may lead to an inefficient market in the Shares

Dual listing of the Shares will result in differences in liquidity, settlement and clearing systems, trading currencies, prices and transaction costs between the Hong Kong Stock Exchange and the London Stock Exchange, where the Shares will be quoted. These and other factors can hinder the transferability of the Shares between the two exchanges.

The Shares are quoted and traded in HK\$ on the Hong Kong Stock Exchange. The Shares will be quoted and traded in GBP on the London Stock Exchange. The market price of the Shares on those exchanges may also differ due to exchange rate fluctuations.

Consequently, the trading in, and liquidity of, the Shares will be split between these two exchanges. The characteristics of the Hong Kong and UK capital markets are different. The Hong Kong Stock Exchange and the London Stock Exchange have different trading hours, trading characteristics (including trading volume and liquidity), trading and listing rules, market regulations, and investor bases. As a result of these differences, the price of the Shares may fluctuate and may at any time be different on the Hong Kong Stock Exchange and the London Stock Exchange, even allowing for currency differences. This could adversely affect the trading of the Shares on these exchanges and increase their price volatility and adversely affect the price and liquidity of the Shares on these exchanges. As a result of the different characteristics of the Hong Kong and UK equity markets, the historical market prices of the Shares on the Hong Kong Stock Exchange may not be indicative of the performance of the Shares on the London Stock Exchange after Admission.

Shareholders trading on the London Stock Exchange will be issued with depositary interests in respect of the Shares within CREST

On Admission, holders of the Shares will be able to hold and transfer interests in the Shares within CREST pursuant to a depositary interest arrangement established by CKI. The Shares will not themselves be directly admitted to CREST; rather, the depositary will issue the depositary interests in respect of the underlying Shares. Holders of DIs may experience delays in receiving any dividends paid by CKI, may receive proxy forms later than other shareholders and may have to act earlier than other shareholders when casting votes at general meetings of CKI, by virtue of the administrative process involved in connection with holding DIs.

Trading in the Shares may be suspended

The Shares are currently traded on the Hong Kong Stock Exchange. The Hong Kong Stock Exchange has, and the London Stock Exchange will have, following Admission, the right to suspend the Shares from trading on the Hong Kong Stock Exchange and/or the London Stock Exchange (as applicable) in certain circumstances, such as if it is necessary for the maintenance of an orderly market or for the protection of investors. The Hong Kong Stock Exchange may also suspend trading in the Shares in other circumstances, including if it considers that there are insufficient Shares in the hands of the public (and for the purpose of the Company's listing on the Hong Kong Stock Exchange, it is required to maintain a minimum public float of approximately 15.2%) or that the Company or its business is no longer suitable for listing. If the Shares are suspended from trading, shareholders may be unable to dispose of their Shares on the Hong Kong Stock Exchange and/or the London Stock Exchange (as the case may be).

The Shares may be delisted from the London Stock Exchange and/or the Hong Kong Stock Exchange

In certain circumstances, the Shares may be delisted from the London Stock Exchange and/or the Hong Kong Stock Exchange. Delisting could have a significant negative impact on the liquidity of the Shares and on shareholders' ability to sell the Shares at a satisfactory price.

The Hong Kong Stock Exchange may cancel the listing of the Shares on the Hong Kong Stock Exchange in certain circumstances, including if it considers that the Company or its business is no longer suitable for listing or if the Shares have been suspended from trading for a continuous period of 18 months. The listing of the Shares on the Hong Kong Stock Exchange may only be voluntarily withdrawn by the Company where it has obtained prior shareholder approval or where the Company is being privatised by way of a scheme of arrangement or where the Company is subject to a general offer and a right of compulsory acquisition is exercised by the offeror resulting in the acquisition of all the shares in the Company.

The FCA may cancel the listing of the Shares on the London Stock Exchange if satisfied that there are special circumstances precluding the normal and regular dealings in the Shares. In addition, as the Company is seeking admission to listing in the ESICC category of the Official List, which requires maintaining a qualifying home listing abroad, a delisting of the Shares from the Hong Kong Stock Exchange would disqualify the Shares from listing in the ESICC category. This could lead to a delisting of the Shares from the London Stock Exchange if the Company does not establish an alternative "qualifying home listing" abroad prior to any delisting of the Shares from the Hong Kong Stock Exchange, or if the Company does not qualify for a listing in another category, such as the Equity Shares (Commercial Companies) category, of the Official List.

The listing of the Shares on the London Stock Exchange may also be cancelled at the request of the Company, subject to the Company giving notice of at least 20 business days in England of the proposed cancellation of the listing. As the Company is seeking in the ESICC category, it would not be required by the UK Listing Rules to seek shareholder approval to effect a cancellation of its London Stock Exchange listing.

PART 3

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

1. General

No representation or warranty, express or implied, is made and no responsibility or liability is accepted by any person, other than the Company and the Directors, as to the accuracy, completeness, verification or sufficiency of the information contained herein, and nothing in this Prospectus may be relied upon as a promise or representation in this respect, as to the past or future. No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Company or the Directors. The delivery of this Prospectus shall not, under any circumstances, create any implication that there has been no change in the Company's business or affairs since the date of this Prospectus or that the information contained herein is correct as of any time subsequent to its date.

This Prospectus speaks only as of the date hereof. The contents of this Prospectus are not to be construed as legal, business or tax advice. This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Company, the Directors or any of its advisers or any of their respective affiliates or representatives regarding the securities of the Company.

The Shares have not been, and will not be, registered under the U.S. Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States and may not be offered or sold in the United States absent registration except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Neither the U.S. Securities and Exchange Commission nor any U.S. federal or state securities commission or regulatory authority has approved or disapproved the Shares or confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

The distribution of this Prospectus in certain jurisdictions may be restricted by law. Other than in the United Kingdom, no action has been taken or will be taken to permit the possession or distribution of this Prospectus in any jurisdiction where action for that purpose may be required or where doing so is restricted by law. In the United States, you may not distribute this Prospectus or make copies of it without the Company's prior written consent other than to people you have retained to advise you in connection with this Prospectus. Accordingly, neither this Prospectus nor any advertisement nor any offering material may be distributed or published in any jurisdiction, other than in the United Kingdom, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

This Prospectus does not constitute a "prospectus" under the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance. This Prospectus is not an offer or invitation to the public in Hong Kong to subscribe for or purchase any securities of the Company, nor is it an advertisement, invitation or document which is or contains an invitation to the public in Hong Kong to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite any securities of the Company. This Prospectus must not be regarded as an inducement to subscribe for or purchase any securities of the Company, and no such inducement is intended. This Prospectus has not been reviewed by any regulatory authority in Hong Kong.

2. Presentation of historical financial information

The historical financial information in this Prospectus has been prepared in accordance with HKFRS. The significant HKFRS accounting policies applied in the financial information of the Group are applied consistently in the historical financial information in this Prospectus.

As HKFRS was converged with IFRS from the annual reporting periods commencing from 1 January 2005, HKFRS contains wording identical to the equivalent IFRS except for the transitional provisions that were converged initially with effect from 1 January 2005. As such, the Audited Historical Financial Information (as defined below) complies with IFRS in accordance with International Accounting Standard 1, Presentation of Financial Statements.

None of the financial information used in this Prospectus has been prepared in accordance with generally accepted accounting principles in the U.S. ("U.S. GAAP") and/or audited in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"). In addition, there

could be other differences between the standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and those required by the generally accepted accounting standards in the U.S. or the auditing standards of the PCAOB.

The financial information contained in this Prospectus does not amount to statutory accounts within the meaning of section 434(3) of the UK Companies Act.

3. Historical financial and ownership information

The Company was incorporated and registered in Bermuda on 28 May 1996 with the name CHEUNG KONG INFRASTRUCTURE HOLDINGS LIMITED as an exempted company limited by shares. On 10 May 2017 the Company changed its name and was registered as CK Infrastructure Holdings Limited with the secondary name 長江基建集團有限公司.

The Group’s financial year runs from 1 January to 31 December.

The historical financial information presented in this Prospectus covers the following financial years:

- (i) as of and for the years ended 31 December 2023, 31 December 2022 and 31 December 2021; and
- (ii) as of and for the six-month period ended 30 June 2024, together with the comparative six-month period ended 30 June 2023,

and is comprised of the following:

- (i) audited consolidated financial information as of and for the years ended 31 December 2023, 2022 and 2021 (the “**Audited Historical Financial Information**”); and
- (ii) unaudited condensed consolidated interim financial information as of and for the six-month period ended 30 June 2024, together with the unaudited comparative six-month period ended 30 June 2023 (the “**Unaudited Interim Historical Financial Information**”, and together with the Audited Historical Financial Information, the “**Historical Financial Information**”).

The Audited Historical Financial Information included in Part 11 (*Audited Historical Financial Information*), which was prepared in accordance with HKFRS, is covered by an auditor’s report for each financial year, also, included in Part 11 (*Audited Historical Financial Information*). Unless otherwise stated, no other financial information presented in this Prospectus has been audited. The Unaudited Interim Historical Financial Information included in Part 12 (*Unaudited Interim Historical Financial Information*) is unaudited and was prepared in accordance with Hong Kong Accounting Standard 34, “Interim Financial Reporting” issued by the HKICPA (“**HKAS 34**”) and relevant Appendix D2 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**HK Listing Rules**”).

As HKFRS was converged with IFRS from the annual reporting periods commencing from 1 January 2005, HKFRS contains wording identical to the equivalent IFRS except for the transitional provisions that were converged initially with effect from 1 January 2005. As such, the Audited Historical Financial Information complies with IFRS in accordance with International Accounting Standard 1, Presentation of Financial Statements.

The Historical Financial Information is presented in HK\$, which is the Group’s presentational currency.

Unless stated otherwise, in this Prospectus, references to the Company’s share capital ownership mean ownership in the share capital of the respective business either directly by the Company, or indirectly, through subsidiaries, or joint ventures.

4. Segment information

The Group operates its business through seven reporting segments. The table below provides a profit contribution breakdown for each reporting segment for the periods presented:

	For the six months ended 30 June ⁽¹⁾		For the year ended 31 December ⁽¹⁾		
	2024	2023	2023	2022	2021
<i>(in HK\$ million)</i>					
Power Assets	1,082	1,066	2,162	2,033	2,208
<i>Infrastructure investment</i>					
United Kingdom	1,865	1,592	3,050	3,069	2,371
Australia	864	826	1,855	1,976	1,903
New Zealand	80	72	168	167	170
Continental Europe	419	424	535	664	694
Canada	301	402	648	617	475
Hong Kong and Mainland China . . .	96	102	117	196	316

(1) Profit contribution shown in the table represents profit attributable to shareholders of the Company before unallocated items.

In addition, the Group categorises its businesses (excluding Power Assets) into three distinct business segments. The table below provides a profit contribution breakdown for each business segment for the year ended 31 December 2023:

	For the year ended 31 December 2023	
	Profit Contribution ⁽¹⁾	Share of Group Profit (%)
<i>(in HK\$ million)</i>		
Power Assets	2,162	25.3%
Regulated Utilities segment	4,373	51.3%
Electricity Distribution	3,004	35.2%
Other Regulated Utilities	1,369	16.1%
Contracted Infrastructure segment	1,819	21.3%
Other Businesses segment	181	2.1%

(1) Profit contribution shown in the table represents profit attributable to shareholders of the Company before unallocated items.

5. Non-IFRS Measures

This Prospectus contains certain financial measures that are not defined or recognised under HKFRS or under IFRS, including Funds From Operations (“FFO”) and Adjusted EBITDA Contribution, and certain other measures (the “Non-IFRS Measures”), each as defined below.

These Non-IFRS Measures and other metrics are unaudited and are not measures recognised under IFRS, HKFRS or any other internationally accepted accounting principles. The Non-IFRS Measures and other metrics, each as defined herein, may not be comparable to similarly titled measures presented by other companies as there are no generally accepted principles governing the calculation of these measures and the criteria upon which these measures are based can vary from company to company. Even though the Non-IFRS Measures and other metrics are used by management to assess the Group’s financial results and these types of measures are commonly used by investors, they have important limitations as analytical tools, and investors should not consider them in isolation or as substitutes for analysis of the Group’s liquidity position or operating results as reported under HKFRS. The Company believes that each of these measures provides useful information with respect to the performance of the business and operations or the Group’s ability to meet its financial obligations.

Unaudited financial measures and other metrics in relation to the Group have been derived from (i) management accounts for the relevant accounting periods presented; (ii) internal financial reporting systems supporting the preparation of the Group’s historical financial information contained in Part 11 (*Audited Historical Financial Information*) and Part 12 (*Unaudited Interim Historical Financial Information*); and (iii) the Group’s other business operating systems and records. Management accounts are prepared using information derived from accounting records used in the preparation of the Group’s historical financial information in accordance with HKFRS contained in Part 11 (*Audited Historical Financial Information*) and Part 12 (*Unaudited Interim Historical Financial Information*) but may also include certain other assumptions and analyses.

These measures are not a measurement of financial performance under HKFRS or IFRS and should not be considered as alternatives to other indicators of the Company's operating performance, cash flows or any other measure of performance derived in accordance with HKFRS. See "Other Financial Data: Non-IFRS Measures" under Part 8 (*Selected Financial Information*) for a reconciliation of these Non-IFRS Measures to their respective nearest HKFRS measure.

Non-IFRS measures of financial performance

The Company considers its core operating performance in any period to be that which management can affect in any particular period. The Company believes that its Non-IFRS Measures of financial performance allow the Company to evaluate its underlying operating performance by including or excluding certain items that the Company does not consider indicative of, or that may impair period-to-period comparability of, its core operating performance. In addition, the Company uses these Non-IFRS Measures of performance in developing internal budgets, forecasts and strategic plans, in analysing the effectiveness of the Company's business strategies, in evaluating potential acquisitions, in making compensation decisions and in communications with the Company's stakeholders concerning its financial performance.

The key Non-IFRS Measures of financial performance of the Group, together with their definitions, are:

- FFO, which is defined as the sum of its net cash from operating activities, dividends received from associates and dividends received from joint ventures; and
- Adjusted EBITDA Contribution, which is defined as profit attributable to shareholders of the Company before unallocated items, finance cost, taxation, depreciation and amortisation and before share of finance cost, taxation, depreciation and amortisation of joint ventures and associates.

6. Currency presentation

Unless otherwise indicated, in this Prospectus: all references to "British pound sterling", "GBP" or "£" are to the lawful currency of the United Kingdom; all references to "Euro", "EUR" or "€" are to the single currency of the participating member states of the European Union participating in the third stage of economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended or supplemented from time to time; all references to "US dollar", "US\$" or "USD" are to the lawful currency of the United States; all references to "Hong Kong dollar", "HK\$" or "HKD" are to the lawful currency of Hong Kong; all references to "AUD" or "A\$" are to the lawful currency of Australia; all references to "New Zealand dollar", "NZ\$" or "NZD" are to the lawful currency of New Zealand; all references to "Canadian dollar", "CAD" or "C\$" are to the lawful currency of Canada; and all references to "RMB" are to the lawful currency of the People's Republic of China.

The following table sets forth, for the periods indicated, information concerning the high, low, period average and period end exchange rates for Hong Kong dollars, expressed as the number of Hong Kong dollars per British pound sterling. The rates set forth below are provided solely for your convenience and were not used in the preparation of the Company's financial statements and other financial information included elsewhere in this Prospectus. No representation is made that British pound sterling could have been, or could be, converted into Hong Kong dollar at that rate or at any other rate.

Year	High	Low	Average	Period End
			(HK\$ per £1.00)	
2021	11.04	10.30	10.69	10.55
2022	10.68	8.38	9.68	9.44
2023	10.27	9.29	9.74	9.95
2024 (through 1 August 2024)	10.16	9.68	9.91	9.95

Source: *Exchange-Rates.org*

7. Times

All times referred to in this Prospectus are, unless otherwise stated, references to the time in London, UK.

8. Rounding

Certain data in this Prospectus, including financial, statistical, and operating information has been rounded. As a result of the rounding, the totals of data presented in this Prospectus may vary slightly from the actual

arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100%.

9. Market, economic and industry data

The Group uses certain market data and industry data in this Prospectus. Unless the source is otherwise stated, the market, economic and industry data in this Prospectus constitute the Directors' estimates, using underlying data from independent third parties.

The Company confirms that all third-party data contained in this Prospectus has been accurately reproduced and, so far as the Company is aware and able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. However, third-party market studies and analyses are frequently based on assumptions, and such assumptions may not be accurate or technically correct. Moreover, the methodology of such market studies and analyses may be forward-looking and speculative. Where third-party information has been used in this Prospectus, the source of such information has been identified.

The Group does not intend, and does not assume any obligation, to update industry or market data set forth in this Prospectus. Because market behaviour, preferences and trends are subject to change, prospective investors should be aware that market and industry information in this Prospectus and estimates based on any data therein may not be reliable indicators of future market performance or the Group's future results of operations.

While the Directors believe the third-party information included therein to be as reliable as third-party information can be, the Company has not independently verified such third-party information.

10. Service of process and enforcement of civil liabilities

CKI is a Bermuda exempted company. As a result, the rights of holders of the Shares will be governed by Bermuda law and the Company's memorandum of association and the Bye-laws. The rights of shareholders under Bermuda law may differ from the rights of shareholders of companies incorporated in other jurisdictions. Many of the Directors are not residents of the United Kingdom. As a result, it may be difficult for investors to effect service of process on those persons in the United Kingdom or to enforce in the United Kingdom judgments obtained in United Kingdom courts against the Company or those persons based on the civil liability provisions of the United Kingdom securities laws. It is doubtful whether courts in Bermuda will enforce judgments obtained in other jurisdictions, including the United Kingdom, against the Company or its directors or officers under the securities laws of those jurisdictions or entertain actions in Bermuda against the Company or its directors or officers under the securities laws of other jurisdictions.

11. No incorporation of website information

The contents of the Company's website do not form part of this Prospectus.

12. Definitions and glossary

Certain terms used in this Prospectus, including all capitalised terms and certain technical and other items, are defined and explained in Part 15 (*Definitions and Glossary*).

The terms "the Company" and "CKI" in this Prospectus refer to CK Infrastructure Holdings Limited, unless specified otherwise. The terms "we", "our" and "us" in this Prospectus refer to the Group, unless specified otherwise.

13. Information not contained in this Prospectus

No representation or warranty, express or implied, is made and no responsibility or liability is accepted by HSBC or any of its affiliates, as to the accuracy, completeness, verification or sufficiency of the information contained herein and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by any of the Company's advisers or any of their respective affiliates as to the past, present or future. No person has been authorised to give any information or make any representation other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been so authorised. The delivery of this Prospectus shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Prospectus or that the information in this Prospectus is correct as of any time subsequent to the date hereof.

14. Information regarding forward-looking statements

This Prospectus includes forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Group's control and all of which are based on the Directors' current beliefs and expectations about future events. These forward-looking statements can be identified by the use of terminology such as, "aims", "anticipates", "assumes", "believes", "budgets", "could", "contemplates", "continues", "estimates", "expects", "intends", "may", "plans", "predicts", "projects", "schedules", "seeks", "shall", "should", "targets", "would", "will" or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout this Prospectus and include statements regarding the intentions, beliefs or current expectations of the Directors or the Group concerning, among other things, the results of operations, financial condition, prospects, growth, strategies, and the Group's dividend policy and the industry in which we operate. In particular, the statements under the headings "*Summary*", "*Risk Factors*", "*Business*" and "*Operating and Financial Review*" regarding the Company's strategy and other future events or prospects are forward-looking statements.

These forward-looking statements and other statements contained in this Prospectus regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties we face. Such risks, uncertainties and other important factors include, but are not limited to, those listed under the heading "*Risk Factors*", including changes in economic conditions, the Group's competitive environment, the Group's ability to execute its strategies, supply and demand forecasts, as well as other factors within and beyond the Group's control that may affect its planned strategies and operational initiatives including actions taken by counterparties.

By their nature, forward-looking statements are based upon a number of estimates and assumptions that, whilst considered reasonable by the Company are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those indicated, expressed or implied in such forward-looking statements.

The forward-looking statements contained in this Prospectus speak only as at the date of this Prospectus and do not seek to qualify the working capital statement in Section 22 (*Working Capital*) of Part 14 (*Additional Information*) of this Prospectus. Subject to the requirements of the UK Listing Rules, HK Listing Rules, Prospectus Regulation Rules, the DTRs, UK MAR or any other applicable UK, Hong Kong, Bermuda or other applicable laws, as appropriate, the Directors, the Company and the Group explicitly disclaim any intention or obligation or undertaking to publicly release the result of any revisions to any forward-looking statements made in this Prospectus that may occur due to any change in the Directors', the Company's or the Group's expectations or to reflect events or circumstances after the date of this Prospectus.

PART 4
DIRECTORS, SECRETARY, REGISTERED AND HEAD OFFICES, ADVISERS, AND TIMETABLE
OF PRINCIPAL EVENTS

Directors	Li Tzar Kuoi, Victor (<i>Chairman and Executive Director</i>) Kam Hing Lam (<i>Group Managing Director and Executive Director</i>) Ip Tak Chuen, Edmond (<i>Deputy Chairman and Executive Director</i>) Fok Kin Ning, Canning (<i>Deputy Chairman and Executive Director</i>) Frank John Sixt (<i>Executive Director</i>) Andrew John Hunter (<i>Deputy Managing Director and Executive Director</i>) Chan Loi Shun (<i>Chief Financial Officer and Executive Director</i>) Chen Tsien Hua (<i>Executive Director</i>) Cheong Ying Chew, Henry (<i>Independent Non-executive Director</i>) Kwok Eva Lee (<i>Independent Non-executive Director</i>) Sng Sow-mei alias Poon Sow Mei (<i>Independent Non-executive Director</i>) Lan Hong Tsung, David (<i>Independent Non-executive Director</i>) Paul Joseph Tighe (<i>Independent Non-executive Director</i>) Lee Pui Ling, Angelina (<i>Non-executive Director</i>) George Colin Magnus (<i>Non-executive Director</i>)
Company Secretary	Eirene Yeung
Registered office of the Company	Clarendon House Church Street Hamilton HM11 Bermuda
Principal place of business of the Company	12th Floor Cheung Kong Center 2 Queen's Road Central Hong Kong
Listing Agent	HSBC Bank plc 8 Canada Square London E14 5HQ United Kingdom
English and US legal advisers to the Company	Latham & Watkins (London) LLP 99 Bishopsgate London EC2M 3XF United Kingdom
Hong Kong legal advisers to the Company	Freshfields Bruckhaus Deringer 55th Floor, One Island East Taikoo Place, Quarry Bay Hong Kong
English and US legal advisers to the Listing Agent	Linklaters LLP One Silk Street London EC2Y 8HQ United Kingdom

Auditor and reporting

accountant Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F One Pacific Place
88 Queensway
Hong Kong

Hong Kong Branch Registrar Computershare Hong Kong Investor Services Limited

Depository Computershare Investor Services PLC

Principal Share Registrar . . . Computershare Investor Services (Bermuda) Limited

Expected timetable of principal events

Event	Time and Date ⁽¹⁾
Publication of Prospectus	14 August 2024
Admission and commencement of dealings	8.00 a.m. on 19 August 2024

(1) References to times are to London times. Each of the times and dates is subject to change without further notice.

PART 5 CONSEQUENCES OF AN ESICC LISTING

1. UK Listing Rules

An application will be made for the Shares to be admitted to listing in the ESICC category of the Official List pursuant to Chapter 14 of the UK Listing Rules, which sets out the requirements for a listing in the ESICC category. An ESICC listing affords subscribers and purchasers of Shares a lower level of regulatory protection than that afforded to investors in companies whose securities are admitted to listing in the Equity Shares (Commercial Companies) (“ESCC”) category of the Official List, which are subject to additional obligations under the UK Listing Rules.

A company with a listing in the ESICC category is not currently eligible for inclusion in any of the FTSE indices, including the FTSE 100, FTSE 250, FTSE 350 and FTSE All-Share, among others.

UK Listing Rules which are applicable to an ESICC Listing

An applicant that is applying for a listing of equity securities in the ESICC category must comply with all the requirements listed in Chapter 1 of the UK Listing Rules, which specifies the requirements for listing for all securities, Chapter 2 of the UK Listing Rules, which specifies the Listing Principles, Chapter 14 of the UK Listing Rules, in relation to listing and the continuing obligations of a company with equity securities admitted to listing in the ESICC category, and Chapter 21 of the UK Listing Rules, in relation to the suspending, cancelling and restoring listing and transfer between listing categories.

Specifically, while the Company has a listing in the ESICC category, it is required to comply with the provisions of, among other things:

- Listing Principle 1 of Chapter 2 of the UK Listing Rules regarding taking reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations;
- Listing Principle 2 of Chapter 2 of the UK Listing Rules regarding dealing with the FCA in an open and cooperative manner;
- Chapter 14 of the UK Listing Rules containing provisions relating to the forwarding of circulars and other documentation to the FCA for publication through the document viewing facility and related notification to a regulatory information service; the provision of contact details of appropriate persons nominated to act as a first point of contact with the FCA in relation to compliance with the UK Listing Rules and the Disclosure Guidance and the Transparency Rules (the “DTRs”); the form and content of temporary and definitive documents of title; the appointment of a registrar (in certain situations); the making of regulatory information service notifications in relation to a range of debt and equity capital issues; and at least 10 per cent. of the Shares being held by the public; and
- the TCFD Recommendations and Recommended Disclosures set out in the Recommendations of the Task Force on Climate-related Financial Disclosures published in June 2017 and targets on board diversity relating to the inclusion of information in their annual report in relation to climate-related financial disclosures.

In addition, as a company whose securities are admitted to trading on a regulated market, the Company will be required to comply with, in particular, Chapters 4, 5 and 6 of the DTRs. It should be noted that the FCA will not have the authority to (and will not) monitor the Company’s compliance with any of the UK Listing Rules or those aspects of the DTRs (including UK MAR) which the Company is either not obliged to comply with or has not indicated herein that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company to so comply. However, the FCA would be able to impose sanctions for non-compliance where the statements regarding compliance in this Document are themselves misleading, false, or deceptive

2. Disclosure Guidance and Transparency Rules

Under Rule 5 of the DTR (*Vote Holder and Issuer Notification Rules*), a person must notify CKI and the FCA of the percentage of CKI’s voting rights he or she holds as a Shareholder (or holds or is deemed to hold through his or her direct or indirect holding of financial instruments) if, as a result of an acquisition or disposal of Shares or financial instruments, or as a result of any event changing the breakdown of voting rights of CKI (for example, a buy-back of Shares by CKI), the percentage of those voting rights in which he or she is interested reaches, exceeds or falls below 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%.

Notification must be made to CKI and the FCA no later than four trading days after the date upon which the person making the notification: (i) learns of the acquisition or disposal or of the possibility of exercising voting rights, or on which, having regards to the circumstances, should have learned of it, regardless of the date on which the acquisition, disposal or possibility of exercising voting rights takes effect; or (ii) is informed about the event changing the breakdown of voting rights of CKI.

Any person who is in breach of their obligations under Rule 5 of the DTR is liable to a fine and/or public censure by the FCA and the FCA may apply to court to have such person's voting rights suspended.

3. UK Corporate Governance Code

The UK Corporate Governance Code is maintained by the Financial Reporting Council and applies to companies with a listing in the ESCC category of the Official List. Companies with a listing in the ESICC category are not subject to the UK Corporate Governance Code and are subject to less comprehensive standards of disclosure and shareholder rights.

4. HK Listing Rules

As the Company has been admitted to a primary listing on the Main Board of the Hong Kong Stock Exchange, the Company is required to comply with the HK Listing Rules. The HK Listing Rules address matters such as disclosure obligations by the Company (including in relation to inside information and financial information of the Company), notifiable and connected transactions entered into by the Company and matters relating to corporate governance. The Hong Kong Stock Exchange also publishes guidance notes regarding the interpretation of the HK Listing Rules.

5. Hong Kong Corporate Governance Code

The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Corporate Governance Code as set out in Appendix C1 to the HK Listing Rules throughout the six months ended 30 June 2024 and up to the date of this Prospectus.

6. Hong Kong Disclosure of Interest Requirements

Under Part XV of the Hong Kong Securities and Futures Ordinance, a substantial shareholder (i.e. shareholder interested in 5% or more of any class of voting shares in a listed company) is required to disclose his interest, and short positions, in the shares of the listed company, changes in the nature of his interest or changes in the percentage figure of his shareholdings in the listed company or upon ceasing to be a substantial shareholder within three business days of the occurrence of the relevant event.

Any person who fails to make a disclosure within the time limits required under Part XV of the Hong Kong Securities and Futures Ordinance or when making the disclosure, makes a statement which is false or misleading in a material particular, commits a criminal offence and is liable to a fine and/or imprisonment on conviction.

PART 6 BUSINESS

1. Overview

CKI is one of the world's largest global infrastructure companies. The Company 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 other infrastructure-related businesses. The Group's businesses primarily span the United Kingdom, Australia, New Zealand, Continental Europe, Canada, Hong Kong, and Mainland China. As of 12 August 2024, CKI's market capitalisation was HK\$139.7 billion.

Since its listing in Hong Kong in 1996, CKI has grown from a regional business focused on Hong Kong and Mainland China into a large global company with over 20 portfolio businesses, many of which are industry leaders in their respective sectors.

The Group holds 36.01% of the issued share capital of Power Assets Holdings Limited ("**Power Assets**"), a Hong Kong-listed global infrastructure investor in power generation, transmission and distribution, gas transmission and distribution, as well as oil storage and transmission across four continents in nine markets, namely, Hong Kong, the United Kingdom, Australia, New Zealand, Mainland China, Thailand, the Netherlands, Canada and the United States. Power Assets holds ownership interests in many of the Group's portfolio businesses alongside CKI.

In addition to its ownership in Power Assets, the Group's portfolio businesses primarily span the United Kingdom, Australia, New Zealand, Continental Europe, Canada, Hong Kong, and Mainland China, and are categorised in three business segments:

- **Regulated Utilities segment:** This segment comprises portfolio businesses that operate under regulatory price controls under defined tariff mechanisms that are established, and periodically renewed, by the relevant authorities, specifically in the electricity, gas and water sectors. The Regulated Utilities segment comprises the following two sub-segments:
 - *Electricity Distribution*, which comprises businesses involved in the distribution of electricity; and
 - *Other Regulated Utilities*, which comprises businesses in the gas and water sectors that are subject to defined tariff mechanisms.
- **Contracted Infrastructure segment:** This segment comprises portfolio businesses in infrastructure and infrastructure-like sectors that are expected to generate predictable cash flow through long-term contracts or power purchase agreements ("**PPAs**").
- **Other Businesses segment:** This segment comprises other businesses of the Group, including businesses related to off-airport parking, construction materials and toll roads and bridges.

The following table provides a summary of the Group's portfolio businesses in different geographic regions as well as business segments.

	United Kingdom	Australia	New Zealand	Continental Europe	Canada	Hong Kong and Mainland China
Regulated Utilities Segment						
Electricity Distribution	UK Power Networks	SA Power Networks Victoria Power Networks United Energy	Wellington Electricity			
Other Regulated Utilities	Northern Gas Networks Wales & West Gas Networks Northumbrian Water Phoenix Energy	Australian Gas Networks Multinet Gas Networks Dampier Bunbury Pipeline				

	United Kingdom	Australia	New Zealand	Continental Europe	Canada	Hong Kong and Mainland China
Contracted Infrastructure Segment	Eversholt UK Rails Seabank Power	EDL Australian Energy Operations	Enviro NZ	Dutch Enviro Energy ista	Canadian Power Canadian Midstream Assets Reliance Home Comfort	
Other Businesses Segment					Park’N Fly	Toll Roads and Bridges Green Island Cement Alliance

In the United Kingdom, the Group holds:

- 40.0% of the share capital in UK Power Networks Holdings Limited (“**UK Power Networks**”) (with Power Assets holding a further 40.0% of the share capital), the holding company for one of the largest electricity distribution network operators in the United Kingdom;
- 47.1% of the share capital in Northern Gas Networks Holdings Limited (“**Northern Gas Networks**”) (with Power Assets holding a further 41.3% of the share capital), the holding company for one of the eight gas distribution networks in Great Britain, which serves the northern area of England;
- 39.0% of the share capital in Wales & West Gas Networks (Holdings) Limited (“**Wales & West Gas Networks**”) (with Power Assets holding a further 36.0% of the share capital), the holding company of Wales & West Utilities, one of the eight gas distribution networks in Great Britain, which serves Wales and Southwest England;
- 30.0% of the share capital (39.0% of the economic interest) in Northumbrian Water Group Limited (“**Northumbrian Water**”), the holding company for a regional water supply and sewerage service business in England;
- 40.0% of the share capital in Phoenix Energy Group Ltd (“**Phoenix Energy**”), Northern Ireland’s largest gas distributor (with Power Assets holding a further 20.0% of the share capital);
- 25.0% of the share capital in Seabank Power Limited (“**Seabank Power**”) (with Power Assets holding a further 25.0% of the share capital), which owns and operates Seabank power station near Bristol; and
- 65.0% of the share capital in Eversholt UK Rails Group Limited (“**Eversholt UK Rails**”) (with Power Assets holding a further 10.0% of the share capital), one of the three major rolling stock leasing companies that were established at the time of privatisation of the UK rail industry.

In Australia, the Group holds:

- 23.1% of interest in SA Power Networks Partnership (“**SA Power Networks**”) (with Power Assets holding a further 27.9% of interest), the primary electricity distributor in the state of South Australia, and 23.1% of the share capital in Victoria Power Networks Pty Ltd (“**Victoria Power Networks**”) (with Power Assets holding a further 27.9% of the share capital), whose member companies, Powercor Australia Ltd (“**Powercor**”) and CitiPower Pty Ltd (“**CitiPower**”), distribute electricity to approximately 65.0% of the state of Victoria;
- 26.4% of the share capital in United Energy Distribution Holdings Pty Limited (“**United Energy**”) (with Power Assets holding a further 13.2% of the share capital), an electricity distribution business in Victoria serving across Melbourne’s east and southeast suburbs and the Mornington Peninsula, Victoria;
- various interests in three Australian gas transmission and distribution companies: (i) 45.0% of the share capital (53.2% of the economic interest) in Australian Gas Networks Limited (“**Australian Gas Networks**”), one of Australia’s largest natural gas distribution companies, which owns distribution networks and transmission pipelines in South Australia, Victoria, Queensland, New South Wales and the Northern Territory (with Power Assets holding a further 27.5% of the share capital); (ii) 40.0% of the share capital in Multinet Group Holdings Pty Limited (“**Multinet Gas Networks**”), which operates a regulated gas distribution network in the eastern and southeastern suburbs of Melbourne, the Yarra Ranges and South Gippsland (with Power Assets holding a further 20.0% of the share capital) and (iii) 40.0% of the share capital in DBNGP Holdings Pty Limited (“**Dampier Bunbury**”).

Pipeline”) (with Power Assets holding a further 20.0% of the share capital), which is the owner and operator of the Dampier to Bunbury Natural Gas Pipeline, the principal gas transmission pipeline in Western Australia; and

- 40.0% of the share capital in Energy Developments Pty Limited (“**EDL**”) (with Power Assets holding a further 20.0% of the share capital), a leading global producer of sustainable distributed energy that owns and operates a global portfolio of power and gas facilities in Australia, the United Kingdom, North America and Continental Europe.

In New Zealand, the Group holds:

- 50.0% of the share capital in Wellington Electricity Distribution Network Limited (“**Wellington Electricity**”) (with Power Assets holding the remaining 50.0% of the share capital), which owns and operates the electricity distribution network in the cities of Wellington, Upper Hutt, Lower Hutt and Porirua in New Zealand; and
- 100.0% of the share capital in Enviro NZ Services Limited (“**Enviro NZ**”) (formerly known as EnviroWaste), one of New Zealand’s leading environmental services companies providing diversified and vertically integrated waste management services, including waste and recycling collection, resource recovery and reuse, and disposal services across New Zealand.

In Continental Europe, the Group holds:

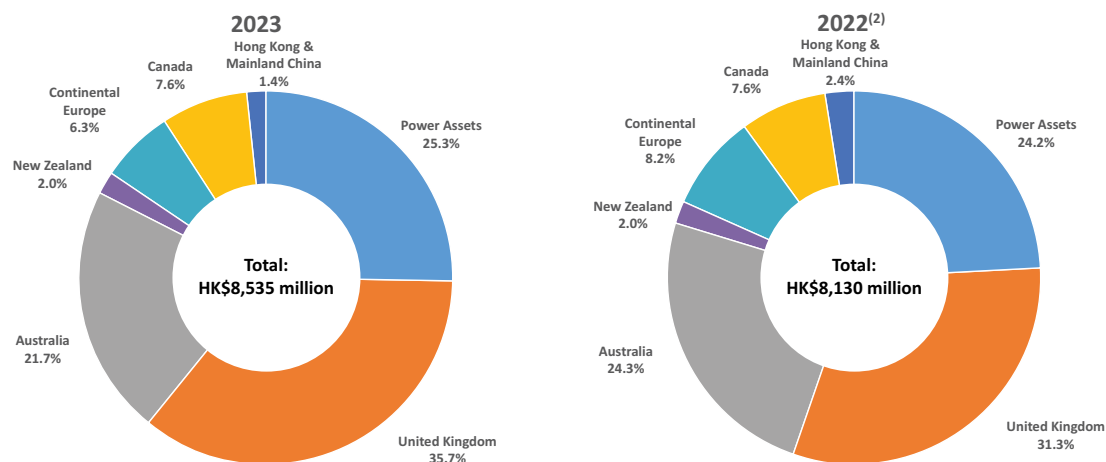
- 45.5% of the share capital in Dutch Enviro Energy Holdings B.V. (“**Dutch Enviro Energy**”) (with Power Assets holding a further 27.0% of the share capital), which in turn owns AVR-Afvalverwerking B.V. (“**AVR**”), one of the largest energy-from-waste players in the Netherlands; and
- 35.0% of the share capital in ista SE (“**ista**”), a leading international provider of sub-metering and related services, with key markets covering Germany, France, the Netherlands and Denmark.

In Canada, the Group holds:

- 50.0% of the share capital in Canadian Power Holdings Inc. (“**Canadian Power**”) (with Power Assets holding the remaining 50.0%), which owns (i) 100% of the Meridian cogeneration plant in Saskatchewan, (ii) 100% of Okanagan Wind in British Columbia, and (iii) 49.99% partnership interest in 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;
- 16.25% of interest in Husky Midstream Limited Partnership (“**Canadian Midstream Assets**”) (with Power Assets holding a further 48.75%), which holds oil and gas midstream assets in Alberta and Saskatchewan;
- 25.0% of the share capital in Reliance LP (“**Reliance Home Comfort**”), one of Canada’s leading home services companies offering the sale and rental of water heaters, Heating, Ventilation and Air Conditioning (“**HVAC**”) equipment, water purification services and emerging green solutions in Canada and the United States; and
- 50.0% of the share capital (65.0% of the economic interest) in 1822604 Alberta Ltd. (“**Park’N Fly**”), a leading off-airport car park specialist in Canada, providing parking solutions to both business and leisure travellers coast-to-coast in Vancouver, Edmonton, Winnipeg, Ottawa, Toronto, Montreal and Halifax.

In Hong Kong and Mainland China, the Group’s businesses include, among others, toll roads and bridges in Guangdong province, including the Shen-Shan Highway (Eastern Section), Shantou Bay Bridge and Panyu Beidou Bridge; Green Island Cement (Holdings) Limited (“**Green Island Cement**”), which operates an integrated cement plant in Hong Kong and three cement facilities in Guangdong Province, China; and Alliance Construction Materials Limited (“**Alliance**”), which operates concrete and aggregates businesses.

The charts below provide the breakdown of the Group's profit contribution⁽¹⁾ by geographic regions for the periods presented, with profit from Power Assets presented separately:

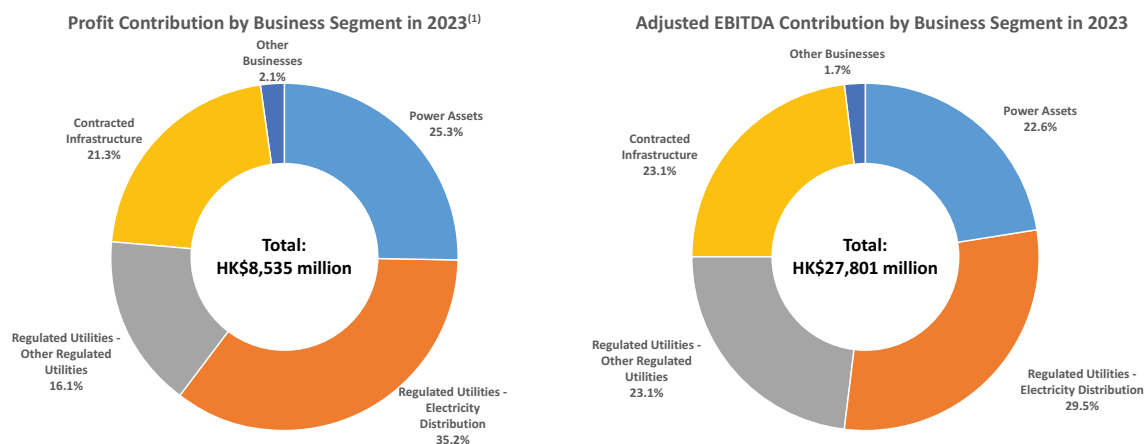


(1) Profit contribution shown in the charts represents profit attributable to shareholders of the Company before unallocated items.

(2) 2022 figures exclude the one-off gain arising from the sale of part of the stake in Northumbrian Water by CKI and Power Assets.

One of CKI's key characteristics is its focus on businesses that are expected to generate stable, recurring and predictable cash flows, either through defined tariff mechanisms under relevant regulations with respect to the Regulated Utilities segment, or through long-term contracts or PPAs with respect to the Contracted Infrastructure Segment. In addition, CKI also invests, directly or indirectly through its portfolio businesses, in businesses that facilitate and support the transition from traditional fossil fuel-based energy sources to sustainable, renewable and low-carbon energy solutions, such as hydrogen, biomethane, and hybrid electricity solutions that replace fossil fuels with wind, solar and batteries.

The charts below provide breakdowns of the Group's profit contribution and Adjusted EBITDA Contribution by business segment for the year ended 31 December 2023, with profit contribution and Adjusted EBITDA Contribution from Power Assets presented separately:



(1) The chart reflect breakdowns calculated based on profits attributable to shareholders of the Company before unallocated items.

In 2023, approximately 51.3%, 21.3% and 2.1% of the Group's profit contribution before unallocated items, and approximately 52.6%, 23.1% and 1.7% of the Group's Adjusted EBITDA Contribution was attributable to the Regulated Utilities segment, the Contracted Infrastructure segment and the Other Businesses segment, respectively. CKI believes that the income structures of the Regulated Utilities segment and the Contracted Infrastructure segment allow for relative predictability of cash flows. In addition, CKI's cash flows have been bolstered historically by very stable dividends from its shareholding in Power Assets.

CKI aims to deliver predictable returns while efficiently managing its portfolio businesses and mitigating risks across its portfolios. It is continuously exploring opportunities in its core focus industries across various regions, particularly focusing on jurisdictions with a developed and transparent legal and regulatory framework for investment in regulated assets.

As a global infrastructure company, CKI is focused on being a responsible facilitator of the energy transition to a low-carbon economy and believes there are significant investment opportunities, particularly in the electricity distribution sector. CKI believes that it is well-positioned for various future energy transition scenarios, and that its businesses are well-placed for an increase in the pace of electrification. CKI is actively involved in various pilot projects and energy transition opportunities within the energy transition sector and is implementing initiatives across its operations to significantly reduce carbon emissions. In alignment with global commitments, the Group aims to achieve a 50% reduction in its Scope 1 and 2 greenhouse gas (“GHG”) emissions by 2035, taking 2020 as baseline, and it is committed to the pursuit of net zero by 2050.

2. Strengths and Strategy

Strengths

The key competitive strengths of the Group are:

Resilient and diversified portfolio of businesses steering steady growth

The Group’s diversified portfolio is anchored by its businesses in the Regulated Utilities segment in the power and infrastructure sectors, specifically electricity, gas and water, as well as its businesses in the Contracted Infrastructure segment. Together, these segments amounted to 72.6% of the Group’s profits attributable to shareholders of the Company (before unallocated items) in 2023.

CKI focuses on regulated businesses as they are typically subject to regulatory price controls under defined tariff mechanisms that are established, and periodically renewed, by the relevant authorities. CKI believes that the income structure of the regulated businesses allows for the relative predictability of cash flows. In addition to regulated businesses, CKI’s non-regulated businesses in the Contracted Infrastructure segment are expected to generate stable, recurring and predictable cash flows either through long-term contracts / PPAs, or from prominent market positions with high barriers to entry and loyal customer bases with low churn rates. CKI believes its portfolio businesses, such as ista and Reliance Home Comfort, possess these characteristics and contribute to CKI’s stable and recurring income through highly contracted cash flow. In some instances, such as Canadian Power’s Okanagan wind farms, the Group’s portfolio businesses with offtake contracts may lock in pricing formulae that can extend for up to 40 years, which may offer greater predictability of cash flows compared to regulated businesses that are generally subject to regulatory resets every five years.

CKI believes that such portfolio composition provides the Group with a certain level of resilience against macroeconomic impacts, including fluctuations in inflation and interest rates. The resilience of the Group’s businesses was particularly demonstrated during the COVID-19 pandemic. As essential services, the Group’s businesses in the Regulated Utilities segment operated continuously despite government-imposed lockdown measures, thereby generating steady cash flows throughout the COVID-19 pandemic. Similarly, most of the Group’s non-regulated businesses in the Contracted Infrastructure segment and the Other Businesses segment performed well throughout the pandemic. Only two of the Group’s portfolio businesses, Enviro NZ and Park’N Fly, were materially affected and have now recovered and are performing at least as well as they did prior to the pandemic.

In addition to diversification across asset classes, CKI’s businesses are also geographically diversified. CKI believes that this geographical diversification provides additional protection as the Group’s regulated businesses are overseen by multiple regulators in different countries and territories, thereby reducing the impact of regulatory reset risk in any single country. Furthermore, CKI believes that geographical diversification helps to limit the Group’s portfolio exposure to potential country-specific macroeconomic risks.

Proven track record in business operations and capturing new investment opportunities with acquisition growth

The Group has extensive experience in acquiring and managing infrastructure assets across different geographic regions. With a dedicated M&A team possessing extensive deal experience, the Group believes it is well-positioned to leverage its expertise in managing regulated assets. Given the Group’s extensive geographic footprint, the M&A team is further supported on merger and acquisition activities by on-the-ground teams with local knowledge and experience at the relevant portfolio businesses. By applying this experience to new businesses and assets, the Group aims to identify opportunities to generate efficiency savings and enhance operational reliability and compliance with safety standards. The Group has demonstrated its ability to earn an enhanced return on its investments across sectors and geographies by meeting service delivery, reliability and safety targets, as well as achieving efficiency gains. Since its initial listing on the Main Board of the Hong

Kong Stock Exchange in July 1996, CKI has made more than 30 acquisitions and has grown its dividends per share in each of the past 27 years, while maintaining a strong investment grade rating.

Long-term growth through energy transition focus in portfolio

CKI believes that it is strategically positioned to capitalise on emerging opportunities in the global shift towards sustainable and low-carbon energy. CKI regularly engages with regulators, governments and other stakeholders to explore the frameworks necessary to commercialise the adoption of alternative energy sources and technologies, such as hydrogen, biomethane, and carbon capture and storage. CKI believes that its familiarity with the regulatory regimes in the geographic regions where its businesses operate enables it to identify and seize investment opportunities aligned with government policies promoting energy transition. For example, the Group has successfully navigated the sub-metering requirements in the EU through its investment in ista; leveraged carbon credit initiatives in Australia through its investment in EDL (one of the largest producers of carbon credit units in Australia); and acquired Okanagan Wind in June 2021 (a supplier of renewable energy through wind farms in Canada) and Powerlink Renewable Assets (commonly known as UU Solar) in May 2024 (a supplier of renewable electricity through solar, wind, mini-hydro and other technologies in the UK). CKI believes that its businesses with a focus on energy transition are set to achieve higher growth rates than traditional regulated assets, positioning the Group for robust future expansion and long-term value creation.

Support of the CKH Group and other key partners

CKI believes that one of its distinguishing strengths is the support of its major shareholder in particular, and the CKH Group in general, which contribute to its ability to pursue and win large acquisitions. Companies within the CKH Group include, among others: (i) Power Assets, in which CKI owns 36.01% of the issued share capital, and (ii) CK Hutchison Holdings Limited (“**CK Hutchison**”), which is the major shareholder of CKI (owning 75.67% of the Company’s issued share capital as of the date of this Prospectus) and a Hong Kong-listed conglomerate with operations spanning the globe in ports and related services, retail, infrastructure and telecommunications, among others. For further details on the economic interests of CKI and other CKH Group companies in the main portfolio businesses of the Group, see “*Group and Business Portfolio Structure*” under this Part 6 (*Business*). CKI has formed joint ventures with Power Assets and CK Asset to pursue acquisitions in the past.

For example, in 2017, a consortium comprising CKI, CK Asset and Power Assets acquired Australia’s DUET Group at an enterprise value of approximately AUD12.7 billion. In the same year, CKI and CK Asset acquired Reliance Home Comfort in Canada at an enterprise value of approximately CAD4.6 billion as well as ista at an enterprise value of approximately EUR6.0 billion in Germany. In 2024, a consortium comprising CKI, CK Asset and Power Assets, through the Company’s joint venture CK William UK Holdings Limited (“**CK William**”), acquired Phoenix Energy in the UK for approximately GBP0.8 billion.

Strong position to compete for infrastructure projects with investment grade rating and robust financial capacity

The Group has historically maintained a strong financial profile with cash and cash equivalents of HK\$9.2 billion and HK\$13.1 billion as of 30 June 2024 and 31 December 2023, respectively, and a low leverage position of net debt to net total capital ratio of 9.8% and 7.7% as of 30 June 2024 and 31 December 2023, respectively. As of 30 June 2024, the net debt to net capital ratio on a look-through basis (taking into account the share of net debt of the Group’s associates and joint ventures in the Group’s infrastructure investment portfolio in proportion to the Group’s respective interest therein) was 47.8%. The Group’s external joint ventures and associates are financially independent.

The Group believes that its financial profile provides a strong and competitive foundation for the Group to pursue growth opportunities as well as to withstand economic and market volatility. CKI has been rated “A/Stable” by Standard & Poor’s Ratings Services (“**S&P**”). The Group believes that, given its strong balance sheet, robust asset base, scale and size, and the capital-intensive nature of the infrastructure industry, it is well-positioned to engage in large-scale acquisitions.

Solid financial performance

From a profit attributable to shareholders of the Company of HK\$886 million as reported in 1996, the Group achieved a profit attributable to shareholders of the Company of HK\$8,027 million in 2023. The 2023 result represented a 3.6% growth from HK\$7,748 million in profit attributable to shareholders of the Company for

2022 (excluding the one-off gain from the sale of part of its stake in Northumbrian Water in 2022, the Group's profit attributable to shareholders of the Company increased by 12.2%). The Group believes that its profit is largely supported by its robust and diversified portfolio of businesses. The Group also believes that it benefits from its shareholding in Power Assets, which has historically delivered very stable dividends to CKI.

CKI has grown its dividends in each of the past 27 years since it was initially listed on the Hong Kong Stock Exchange. From 1996 to 2023, CKI's dividend per share (in HK\$) achieved a compound annual growth rate ("CAGR") of 10.8%. The Group's ability to sustain its dividends is driven by its FFO, which reached an all-time high of HK\$8,645 million in 2023.

An experienced management team that helps drive leading operational and financial performance across the Group

The Group places a high degree of emphasis on the quality of its management, both at a senior level within the Group and at an operational level. The Group believes that it is of utmost importance for it to be able to attract and retain highly skilled professionals who possess strong financial discipline, a good sense of fiduciary duty, and a clear purpose of driving continuous improvement in operational efficiency and outcomes. The Group's operations are managed by executives with extensive experience in managing large-scale, customer-facing infrastructure and infrastructure-like assets. As part of their roles, the Group's senior executives strive to maintain positive working relationships with government officials, regulators and other key stakeholders in each relevant segment. At the operational level, the Group's assets are managed by dedicated teams made up of technical experts and management specialists with deep industry knowledge and first-hand sector experience.

CKI believes it maintains a well-considered management model that has delivered strong performance over time and is well-positioned to continue to deliver strong performance into the future, subject to external factors outside its control. For further details about CKI's management model, see "*Management Model*" under this Part 6 (*Business*).

3. Strategy

The Group intends to strengthen its position and seek growth opportunities by implementing the following business strategies:

To drive value from the Group's existing portfolio of businesses

CKI strives to drive organic growth and value creation from its existing portfolio. The Group believes there are significant capital deployment opportunities within its existing portfolio, particularly in businesses such as energy and water networks, which require investment to adapt to the evolving landscape and support the ongoing energy transition. For example, Northumbrian Water's business plan submitted to Ofwat for the upcoming regulatory period from 2025 to 2030 includes a budget of GBP4.1 billion in capital expenditure during the five-year period ending 31 March 2030. Similarly, UK Power Networks is expected to see a substantial increase in its capital investment program for the next regulatory period.

CKI's head office sets targets, provides guidance and support, and works with local management to address challenges and optimise business performance. Given the industry-leading positions achieved by many of CKI's portfolio businesses, CKI's head office also plays a key role in facilitating the sharing of knowledge, experience, and best practice across all of the Group's portfolio businesses to drive further value creation.

To strengthen the Group's portfolio, focusing on acquiring quality businesses with strong and recurring returns

When evaluating a potential acquisition, CKI focuses on the fundamentals of the target and adopts a value-added approach. Although certain areas of the infrastructure sector have become intensely competitive, CKI does not apply a "must-win" mindset in a bidding situation. For further details on competition, see "*Risk Related to the Group and its Businesses—The Group may acquire other businesses, form joint ventures or make other investments that could negatively affect its operating results, dilute shareholders' ownership, increase the Group's debt or cause it to incur significant expenses*" under Part 2 (*Risk Factors*). CKI believes that stringent investment criteria must be met, which in turn is expected to help it maximise risk-based returns and provide stable and recurring cashflows. In addition to acquisitions, the Group may from time to time engage in divestments and strategic disposals of stakes in its businesses in order to optimise its portfolio.

CKI seeks investments in industries where it can leverage on existing knowledge and favours countries with established legal systems and transparent regulatory regimes. CKI believes that its global footprint and strong

local management teams also position it well to identify and capitalise on growth opportunities in both existing and adjacent markets or industries. The Group's investment philosophy and local market knowledge ensure disciplined evaluation of growth opportunities, enabling it to maintain a high performing and resilient portfolio of assets. As part of CKI's strategy, it also seeks to leverage its relationships with its key partners, such as CK Asset and Power Assets, in making the investments. From time to time, CKI may also engage in acquisitions from its key partners.

In addition to evaluating the acquisition of new standalone businesses, the Group has also been expanding through bolt-on acquisitions by its existing portfolio businesses. For example, UK Power Networks recently announced its acquisition of Powerlink Renewable Assets (commonly known as UU Solar), a UK-based portfolio supplying renewable electricity through solar, wind, mini-hydro and other technologies. Similarly, Canadian Power acquired two wind power facilities in the Okanagan region of British Columbia, Canada in 2021. Since CKI's acquisition in 2017, Reliance Home Comfort has executed acquisitions totalling approximately CAD390 million, further expanding the capabilities and market presence of both the portfolio businesses and the Group.

To maintain a strong balance sheet with steady cash flow and low leverage

The Company aims to preserve its financial strength to ensure it can opportunistically pursue acquisitions. It believes that a strong balance sheet provides a stable platform for future growth. As of 30 June 2024 and 31 December 2023, CKI's cash and cash equivalents were HK\$9.2 billion and HK\$13.1 billion, respectively. The Company also maintained a low leverage position with a net debt to net total capital ratio of 9.8% and 7.7% as of 30 June 2024 and 31 December 2023, respectively. As of 30 June 2024, the net debt to net capital ratio on a look-through basis (taking into account the share of net debt of the Group's associates and joint ventures in the Group's infrastructure investment portfolio in proportion to the Group's respective interest therein) was 47.8%. CKI also benefits from competitive funding costs, supported by an "A/Stable" rating from S&P.

To continue the Group's sustainability journey

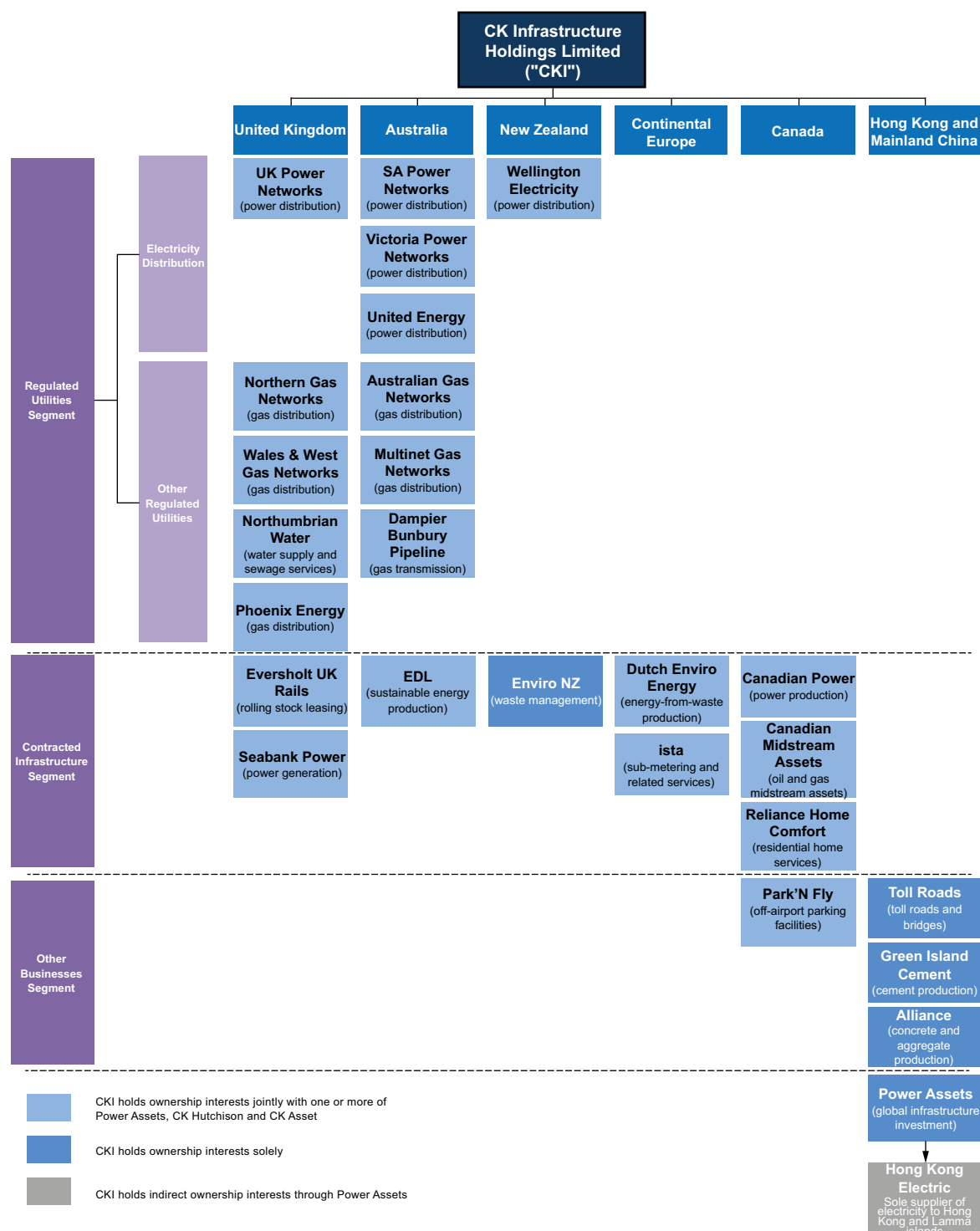
An important part of CKI's strategy is to ensure the sustainability of its businesses by evolving strategies in its existing portfolio businesses and investing in the critical new infrastructure needed to facilitate the energy transition and to create decarbonised energy systems. The Group is focused on the decarbonisation of its business operations, modernising infrastructure with innovative technology, embracing hydrogen use in gas networks, and guiding customers towards greater energy efficiency. The Group's overarching goal is supported by specific quantitative targets, including:

- phase out coal-fired generation by 2035;
- achieve a 50% reduction in its Scope 1 and 2 GHG emissions by 2035, using 2020 as the baseline; and
- pursue net zero by 2050.

By helping to build and maintain sustainable operations within its businesses, the Group strives to create enduring, sustainable value for its stakeholders.

4. Group and Business Portfolio Structure

The following chart illustrates the main activities of the Group and its portfolio businesses by geographic location, business segment and industry focus:



The following table presents the respective economic interest of CKI, Power Assets, CK Hutchison and CK Asset in the main portfolio businesses of the Group:

	CKH GROUP				Total for the CKH Group	CK Asset ⁽¹⁾	Total
	CKI ⁽¹⁾⁽²⁾	Power Assets ⁽¹⁾	CK Hutchison ⁽¹⁾⁽³⁾				
United Kingdom							
UK Power Networks	40.0%	40.0%	—	80.0%	20.0%	100.0%	
Northern Gas Networks	47.1%	41.3%	—	88.4%	—	88.4%	
Wales & West Gas Networks	39.0%	36.0%	3.0%	78.0%	22.0%	100.0%	
Northumbrian Water	39.0%	6.0%	3.0%	48.0%	27.0%	75.0%	
Phoenix Energy	40.0%	20.0%	—	60.0%	40.0%	100.0%	
Seabank Power	25.0%	25.0%	—	50.0%	—	50.0%	
Eversholt UK Rails	65.0%	10.0%	5.0%	80.0%	20.0%	100.0%	
Southern Water	1.8%	—	—	1.8%	—	1.8%	
Australia							
SA Power Networks	23.1%	27.9%	—	51.0%	—	51.0%	
Victoria Power Networks	23.1%	27.9%	—	51.0%	—	51.0%	
United Energy	26.4%	13.2%	—	39.6%	26.4%	66.0%	
Australian Gas Networks	53.2%	33.0%	2.8%	89.0%	11.0%	100.0%	
Multinet Gas Networks	40.0%	20.0%	—	60.0%	40.0%	100.0%	
Dampier Bunbury Pipeline	40.0%	20.0%	—	60.0%	40.0%	100.0%	
EDL	40.0%	20.0%	—	60.0%	40.0%	100.0%	
Australian Energy Operations	50.0%	50.0%	—	100.0%	—	100.0%	
New Zealand							
Wellington Electricity	50.0%	50.0%	—	100.0%	—	100.0%	
Enviro NZ	100.0%	—	—	100.0%	—	100.0%	
Continental Europe							
Dutch Enviro Energy	45.5%	27.0%	3.5%	76.0%	24.0%	100.0%	
ista	35.0%	—	—	35.0%	65.0%	100.0%	
Canada							
Canadian Power	50.0%	50.0%	—	100.0%	—	100.0%	
Canadian Midstream Assets	16.25%	48.75%	—	65.0%	—	65.0%	
Reliance Home Comfort	25.0%	—	—	25.0%	75.0%	100.0%	
Park’N Fly	65.0%	10.0%	5.0%	80.0%	20.0%	100.0%	
Mainland China and Hong Kong							
HK Electric	—	33.4%	—	33.4%	—	33.4%	
Toll Roads and Bridges	30.0–40.0%	—	—	30.0–40.0%	—	30.0–40.0%	
Green Island Cement	100.0%	—	—	100.0%	—	100.0%	
Alliance	50.0%	—	—	50.0%	—	50.0%	

(1) For Northumbrian Water, Australian Gas Networks and Park’N Fly, this represents the split of economic interests arising from the respective economic benefits agreements entered into by the respective subsidiaries of CKI, Power Assets, CK Asset and CK Hutchison in August 2018.

(2) Excludes economic interests owned by Power Assets.

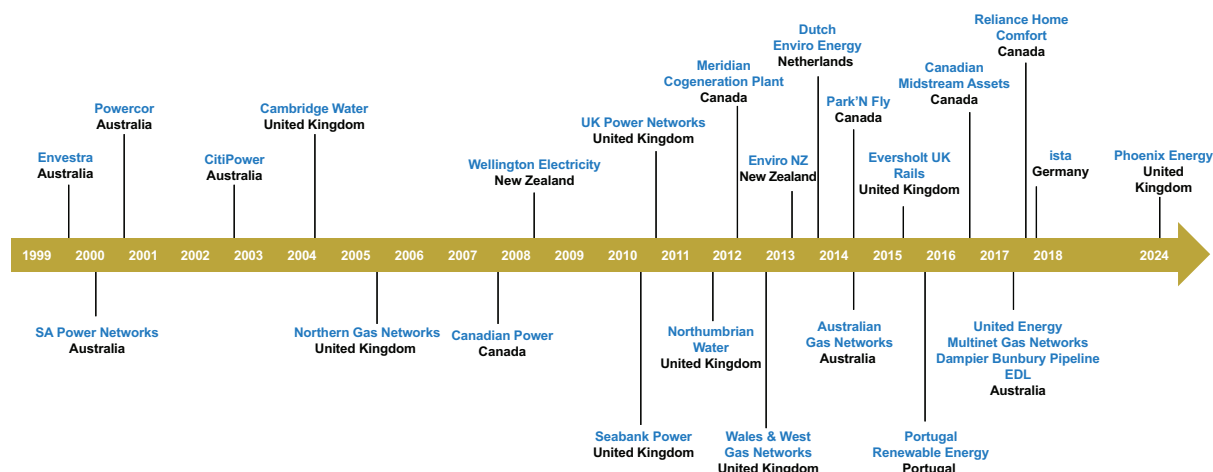
(3) Excludes economic interests owned by CKI and Power Assets.

5. History

CKI was incorporated in Bermuda on 28 May 1996 as a limited liability company for the purpose of acquiring certain infrastructure and infrastructure-related businesses of Cheung Kong (Holdings) Limited (“CKH”), Hutchison Whampoa Limited (“Hutchison”) and certain other companies. Shares of CKI were listed on the Main Board of the Hong Kong Stock Exchange in July 1996. In March 1997, Hutchison acquired 84.6% of the issued shares of CKI.

Since its listing in Hong Kong in 1996, CKI has evolved from a regional business focused on Hong Kong and Mainland China into a large global company with over 20 portfolio businesses across the globe.

The chart below highlights CKI's key acquisitions over the years since its investment in Envestra Limited (currently Australian Gas Networks) in 1999.



In March 2015, CK Hutchison replaced CKH as the listed holding company by way of a scheme of arrangement under Hong Kong laws. On 3 June 2015, Hutchison was privatised and became a wholly owned subsidiary of CK Hutchison by way of a scheme of arrangement under Hong Kong laws. As of the date of this Prospectus, the major shareholder of CKI is CK Hutchison, which indirectly holds 75.67% of the issued share capital in CKI.

On 31 August 2018, CKI and Power Assets entered into separate economic benefits agreements with CK Hutchison. Under these respective agreements, CKI and Power Assets, through their respective subsidiaries, acquired 30% and 20% of the economic benefits, respectively, in CK Hutchison's direct interests in six co-owned infrastructure investments: Northumbrian Water, Eversholt UK Rails, Wales & West Gas Networks, Australian Gas Networks, Park'N Fly and Dutch Enviro Energy. At the end of 2019, CKI and Power Assets finalised supplemental agreements with CK Hutchison for the effective transfer of proportionate voting rights of (i) CK Hutchison's holding vehicle for those co-owned infrastructure investments in Europe and (ii) the joint venture company of Park'N Fly from CK Hutchison to the respective parties.

6. The Group's Businesses and Operations

The Group operates its business through seven reporting segments. The table below provides a profit contribution breakdown for each reporting segment for the periods presented⁽¹⁾:

(in HK\$ million)	For the year ended 31 December		
	2023	2022	2021
Power Assets	2,162	2,033	2,208
<i>Infrastructure investment</i>			
United Kingdom	3,050	3,069	2,371
Australia	1,855	1,976	1,903
New Zealand	168	167	170
Continental Europe	535	664	694
Canada	648	617	475
Hong Kong and Mainland China	117	196	316

(1) Profit contribution shown in the table represents profit attributable to shareholders of the Company before unallocated items.

In addition, the Group categorises its businesses (excluding Power Assets) into three distinct business segments. The table below provides a profit contribution breakdown for each business segment for the year ended 31 December 2023⁽¹⁾:

(in HK\$ million)	For the year ended 31 December 2023	
	Profit Contribution ⁽¹⁾	Share of Group Profit (%)
Power Assets	2,162	25.3%
Regulated Utilities segment	4,373	51.3%
Electricity Distribution	3,004	35.2%
Other Regulated Utilities	1,369	16.1%
Contracted Infrastructure segment	1,819	21.3%
Other Businesses segment	181	2.1%

(1) Profit contribution shown in the table represents profit attributable to shareholders of the Company before unallocated items.

7. Power Assets

Power Assets is listed on the Hong Kong Stock Exchange. The company is a global investor in power generation, transmission and distribution, gas transmission and distribution, as well as oil storage and transmission across four continents in nine markets, namely, the United Kingdom, Australia, Hong Kong, Mainland China, the Netherlands, New Zealand, Thailand, Canada and the United States. As of 12 August 2024, Power Assets' market capitalisation was HK\$114.9 billion. For the year ended 31 December 2023, Power Assets contributed HK\$2,162 million in profit to the Group, accounting for 25.3% of the Group's profit attributable to shareholders of the Company (before unallocated items).

In January 2014, Power Assets listed its Hong Kong electricity business through the listing of the share stapled units jointly issued by HK Electric Investments and HK Electric Investments Limited (collectively "HKEI") on the Main Board of the Hong Kong Stock Exchange. Power Assets holds 33.37% of HKEI, which is an associated investment holding company of Power Assets. HKEI's wholly owned subsidiary, the Hong Kong Electric Company, Limited ("HK Electric"), generates, transmits, and is the sole distributor of electricity to Hong Kong Island and Lamma Island.

HK Electric supplies electricity to over half a million customers. In 2023, its total unit sales were 10,040 million kWh, and its residential customers, commercial customers and industrial customers accounted for approximately 23.7%, approximately 73.4% and approximately 2.9%, respectively. As of 31 December 2023, HK Electric's total installed capacity in Hong Kong was 3,403 MW, comprising of five coal-fired units with a total capacity of 1,750 MW, five oil-fired gas turbines and standby units with a total capacity of 555 MW, three gas-fired combined-cycle units with a total capacity of 1,095 MW, and wind turbine and solar systems with a total capacity of 3 MW.

Power Assets also holds: (i) a 45% stake in Jinwan Power Plant in Mainland China; (ii) a 45% stake in two wind farms (a 48 MW farm in Dali, Yunnan Province and a 49.5 MW farm in Laoting, Hebei Province), and (iii) a 25% stake in an associate company, Ratchaburi Power Company Limited, which owns and operates 1,400 MW gas-fired power plant projects located in Ratchaburi Province, Thailand.

Power Assets also partners with CKI to invest in energy and utility-related businesses. For further details on the economic interests of Power Assets in the main portfolio businesses of the Group, see "Group and Business Portfolio Structure" under this Part 6 (Business).

Power Assets has historically adopted a very stable dividend policy. For the years from 2015, it has declared and paid at least HK\$2.70 of dividend per share (sum of annual and interim dividend in respect of each year), with additional special dividends of HK\$5.00 per share and HK\$13.50 per share for the years of 2016 and 2017, respectively.

8. Infrastructure Investments

In addition to its ownership in Power Assets, the Group's portfolio businesses primarily span the United Kingdom, Australia, New Zealand, Continental Europe, Canada, Hong Kong, and Mainland China, and are categorised into three distinctive business segments: the Regulated Utilities segment, the Contracted Infrastructure segment and the Other Businesses segment.

Infrastructure Investments in the United Kingdom

For the year ended 31 December 2023, the United Kingdom contributed HK\$3,050 million of profit to the Group, accounting for 35.7% of the Group's total profit.

UK Power Networks

CKI and Power Assets each hold a 40.0% interest in UK Power Networks (enterprise value at the time of acquisition in 2010 was approximately GBP5.8 billion). UK Power Networks is one of the largest electricity distribution network operators in the United Kingdom, and owns, operates and manages three regulated electricity distribution networks, spanning a service area of approximately 29,000 square kilometres across London, the Southeast and the East of England.

Over 8.5 million connected customers, representing a population of 19 million people, are powered by UK Power Networks. The company distributes approximately 28% of the total electricity distributed in the UK.

In addition to the three regulated electricity distribution networks, UK Power Networks has a commercial arm, which manages private energy networks and develops, delivers and manages high-voltage electrical and multi-utility networks for owners of major infrastructure. This part of the business is independent from, and not regulated by Ofgem (as defined below). The unregulated portfolio includes a number of private networks for key national infrastructure assets, including Heathrow Airport, Gatwick Airport, Stansted Airport, HS1 rail link, and Ministry of Defence assets across Salisbury Plain in the Southeast of England. In May 2024, UK Power Networks announced its acquisition of SEET SOL Limited (commonly known as UU Solar), subsequently renamed Powerlink Renewable Assets Limited ("**Powerlink Renewable Assets**"), a UK-based portfolio supplying renewable electricity through solar, wind, mini-hydro and other technologies. The acquisition is the latest addition to UK Power Networks' unregulated portfolio.

According to UK Power Networks' annual report for the year ended 31 March 2023, as of 31 March 2023, its regulatory asset value ("**RAV**") (provisional at the date the accounts were signed) was GBP8,141 million. UK Power Networks is rated "A-/Stable" by S&P.

Northern Gas Networks

CKI and Power Assets currently own a 47.1% and a 41.3% interest, respectively, in Northern Gas Networks, a gas distribution network in England (enterprise value at the time of acquisition in 2005 was approximately GBP1.4 billion). Northern Gas Networks operates, maintains, repairs and develops the North of England gas distribution network in the United Kingdom. It is one of the eight gas distribution networks in Great Britain. With a network of approximately 37,000 kilometres of gas distribution pipelines, the company's service area is approximately 25,000 square kilometres, providing gas to 2.7 million homes and businesses, or a population of around 6.7 million people.

According to Northern Gas Networks' regulatory financial performance report, as of 31 March 2023, its RAV was GBP2,801 million. Northern Gas Networks is rated "BBB+/Stable" by S&P and "Baa1/Stable" by Moody's Investors Service, Inc. ("**Moody's**").

Wales & West Gas Networks

CKI and Power Assets own a 39.0% interest and 36.0% interest in Wales & West Gas Networks, respectively (enterprise value at acquisition in 2012 was approximately GBP2.0 billion). Wales & West Gas Networks is the holding company of Wales & West Utilities, one of the eight gas distribution networks in Great Britain. The company has about 2.6 million supply points and a pipeline network of over 35,000 kilometres. It serves an area of approximately 42,000 square kilometres, delivering gas to about 2.5 million businesses and households, or a population of about 7.5 million people, in Wales and Southwest England.

According to Wales & West Gas Networks' regulatory financial performance report, as of 31 March 2023, its RAV was GBP2,760 million. Wales & West Utilities Limited is rated "BBB" by Fitch Ratings, Inc. ("**Fitch**").

Northumbrian Water

CKI holds a 30.0% interest (CKI and Power Assets own a 39.0% and a 6.0% economic interest, respectively) in Northumbrian Water (enterprise value at the time of acquisition in 2011 was approximately GBP4.8 billion).

Northumbrian Water is a regulated water and sewerage business in England, which operates water supply, sewerage and wastewater services in England. With a network comprising about 26,000 kilometres of mains and about 30,000 kilometres of sewers, Northumbrian Water provides water and wastewater services to over

1.3 million properties, or a population of approximately 2.7 million people, in Northeast England, as well as supplies drinking water to over 794,000 properties, or a population of approximately 2.4 million people, in Southeast England.

According to Northumbrian Water's annual report for the year ended 31 March 2023, as of 31 March 2023, its regulatory capital value ("**RCV**") was GBP5,097 million. Northumbrian Water is rated "Baa1/Stable" by Moody's. In October 2023, Fitch assigned Northumbrian Water Limited a senior secured debt rating of "BBB+/Stable".

Phoenix Energy

In April 2024, CKI and Power Assets purchased a 40.0% and a 20.0% interest, respectively, in Phoenix Energy (enterprise value at acquisition in 2024 was approximately GBP0.8 billion). Phoenix Energy was established in 1996 and operates the largest natural gas distribution network in Northern Ireland and serves over 250,000 properties, or a population of approximately 650,000 people. Phoenix Energy is rated "Baa2/stable" by Moody's and "BBB/Stable" by Fitch.

Seabank Power

CKI and Power Assets each own a 25.0% interest in Seabank Power. CKI acquired a 50.0% interest in Seabank Power in May 2010 (enterprise value at the time of acquisition in 2010 was approximately GBP424 million) and sold a 25.0% interest in Seabank Power to Power Assets in June 2010. Seabank Power is an electricity-generating company located near Bristol. It owns and operates Seabank Power Station, which comprises two combined cycle gas turbine generation units with an aggregate capacity of approximately 1,140 MW.

Eversholt UK Rails

CKI and Power Assets hold a 65.0% and a 10.0% interest in Eversholt UK Rails, respectively (enterprise value at the time of acquisition in 2015 was approximately GBP2.5 billion). It is one of the three major rolling stock owning companies that were established at the time of privatisation of the UK rail industry. Eversholt UK Rails is rated "BBB/Stable" by Fitch and "Baa2/Stable" by Moody's.

Eversholt UK Rails leases mostly regional, commuter and high-speed passenger trains as well as a few freight locomotives, on long-term contracts to train and freight operating companies and has a rolling stock portfolio that includes 19 different fleets of passenger trains comprising over 2,700 passenger vehicles and 83 freight locomotives. It also leases two depots.

Infrastructure investments in Australia

For the year ended 31 December 2023, Australia contributed HK\$1,855 million of profit to the Group, accounting for 21.7% of the Group's total profit.

SA Power Networks

CKI and Power Assets own a 23.1% and a 27.9% interest in SA Power Networks, respectively (enterprise value at the time of acquisition in 1999 was approximately AUD3.4 billion). SA Power Networks is engaged in building, extending, maintaining and upgrading the South Australian electricity distribution network. Electricity is delivered from the transmission network and directly connected to more than 900,000 residential and business customers. The network has a route length of over 90,000 kilometres.

According to SA Power Network's Regulatory Information Notice ("**RIN**") published by Australian Energy Regulator ("**AER**"), SA Power Networks' regulatory asset base ("**RAB**") was AUD4,942 million as of 30 June 2023. SA Power Networks is rated "A-/Stable" by S&P.

Victoria Power Networks

CKI and Power Assets own a 23.1% and a 27.9% interest in Victoria Power Networks, respectively. Victoria Power Networks is the holding company of Powercor and CitiPower (enterprise value of Powercor at the time of acquisition in 2000 was approximately AUD2.3 billion, and enterprise value of CitiPower at the time of acquisition in 2002 was approximately AUD1.4 billion). Powercor operates one of the most reliable rural electricity networks in Australia and is the largest electricity distributor in the state of Victoria, supplying electricity to regional and rural centres in central and western Victoria, and western suburbs of Melbourne. It services approximately 900,000 distribution customers.

CitiPower owns and operates a distribution network which supplies electricity to approximately 350,000 customers in Melbourne's central business district and inner suburbs. These customers include some of Australia's largest companies and many important cultural and sporting icons.

Victoria Power Networks also operates a range of successful non-regulated services including engineering, design and construction services under the trading name of Beon Energy Solutions. Beon is a leader in the design, construction and maintenance of large-scale renewable energy and infrastructure projects in Australia and New Zealand.

According to Powercor's RIN published by the AER, Powercor's RAB was AUD5,300 million as of 30 June 2023. According to CitiPower's RIN published by the AER, CitiPower's RAB was AUD2,095 million as of 30 June 2023. Victoria Power Networks is rated "A-/Stable" by S&P.

Australian Gas Networks

The Group has been a shareholder of Envestra Limited ("**Envestra**") since 1999. In May 2014, a consortium led by the Group announced an off-market takeover bid for Envestra, in which the Group held a shareholding of 17.46% prior to the completion of the takeover, for a cash consideration of AUD1.32 per share (enterprise value was approximately AUD4.6 billion in 2014). The transaction was completed in the third quarter of 2014 and Envestra was renamed Australian Gas Networks.

CKI and Power Assets hold interests of 45.0% and 27.5% in Australian Gas Networks, respectively (with CKI and Power Assets holding 53.2% and 33.0% of the economic interests, respectively). Australian Gas Networks is one of the largest natural gas distribution companies in Australia with approximately 26,000 kilometres of natural gas distribution networks and 1,000 kilometres of transmission pipelines serving around 1.4 million customers in South Australia, Victoria, Queensland, New South Wales and the Northern Territory.

According to Australian Gas Networks (South Australia)'s RIN published by the AER, Australian Gas Networks (South Australia)'s capital base was AUD1,902 million as of 30 June 2023. According to AER's Final Decision on Australian Gas Networks (Victoria & Albury)'s 2023–2028 gas distribution access arrangement, Australian Gas Networks (Victoria & Albury)'s capital base was AUD1,953 million as of 1 July 2023. Australian Gas Networks is rated "A-/Stable" by S&P and "A3/Stable" by Moody's.

DUET Group

In May 2017, CKI, together with Power Assets, acquired a 60.0% interest in DUET Group (enterprise value at the time of privatisation in 2017 was approximately AUD12.7 billion). DUET Group is an owner and operator of energy utility assets in Australia, North America, the United Kingdom and Continental Europe, which was previously listed on the Australian Securities Exchange. The acquisition is the largest acquisition ever made by CKI. DUET Group is composed of four business units: 66.0% shareholding in United Energy, 100.0% shareholding in Multinet Gas Networks, 100.0% shareholding in Dampier Bunbury Pipeline and 100.0% shareholding in EDL.

United Energy

CKI and Power Assets hold interests of 26.4% and 13.2% in United Energy, respectively. United Energy is one of the major electricity distribution networks in the state of Victoria, distributing electricity to approximately 715,000 customers across east and southeast Melbourne and the Mornington Peninsula, an area of approximately 1,500 square kilometres.

According to United Energy's RIN published by the AER, United Energy's RAB was AUD2,693 million as of 30 June 2023. United Energy is rated "A-/Stable" by S&P.

Multinet Gas Networks

CKI and Power Assets hold interests of 40.0% and 20.0% in Multinet Gas Networks, respectively. Multinet Gas Networks operates a regulated gas distribution network covering 1,860 square kilometres of the eastern and southeastern suburbs of Melbourne, the Yarra Ranges and South Gippsland, serving approximately 720,000 customers.

According to AER's Final Decision on Multinet Gas Networks' 2023–2028 gas distribution access arrangement, Multinet Gas Networks' capital base was AUD1,416 million as of 1 July 2023. Multinet Gas Networks is rated "A-/Stable" by S&P and "A3/Stable" by Moody's.

Dampier Bunbury Pipeline

CKI and Power Assets hold interests of 40.0% and 20.0% in Dampier Bunbury Pipeline, respectively. Dampier Bunbury Pipeline is a natural gas transmission pipeline connecting the Carnarvon/Browse Basins with Perth. It is Western Australia's principal gas transmission pipeline, stretching almost 1,600 kilometres, linking the gas fields in the Carnarvon Basin off the Pilbara coast and the Perth Basin to mining, industrial and commercial customers as well as to residential customers. The total length of the pipeline including looping and lateral pipelines is approximately 3,000 kilometres.

According to the access arrangement information for the Dampier to Bunbury Natural Gas Pipeline—2021 to 2025 as approved by the Economic Regulation Authority (the “**ERA**”), Dampier Bunbury Pipeline's opening capital base was AUD3,370 million as of 1 January 2021. Dampier Bunbury Pipeline is rated “A3/Stable” by Moody's.

EDL

CKI and Power Assets hold interests of 40.0% and 20.0% in EDL, respectively. EDL is a leading global producer of sustainable distributed energy, owning and operating a global portfolio of power and gas facilities in Australia, the United Kingdom, North America, and Continental Europe. It specialises in helping customers decarbonise their businesses by providing innovative and reliable energy solutions including (i) in remote and off-grid areas, with an increasing focus on hybrid renewable power stations that use a mix of wind, solar and battery (ii) taking waste gases from landfills and underground coal mines to produce electricity; as well as (iii) producing renewable natural gas from landfills. Beneficial use of waste gases from landfills and coal mines allows EDL to earn and trade green credits or similar incentives in the countries in which it operates. In 2023, EDL was one of the largest producers of Australian carbon credit units (“**ACCUs**”), with approximately 1.1 million certificates issued by the Clean Energy Regulator from June 2023–2024. EDL is rated “BBB–/Stable” by S&P.

Infrastructure investments in New Zealand

For the year ended 31 December 2023, New Zealand contributed HK\$168 million of profit to the Group, accounting for approximately 2.0% of the Group's total profit.

Wellington Electricity

CKI and Power Assets each own a 50.0% interest in Wellington Electricity (enterprise value at the time of acquisition in 2008 was approximately NZ\$785 million). Wellington Electricity owns and manages an electricity network which serves approximately 176,000 domestic, commercial and industrial customers in Wellington, the capital of New Zealand, and extends to Porirua and the Hutt Valley regions of New Zealand. Spanning about 4,800 kilometres of circuit length, the network is characterised by its high customer density and a large proportion of underground assets in the central Wellington City area.

According to Wellington's Electricity Distribution Information Disclosure Determination, Wellington Electricity's RAB as of 31 March 2023 was NZ\$803 million.

Enviro NZ

CKI owns a 100.0% interest in Enviro NZ and completed its acquisition in 2013 (enterprise value at the time of acquisition in 2013 was approximately NZ\$0.5 billion). Enviro NZ is a diversified, vertically integrated waste management business that has national coverage in New Zealand. It is one of the largest vertically integrated waste collection and disposal companies operating throughout New Zealand, offering waste-related services to approximately half a million commercial and residential customers via collection services, landfills and transfer stations across the country.

Enviro NZ owns and manages the Hampton Power and Resource Recovery Centre (the “**Hampton PARRC**”), one of the largest landfills in New Zealand. Situated on an area of 360 hectares outside of Auckland, Hampton PARRC accounts for approximately 40.0% of annual general waste volumes in Greater Auckland. The landfill has consent to receive waste until 2030, while having a capacity to receive waste for many decades to come.

Infrastructure investments in Continental Europe

For the year ended 31 December 2023, Continental Europe contributed HK\$535 million of profit to the Group, accounting for 6.3% of the Group's total profit.

Dutch Enviro Energy

CKI and Power Assets own a 45.5% and a 27.0% interest, respectively, in Dutch Enviro Energy, which in turn owns AVR, one of the largest energy-from-waste players in the Netherlands (enterprise value at the time of acquisition in 2013 was approximately EUR940 million).

AVR is principally engaged in the business of waste processing and the production and supply of sustainable energy from the incineration of waste in the Netherlands. It operates various waste treatment facilities in Duiven and Rozenburg and has an energy-from-waste capacity of approximately 2,300 kilotonnes per year.

In September 2023, AVR had a major fire at its waste-to-energy plant in Rozenburg, the Netherlands, which caused the immediate shut-down of its operations. The damage caused by the fire is expected to be largely covered by insurance, and its boilers are expected to start ramping up operations from the fourth quarter of 2024. For further details, see “*Risk Related to the Group and its Businesses—The Group is subject to risks associated with climate change and other environmental impacts, extreme weather events or natural disasters*” under Part 2 (*Risk Factors*). In March 2024, to address its working capital and capital expenses requirement in the next 6 to 12 months following the fire incident, CKI, Power Assets, CK Asset and CK Hutchison made equity contributions to AVR in an aggregate amount of EUR38 million. CKI’s respective contribution amounted to EUR17.29 million.

ista

CKI owns a 35.0% interest in ista (enterprise value at the time of acquisition in 2017 was approximately EUR6.0 billion). ista is a leading global provider of fully integrated sub-metering services for heat and water with over 100 years’ experience in the business. The sub-metering industry has seen sustained growth over several decades, driven by both customer demand as well as regulatory changes. In Continental Europe, countries have introduced sub-metering regulation as a result of the European Energy Directive (“**EED**”), which entered into force in December 2012 and created a common framework for sub-metering across all EU member states, requiring national governments to pass effective and enforceable regulation for mandatory heat sub-metering. ista’s operations include hardware development, manufacturing, installation and maintenance, meter reading, data collection and processing, individual billing of residents based on actual consumption, energy data management products as well as customer and after-sales services. With a presence in over 20 countries, ista services more than 14 million dwellings with over 60 million installed measuring devices.

Infrastructure investments in Canada

For the year ended 31 December 2023, Canada contributed HK\$648 million of profit to the Group, accounting for 7.6% of the Group’s total profit.

Canadian Power

CKI and Power Assets each hold a 50.0% interest in Canadian Power (enterprise value at the time of acquisition in 2007 was approximately CAD630 million). Canadian Power holds a 49.99% interest in TransAlta Cogeneration, L.P., which has ownership stakes in four electricity generation plants, including three natural gas-fired cogeneration plants in Alberta and Ontario, and one gas-fired generation plant in Alberta with a total capacity of approximately 1,064 MW.

In addition, Canadian Power owns a 100.0% interest in the Meridian Cogeneration Plant, a natural gas-fired plant in the province of Saskatchewan with an installed capacity of 220 MW. The plant sells electricity under a long-term power purchase agreement to Saskatchewan Power Corporation and has a long-term steam supply contract with Cenovus Energy Inc., both lasting until 2025.

In June 2021, Canadian Power acquired Okanagan Wind, which consists of two wind farms located in the Okanagan region of British Columbia, with a combined capacity of approximately 30 MW. These wind farms supply electricity to the British Columbia Hydro and Power Authority under a 40-year power purchase agreement that extends till 2057.

Canadian Midstream Assets

CKI and Power Assets own a 16.25% and a 48.75% interest, respectively, in Canadian Midstream Assets (enterprise value at acquisition in 2016 was approximately CAD2.3 billion), and under the relevant arrangements, CKI and Power Assets are entitled to certain preferential rights in relation to the distributions from the business. Canadian Midstream Assets comprises approximately 2,300 kilometres of crude oil

pipelines, approximately six million barrels of oil storage capacity, as well as natural gas infrastructure assets in Alberta and Saskatchewan, Canada.

Reliance Home Comfort

CKI owns a 25.0% interest in Reliance Home Comfort, which was acquired in 2017 (enterprise value at the time of acquisition in 2017 was approximately CAD4.6 billion). The business principally engages in the building equipment service sector, providing water heaters, HVAC equipment, and comfort protection plans to homeowners primarily in Ontario, Canada. It serves over 2.0 million customers and has one of the largest networks of licensed technicians in Canada. It also has operations in Manitoba, Saskatchewan, Alberta and British Columbia in Canada as well as Georgia and Florida in the U.S. Since the acquisition by CKI, Reliance Home Comfort has executed approximately CAD390 million of add-on acquisitions, further enhancing the scale and profitability of the business. Reliance Home Comfort is rated “BBB–/Stable” by S&P.

Park’N Fly

CKI owns a 50.0% interest (CKI and Power Assets own a 65.0% and a 10.0% economic interest, respectively) in Park’N Fly (enterprise value at the time of acquisition in 2014 was approximately CAD381 million). Park’N Fly is Canada’s leading off-airport car park company with operations spanning from Vancouver to Halifax, including Edmonton, Winnipeg, Ottawa, Toronto and Montreal. Park’N Fly provides either a self-park or valet option or both, plus a host of vehicle-related services such as detailing and oil change services.

Infrastructure investments in Hong Kong and Mainland China and Infrastructure related business

For the year ended 31 December 2023, Hong Kong and Mainland China contributed HK\$117 million of profit to the Group, accounting for 1.4% of the Group’s total profit.

Roads and Bridges

The Group has interests in various projects with a total length of approximately 140 kilometres of toll roads and approximately 9.1 kilometres of toll bridges (including the approach roads) in Mainland China.

The following table summarises certain information with respect to the Group’s transportation projects in Mainland China:

Business	Business Scale (kilometres “km”)	The Group’s Interest (%)⁽¹⁾	Commencement Date of Operation	Expiration Date
Shen-Shan Highway (Eastern Section)	140 km toll road	33.5	November 1996	2028
Shantou Bay Bridge	2.5 km toll bridge ⁽²⁾	30.0	December 1995	2028
Panyu Beidou Bridge	1.5 km toll bridge ⁽³⁾	40.0	January 2001	2024

(1) This represents the Group’s contribution to the total investment of each project in the form of registered capital contribution and shareholders’ loans.

(2) The toll bridge including the approach roads is approximately 6.5 kilometres in length.

(3) The toll bridge including the approach roads is approximately 2.6 kilometres in length.

Shen-Shan Highway (Eastern Section) and Shantou Bay Bridge

The Shen-Shan Highway (Eastern Section) and the Shantou Bay Bridge form a section of an eastern coastal corridor which connects two of Mainland China’s five Special Economic Zones, and also form a part of one of the two north-south national trunk highways that run across Mainland China. The Group has fully funded its obligation with regards to the Shen-Shan Highway (Eastern Section) and the Shantou Bay Bridge.

Panyu Beidou Bridge

In December 1999, the Group entered into a joint venture contract for the construction and operation of the Panyu Beidou Bridge. The bridge, which is approximately 2.6 kilometres long (including the approach roads), has commenced operation in January 2001. The Group has fulfilled its funding obligations with regards to this project.

Infrastructure-related business

CKI owns a 100.0% interest in Green Island Cement, a 100.0% interest in Green Island International (BVI) Limited and a 50.0% interest in Alliance, each of which are involved in the production, distribution and sale of cement, concrete, asphalt, limestone and aggregates.

Cement

The Group operates an integrated cement business through Green Island Cement, starting from resource extraction, cement clinker production, and cement manufacturing to ultimate down-stream distribution.

Green Island Cement is the only local cement producer in Hong Kong. The Hong Kong facility has a cement-grinding capacity of approximately 2.5 million tonnes per year and a clinker production capacity of approximately 1.5 million tonnes per year. In addition, Green Island Cement is involved in the recycling of industrial by-products such as glass cullet, slag, limestone crush-rock fines, fly ash/bottom ash, and flue-gas desulphurisation gypsum from coal-fired power stations, as its raw materials. The Hong Kong operation also has the license to utilise alternative fuels derived from wood, rubber, polyurethanes and plastic to replace conventional fuel used in its cement clinker production.

CKI, through Green Island Cement, has a 67.0% interest in Guangdong Gitic Green Island Cement, which operates a cement manufacturing plant in Yunfu, Guangdong Province in Mainland China, with an annual clinker production capacity of approximately 1 million tonnes and an annual cement grinding capacity of 1.5 million tonnes.

CKI, through Green Island Cement, further expanded its scope in Mainland China in new cement production facilities in Yunfu which has an annual clinker production capacity of 2.0 million tonnes and an annual cement grinding capacity of 1.5 million tonnes. The facilities also encompass a 9MW waste heat regeneration system.

In April 2018, CKI, through Green Island Cement (Yunfu) Company Limited, acquired a 100.0% interest in a cement grinding plant and three berths in a pier in Yunfu. The plant occupies an area of 67,870 square metres and is equipped with a high-efficiency roller press cement mill. The annual cement production capacity of the grinding plant is 1.0 million tonnes, and the three berths command an area of 38,870 square metres and a coastline of 270 metres in length. The berthing ability of each berth is 3,000 tonnes of cement with an annual throughput capacity reaching 3.0 million tonnes. The jetty operation provides loading, transfer and storage services.

Concrete

Alliance is Hong Kong's largest producer of concrete and aggregates and is estimated to account for approximately a quarter of the concrete market share and half of the aggregates market share in the territory. Alliance has an annual production capacity of approximately 4 million cubic metres of concrete and 7 million tonnes of aggregates.

Asphalt

The Group is one of Hong Kong's market leaders in the production and laying of asphalt. The Group has an annual production capacity in excess of 0.5 million tonnes of asphalt and approximately 0.15 million tonnes of recycling capacity.

9. Regulatory Considerations

The table below summarises the primary economic regulators and reset schedules for the key portfolio businesses of the Group:⁽¹⁾

Assets	Regulator	Date of most recent reset	Date of next reset
UK Power Networks	Ofgem	April 2023	April 2028
Northumbrian Water	Ofwat	April 2020	April 2025
Northern Gas Networks	Ofgem	April 2021	April 2026
Wales & West Utilities	Ofgem	April 2021	April 2026
Phoenix Natural Gas ⁽²⁾	The Utility Regulator	January 2023	January 2029
SA Power Networks	AER	July 2020	July 2025
Victoria Power Networks	AER	July 2021	July 2026
United Energy	AER	July 2021	July 2026

Assets	Regulator	Date of most recent reset	Date of next reset
Australian Gas Networks (Victoria and Albury)	AER	July 2023	July 2028
Australian Gas Networks (South Australia)	AER	July 2021	July 2026
Dampier Bunbury Pipeline	ERA	January 2021	January 2026
Multinet Gas Networks	AER	July 2023	July 2028
Wellington Electricity	Commerce Commission	April 2020	April 2025
HK Electric	The Government of the Hong Kong Special Administrative Region	January 2019	January 2034

(1) The table is indicative only and some reset reschedules may still be subject to change. Listed assets reflect the names of the operating entities.

(2) Phoenix Natural Gas was the name of Phoenix Energy before it was rebranded in May 2023.

United Kingdom

The Office of Gas and Electricity Markets (“**Ofgem**”) is the regulator for the electricity and downstream natural gas markets in Great Britain. In relation to the electricity distribution network and gas distribution network businesses of the Group, Ofgem sets and enforces price controls which limit the allowed revenues that may be recovered and retained from such activities. The current price control has been set for a period of five years and the methodology to determine the allowed revenue is determined by Ofgem and takes into account, among other things, operating expenditure, capital expenditure and rate of return on investment. Tariffs are indexed to inflation. Ofgem also monitors compliance with licence conditions, which govern, among other things, terms of service, financial ring fencing, financial strength, provision of information and avoidance of cross-subsidy in the provision of regulated services. Ofgem also has the statutory powers to open investigations and take enforcement actions for breach of legal obligations, including with respect to licence conditions and other relevant requirement, competition law and consumer protection law.

The Water Services Regulation Authority (“**Ofwat**”) is the body responsible for economic regulation of the privatised water and sewerage industry in England and Wales. Ofwat is responsible for, among other things, setting limits on charges and monitoring and enforcing licence obligations. Economic regulation of the water industry in England and Wales is based on a system of five-year price controls split across different wholesale price controls and household retail price controls. Tariffs are indexed to inflation. A key feature of the current period’s price control framework is Ofwat’s ambition to set cost allowances based on economic benchmarking of business models against costs of an efficient water company. Ofwat is also responsible for ensuring that water companies properly carry out their statutory functions and has statutory powers to open investigations and take enforcement actions against water companies for breach of obligations.

The Northern Ireland Authority for Utility Regulation (the “**Utility Regulator**”) is the regulator for electricity, gas and water in Northern Ireland. The Utility Regulator determines price controls for the Northern Ireland gas distributors, such as Phoenix Energy, and ensures that companies meet relevant legislation and licence obligations. Price controls cover a period of six years and set the annual allowed revenue of each gas distributor. In determining price controls, the Utility Regulator also considers the gas distributor’s capital expenditure, operating expenditure, tax costs and rate of return. Tariffs are indexed to inflation.

Australia

The Australian Energy Regulator (“**AER**”) is the economic regulator for all Australian states and territories except for Western Australia for electricity transmission and distribution networks and regulated gas transmission and distribution pipelines. This includes CKI’s SA Power Networks, Victoria Power Networks (CitiPower and Powercor), United Energy, Australian Gas Networks and Multinet Gas Networks. For the electricity businesses, the regulator sets the maximum amount of revenue, providing for operating and capital expenditure, depreciation and a regulated return on assets, that can be earned, after each network business submit their revenue proposals, generally every five years. A similar process applies to the gas businesses, except the regulator sets a price cap, determined by dividing the allowed revenue by forecast demand. Within the five years, prices are adjusted annually for inflation and change in the cost of debt, after approval by the AER.

The Economic Regulation Authority (“**ERA**”) is Western Australia’s independent economic regulator. The ERA regulates third party access to regulated pipelines in Western Australia, such as Dampier Bunbury Pipeline (“**DBP**”), through a detailed regulatory process designed to ensure fair pricing and efficient service delivery.

This process involves assessing the gas businesses' access arrangement proposal, which encompass operating and capital expenditures, a regulated return on investment, and depreciation. The ERA then determines the reference tariffs that DBP can charge its customers. The tariffs are structured to cover DBP's costs while promoting reliability and efficiency. The tariffs are also reset every regulatory period, generally at five-year intervals.

New Zealand

The Commerce Commission New Zealand (the “**Commerce Commission**”) and the Electricity Authority of New Zealand (the “**Electricity Authority**”) are the regulators for the electricity markets in New Zealand. The Commerce Commission, as the economic regulator, sets the maximum revenue each electricity distributor, such as Wellington Electricity, can generally recover from consumers. The Electricity Authority operates and oversees the electricity market, including regulating how the distribution tariffs used to collect revenue from consumers are structured. The Electricity Authority requires that electricity distribution prices should be “cost-reflective,” meaning prices should reflect their underlying cost drivers as required by the Electricity Authority's 2019 Distribution Pricing Principles. Furthermore, electricity distributors are required to publish their pricing methodologies and discuss their pricing plans with the Electricity Authority annually. Tariffs are indexed to inflation.

Hong Kong

The electricity sector is privately owned and operated in Hong Kong. The Government of Hong Kong currently regulates the sector through the Scheme of Control Agreements (“SCAs”). The current SCAs allow the two incumbent utilities, HK Electric and CLP, to recover all operating costs and are permitted to earn a return of 8% on the total values of their average net fixed assets. The Environment and Ecology Bureau of the Hong Kong Government (the “EEB”) is tasked with monitoring the power companies under the SCA regime, by assessing Development Plans (“DPs”) relating to the provision and future developments of the electricity supply systems of HK Electric and CLP to ensure the investments made are not excessive, premature or unnecessary. Each DP is subject to review and approval by the Executive Council of Hong Kong. The EEB also performs annual tariff reviews jointly with the power companies to ensure tariff adjustments are reasonable and to agree on changes from those approved in the Development Plans if applicable. In addition, an annual auditing review is also performed to monitor the financial, technical and environmental performance of the power companies.

In addition to the economic regulators, the Group's portfolio businesses are also subject to the jurisdiction of other regulatory bodies and agencies, including environmental and consumer protection agencies, such as, in the UK, the Environment Agency, which covers environmental protection, and the Drinking Water Inspectorate, which monitors drinking water quality. In the UK, customers' interests of the Group's portfolio businesses are represented by independent challenge groups, such as the Water Forums, and the Consumer Council for Water, which represents the interests of water and sewerage customers in England and Wales.

10. Management Model

One of CKI's key characteristics is its empowerment of portfolio businesses' local executive management teams to run the day-to-day operations of the portfolio businesses overseas. CKI does not assign head office staff as expatriates on site to run its overseas businesses on a daily basis. The local executive management teams are incentivised through both short-term and long-term incentive plans based on financial performance, non-financial metrics (e.g., health and safety, customer satisfaction, operational performance), and personal objectives.

The local executive management teams maintain a close relationship with the Company's head office management team that is built on mutual trust and respect. The Company's management team aims to understand, encourage, and motivate, providing thought leadership and guidance. Its primary goal is to enhance the performance of the portfolio businesses by offering support, rather than by exerting direct control over their operations..

Over the years, the Company's management team has contributed to the success of the portfolio businesses through actively participating in board meetings held overseas, working together on sub-committees and special projects, ensuring effective and uninterrupted communication among various local managements and head office, and creating synergy among the portfolio businesses by organising various committees and conferences on topics including health and safety, risk management, innovation, IT and public relations. The Company

believes it has effectively laid a shared platform for all the portfolio businesses to facilitate their performance towards a common goal.

CKI's International Business Division and Finance & Accounting Division are responsible for overseeing and managing the operational, commercial and financial performance of CKI's portfolio businesses outside Hong Kong and Mainland China. This function is organised geographically, with the team focusing on three core regions: (i) the UK, (ii) Australia and New Zealand, and (iii) Continental Europe and Canada. Each region is led by a dedicated regional head and a group financial controller who report to the Head of International Business and Chief Financial Officer, respectively. Monthly operational and financial performance of each of the businesses are reported to CKI's Executive Committee, discussing and evaluating key performance metrics and regional developments. In addition, ad-hoc Executive Committee meetings are convened as needed for major new transactions and other time-sensitive projects.

CKI's businesses in toll roads and bridges in Mainland China are overseen by the Head of China Infrastructure, who reports to the Executive Committee in a similar manner.

CKI's construction materials businesses in Hong Kong and Mainland China are overseen by the Chief Executive Officer of CK Infrastructure Materials, who reports to the Executive Committee in a similar manner.

The Executive Committee comprises the Chairman of the Board, the Group Managing Director, one of the Deputy Chairmen, the Deputy Managing Director and the heads of CKI's eight key divisions, two of whom are also Executive Directors. The Executive Committee meets regularly to review the Group's management and operations and to evaluate potential acquisitions and investments in businesses or projects.

The position of Chairman, Group Managing Director, Deputy Chairman, and Deputy Managing Director are held by separate individuals as detailed below.

Mr. Li Tzar Kuoi, Victor, Chairman and Executive Director, who joined the CK Group in 1985, determines the broad strategic direction of the Group in consultation with the Board and is responsible for the high-level oversight of management.

Mr. Kam Hing Lam, Group Managing Director and Executive Director, who joined the CK Group in 1993, is responsible for the strategic planning of different business functions and the day-to-day management and operations of the Group with the support of the Executive Directors. In particular, Mr. Kam actively participates in board meetings of CKI member companies in different regions around the world.

Mr. Ip Tak Chuen, Edmond, Deputy Chairman and Executive Director, who joined the CK Group in 1993, assists the Chairman to formulate broad strategic direction and oversees the Group's finance and treasury functions. He is also the Chairman of the Sustainability Committee.

Mr. Andrew John Hunter, Deputy Managing Director and Executive Director, who joined the CK Group in 1988, assists the Group Managing Director in managing day-to-day operations. Mr. Hunter actively participates in, and in some cases chairs, the board of CKI member companies in different regions around the world.

The heads of the Company's eight key divisions are in charge of different functional departments in accordance with their respective areas of expertise, as detailed in the table below.

Name	Role	Year Joined CKH Group	Description
Chan Loi Shun	Chief Financial Officer and Executive Director	1992	Head of the Finance & Accounting division
Chen Tsien Hua	Executive Director	1996	Primary responsibility for major new acquisitions
Chan Kee Ham, Ivan	Chief Planning and Investment Officer	1999	Primary responsibility for investor relations
Lun Pak Lam	Head of China Infrastructure	1994	Primary responsibility for overseeing the Company's existing investments in Mainland China
Luk Sai Hong, Victor	Group General Counsel	1998	Head of the Legal division
Tong Barnes Wai Che, Wendy . .	Chief Corporate Affairs Officer	1999	Primary responsibility for public relations
Duncan Nicholas Macrae	Head of International Business	2011	Primary responsibility for asset management of CKI's existing investments
Chiu Yue Seng	Head of Corporate Finance	2017	Primary responsibility for corporate finance initiatives

Members of the Executive Committee are typically appointed as non-executive directors of the portfolio businesses. Together with any independent non-executive directors and executive directors from the portfolio businesses' executive management teams, they form the board of directors (the "**Board**") of the portfolio businesses. The Boards of the relevant portfolio businesses typically meet in the relevant jurisdictions four or five times a year to perform key governance functions, including setting each portfolio business's strategy and long-term targets, providing guidance and support, and addressing challenges to optimise business performance.

In addition to these board meetings, portfolio businesses typically have in place various board committees, such as Health, Safety and Environment; Sustainability; Audit, Risk and Compliance; Remuneration; among others as appropriate. These committees report their findings and recommendations to the respective Boards.

The Group's portfolio businesses are required to prepare annual budgets as well as medium-term plans covering the subsequent four years. These plans encompass both financial performance and non-financial targets, such as health and safety objectives, operational performance, customer satisfaction and employee engagement. Typically, these plans undergo multiple iterations and are reviewed first by the relevant board committees and then Boards of the portfolio businesses. They are subjected to rigorous scrutiny and challenge by committee and Board members. Once approved, these budgets serve as the foundation for incentive plan targets of the portfolio businesses, rewarding the achievement of budgeted goals and setting stretch targets for performance that exceeds the budget.

Portfolio businesses are encouraged to share knowledge and expertise across the Group through various annual conferences, such as those focused on regulation, finance, sustainability, public relations, health and safety, technology, cybersecurity and legal matters.

CKI believes that innovations and synergies across the Group's portfolio businesses help it learn from experiences and implement global best practices across its businesses, driving further value creation.

11. Employees

As of 30 June 2024, the Group, including its subsidiaries but excluding associates, joint ventures and any affiliated companies, employed a total of 2,408 employees.

12. Insurance

The Group's insurance is purchased on a worldwide or regional basis wherever possible, and where applicable covers, among other things, employers' liability, public and product liability, directors' and officers' liability, crime and material damage and terrorism. Where worldwide or regional coverage is not available, or compliant with local laws or commercially expedient, local policies are used. The Group's policies are tendered or re-marketed at least every three years and the relevant insurer(s) may differ by policy. Levels of coverage for each policy are reviewed each year.

Insurance at the portfolio business level is the responsibility of each portfolio business, and the scope of coverage is typically stipulated by the respective agreements.

13. Sustainability, Environmental and Social

The Group's sustainability strategy is anchored to four pillars, namely: the Business, the People, the Community, and the Environment. The Group believes that these pillars are supported by comprehensive policies, guided by leadership at the Group level, and propelled by a unified effort throughout the Group's portfolio businesses.

Environment

In alignment with global commitments, the Group aims to achieve a 50% reduction in its Scope 1 and 2 GHG emissions by 2035, using 2020 as baseline, and is committed to the pursuit of net zero by 2050.

The Group is committed to combating climate change, recognising the need for robust adaptation strategies and proactive engagement in sustainable development. The initiatives are not expected to be just reactive but also transformative, aiming to create a sustainable and resilient future. The Group understands that tackling the escalating challenges posed by climate change and extreme weather events is crucial for preserving the delicate balance of the world. In the pursuit of sustainability, the Group embraces the principles of waste management and circularity. The conservation of biodiversity is equally pivotal to the Group, as the Group believes it is fundamental to ecological balance. In parallel, the Group strives to steward water resources and control air emissions. Together, these key areas form the foundation of the Group's environmental strategy.

GHG emissions

GHG emissions are categorised into three different categories: Scope 1, Scope 2 and Scope 3. The majority of the Group's GHG emissions are categorised as Scope 1 emissions, which are direct GHG emissions that occur from sources that are controlled or owned by the Group. Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity. The Group began reporting on its Scope 3 emissions in recent years, which are indirect emissions (not included in Scope 2) that occur upstream and downstream from the Group. As reporting Scope 3 emissions includes indirect emissions resulting from activities outside of the Group's control, the estimated Scope 3 emissions only cover a limited number of Scope 3 categories. The Group aims to continue expanding the coverage of its Scope 3 emission data in subsequent years.

In 2023, the Group achieved reductions in the Group's Scope 1 and 2 GHG emissions by 4.0% and 13.2%, respectively. The substantial decrease in the Group's Scope 2 GHG emissions is largely due to grid decarbonisation and reduced electricity consumption, as enhanced incorporation of renewable energy into the local electricity grids has led to a decrease in the carbon intensity of the electricity consumed by the Group's operations.

Decarbonisation initiatives

The Group strives to remain at the industry forefront in meeting the challenges presented by climate change. The electricity distribution networks under the Group's portfolio businesses are supporting a plethora of initiatives, from launching smart grid schemes, facilitating electric vehicle charging, to integrating renewable energy sources such as solar, wind and waste gases.

As for the Group's gas distribution businesses, the application of hydrogen fuel is a key priority, while Dutch Enviro Energy and Enviro NZ are major players in their respective countries in waste management and recycling. Eversholt UK Rails' battery trains, ista's new heating, energy and water consumption tracking devices, as well as Canadian Power's Okanagan wind farms and HK Electric's Offshore LNG Receiving Terminal are all major sustainability projects facilitating decarbonisation. EDL continues to be a leading global sustainable energy provider.

The table below highlights some of the key sustainability and environmental achievements for the Group's selected portfolio businesses in 2023, and outlines some of the key sustainability targets and goals set by their management, as publicly reported by each portfolio business featured:

Business Segment	Portfolio Business	Key 2023 Achievements	Key Sustainability Targets and Goals
Regulated Utilities (Electricity Distribution)	UK Power Networks	36% business carbon footprint ("BCF") reduction compared to 2014/15 baseline - Reduced more than 11,000 MWh in line loss	- Achieving net zero by 2028 - Utilising high quality verified carbon credits to offset remaining residual emissions - Reducing 33% of NOx emissions between 2023/24 and 2028/29 - Reducing distribution line loss emissions by enabling an increased uptake of renewable energy into local electricity grids - Supporting of low carbon heating at households - Phasing out of sulfur hexafluoride ("SF6") via the introduction of SF6-free Gas Insulated Switchgear ("GIS")
	SA Power Networks	Reduced 26% of GHG emissions compared to 2022	- Reducing distribution line loss emissions by enabling an increased uptake of renewable energy into local electricity grids - Transitioning to a flexible "two-way" network to enable more exports from rooftop solar systems

Business Segment	Portfolio Business	Key 2023 Achievements	Key Sustainability Targets and Goals
Other Regulated Utilities	Victoria Power Networks	25% reduction for both direct (scope 1) and indirect (scope 2) carbon emissions compared to 2019 baseline 2.64 GW of renewable energy generation connected to the networks	- Transitioning its passenger and light commercial vehicle fleet to electric vehicles - Developing a SF6 life-cycle management plan with the goal of accelerating the phase-out of SF6 insulated assets across its network 30% reduction for both direct (scope 1) and indirect (scope 2) carbon emissions (including distribution line losses) based on 2019 baseline by 2030 - Increasing total installed capacity of renewable energy generation on its networks to 4 GW by 2026 - Reducing distribution line loss emissions by enabling an increased uptake of renewable energy into local electricity grids - Installation of community-based batteries and the use of smart meters for system management
	United Energy	33% reduction for both direct and indirect carbon emissions (scope 1 and 2 emissions) compared to 2019 baseline 723 MW of renewable generation connected to the network	30% reduction of both direct (scope 1) and indirect (scope 2) carbon emissions (including distribution line losses) based on 2019 baseline by 2030 - Increasing total installed capacity of renewable energy generation on its networks to 800 MW by 2026 - Reducing distribution line loss emissions by enabling an increased uptake of renewable energy into local electricity grids
	Wellington Electricity	80% of corporate fleet fully electrified	25% reduction in scope 3 category 1 and 2 (excluding line losses) emissions by 2025 2.5% reduction in scope 3 category 3 emissions by 2025 - Reducing distribution line loss emissions by enabling an increased uptake of renewable energy into local electricity grids
	Northern Gas Networks	35% reduction in gas leakage compared to 2013 level, cumulatively reduced approximately 950,000 metric tons of carbon dioxide equivalent (tCO2e) of Scope 1 emissions	- Transporting 100% green gas in network by 2050 - Achieving net zero emissions by 2050 - Reducing emissions through replacement of old pipelines - Connecting low carbon gases, specifically biomethane, into its network - Boosting energy efficiency of offices, depots, and fleets
	Wales & West Gas Networks	3% total shrinkage reduction year-over-year	Investing GBP 400 million into its gas network from 2021 to 2026 in order to prepare a network by 2035

Business Segment	Portfolio Business	Key 2023 Achievements	Key Sustainability Targets and Goals
Contracted Infrastructure	Northumbrian Water	93% reduction for operational emissions compared to 2008 baseline - Procured 100% renewable power and 100% natural gas has been displaced by the use of biomethane	- that is ready for net zero in regions most poised for a switch to hydrogen, with the ambition to transform the entire network by 2040 - Partnering with a global hydrogen company to produce innovative electrolyser prototypes
			- Achieving net zero by 2050 for scope 1, 2 and 3 emissions - Reducing methane emissions by utilising biogas generated from sludge to produce gas and electricity
	Australian Gas Networks	Completion of the AGN Victoria Mains Replacement Programme: since 2003, approximately 1,500 km of low and medium pressure mains in Victoria have been replaced to more reliable polyethene material to reduce gas leakage	- Reducing direct emissions through replacement of old pipelines with new polyethylene mains and services - Targeting 10% renewable gas (by volume) in networks by 2030 and 100% renewable gas by 2050
	Eversholt UK Rails	Concluded studies on the feasibility and safety of hydrogen-powered trains	- Investigating hydrogen as alternative fuels for trains - Exploring greener solutions and opportunities on diesel-fueled trains, including engine efficiency modifications, replacement of existing cabin heating, ventilation and air conditioning, dual fuels and alternative fuels
	EDL	- Set target to be net zero by 2050 for scope 1 & 2 GHG emissions - Expanded renewable natural gas portfolio in the U.S., contributing to the avoided GHG emissions benefit from EDL's global operations	- Expanding hybrid remote energy portfolio with increasing renewables - Continuing to expand operations to convert methane from landfills to renewable natural gas and electricity
	Enviro NZ	Successfully collected 14,300 tonnes of timber originally sent to landfills for further processing to biofuel, effectively reducing carbon emissions associated with the decomposition of organic materials	- Reducing landfill emissions by improving gas capture and changes in composition of waste going to landfill - Transition of passenger vehicle fleet to low carbon alternatives - Capturing landfill gas to generate electricity - Diverting timber waste from landfills to reduce carbon emissions

Business Segment	Portfolio Business	Key 2023 Achievements	Key Sustainability Targets and Goals
Other Businesses	ista	71% of electricity consumption currently comes from renewable energy	- associated with the decomposition of organic materials - Achieving net zero by 2030 - Facilitating customers decarbonisation by introducing energy efficient products and green services
	Dutch Enviro Energy	The plant in Duiven captured around 39,550 tCO₂e for reuse in the greenhouse horticultural sector	- Expanding carbon capture and utilization capacity at the waste-to-energy facilities - Installing frequency drivers to enhance operational efficiency - Converting paper pulp residue into valuable energy
	Reliance Home Comfort	Introduced Vehicle Idling Scorecard across operations to encourage employees to reduce vehicle idling time	- Facilitating customers decarbonisation by introducing energy-efficient products and green services - Implementing various carbon offset initiatives such as incorporating service vehicles equipped with XL Hybrid Systems
	Green Island Cement	Increased sales of low carbon product—Granulated Blast-furnace Slag (“GGBS”) by 47% year-over-year	- Promoting the sales of low carbon cementitious materials - Replacing 25% of total fuel in the precalciner with waste derived fuels by 2035 - Establishing a waste collection framework and bio-mass processing facilities
	Alliance	Introduced the first electric concrete mixer truck to support construction electrification and green logistics in Hong Kong	- Reducing 30% of scope 1 and 2 GHG emissions by 2030 compared to 2018 - Replacement of truck fleet to latest EURO VI 5-axle concrete mixer trucks and promote the use of low carbon products - Introducing electric concrete mixer truck
	HK Electric	Aggregated electricity generated from renewable energy sources of HK Electric and its customers (via the Feed-in Tariff Scheme) increased to over 10 GWh within the year	- Completing the full-scale deployment of smart meters by 2025 - Shifting towards a low carbon fuel mix and phasing out coal-fired generation by 2035 - Exploring the potential applications of new technologies in renewables, hydrogen fuel, battery energy storage system and importing zero-carbon energy - Rendering a one-stop free service Smart Power EV Charging Solution - Using cleaner fuels such as natural gas and low-sulphur coal with lower ash contents in thermal power generation

The Group also aims to explore new investment opportunities that arise from this global decarbonisation journey as part of the overall business development strategy.

Waste management and circularity

The Group is committed to fostering sustainability and building stakeholder confidence through superior waste management practices. The Group's strategic approach aims at transforming waste from a discarded material into a valuable resource that powers the circular economy, with a focus on working with the Group's portfolio businesses to reduce waste at the operational level. The Group has underscored its dedication to reducing waste footprint by establishing waste reduction and recycling targets, and by executing a waste management plan based on guidelines for responsible and efficient waste handling.

The Group actively seeks potential areas of improvement in existing procedures and processes, which includes engaging external experts to perform waste mapping exercises to identify waste streams and facilities. In addition to adopting the principle of waste reduction, reuse and recycling, a number of the Group's portfolio businesses are also examining ways to integrate the principles of circular economy into their strategic planning.

Social

The Group strives to create a safe and rewarding workplace for its employees while leveraging its influence to effect positive change in society. The Group is committed to safeguarding employee rights through fostering strong relationships, promoting human rights, and maintaining a healthy and safe work environment. Moreover, the Group is actively involved in initiatives aimed at supporting and improving the communities in which it operates.

Human capital development

The Group is dedicated to ensuring equal employment opportunities and fostering a supportive environment that encourages personal and professional growth and development. The Group has adopted the Corporate Social Responsibility Policy, which outlines the Group's commitment to its employees and their development, with several key aspects highlighted below:

- Cultivating a positive work environment that appreciates the diverse perspectives of its workforce, promoting individual advancement, and achieving business objectives;
- Offering a nurturing work environment where individuals can develop, supplemented by a broad array of training programs, development opportunities, and various interest-based courses and activities;
- Maintaining internal fairness and external competitiveness in employee compensation and recognition; and
- Ensuring a safe workplace for all its employees.

The Group is committed to providing equal and fair employment and cultivating a workplace that values respect and inclusivity. Its recruitment practices follow stringent equal opportunity guidelines, and its anti-discrimination policies are aimed at upholding diversity and inclusion across its operations. To encourage a broader understanding of diversity within its business operations, the Group has established a diversity committee comprised of representatives from its portfolio businesses. In addition to fair employment practices, the Group has also implemented a structured performance review system that encourages two-way feedback and connects its employees' compensation with individual goals and business objectives. The Group also implements flexible working arrangements, offers flexible benefits schemes and provides various communication channels to shape a work environment that encourages employee engagement and inspires their work performance.

Moreover, the Group regularly assesses and reviews its initiatives for developing human capital to ensure they align with its employees' expectations and requirements while positively impacting the Group. The Group offers comprehensive training and development programmes, mentorship opportunities, and career advancement opportunities, aiming to cultivate a highly skilled and motivated team. In 2023, approximately 93% of employees of the Group and its businesses received training, with an average of approximately 32 hours training hours per employee. The Group has also set human capital development targets for its portfolio businesses and regularly tracks their progress.

Health and Safety

CKI aims to achieve the highest standards of health and safety across its operations, is committed to promoting health and safety across its portfolio businesses and strives to improve and monitor the health and safety

mechanisms within its business activities. As such, the Group has adopted its Health and Safety Policy, which provides the framework and sets out minimum requirements on health and safety that each portfolio business shall adopt, subject to applicable legal requirement. In 2023, 93% of full-time employees of the Group and its businesses received safety-related training, and 51% of their employees were covered by certified Health and Safety Management System, including Occupational Health and Safety Management Systems 18001 or International Organisation for Standardisation 45001.

Sustainability and Corporate Governance Policies

The Group's sustainability strategy is designed to address the most significant environmental and social impacts relevant to the Group, its employees, communities and the environment over short, medium and long-term horizons. To implement its sustainability strategy, the Group has adopted a set of policies, procedures, and guidelines that guide the Group in integrating sustainable practices into all aspects of its operations. Such policies include, but are not limited to, the anti-harassment policy, biodiversity policy, corporate social responsibility policy, environmental policy, health and safety policy, human rights policy, modern slavery and human trafficking statement, supplier code of conduct, and workforce diversity policy. In addition, the Group has adopted various policies to ensure rigorous corporate governance standards, such as anti-fraud and anti-bribery policy, board diversity policy, director nomination policy and employee code of conduct. The Group's policies are available on its website and are provided in both Chinese and English.

To ensure effective management of its environmental, social and corporate governance practices and strict adherence to relevant rules and regulations, the Group has adopted the Environmental Management System, and established a Board-level Sustainability Committee to oversee the Group's sustainable business strategies and performance, which reports to the Board on an annual basis. The Board has defined clear authority and oversight mechanisms for assessing and managing climate-related risks and opportunities.

14. Recent Developments

On 13 August 2024, CKI, as part of a consortium comprising CKI, CK Asset and Power Assets, through its joint venture CK William, entered into an agreement to acquire a portfolio of operating onshore wind farms in the United Kingdom for approximately GBP350 million, subject to certain closing adjustments. The transaction is expected to be completed in September 2024. The portfolio comprises of 32 wind farms located in England, Scotland and Wales, totalling 175 MW in installed capacity and 137 MW in net attributable capacity.

On 24 April 2024, CK William underwent a recapitalisation exercise whereby certain shareholder loans owed by CK William to CKI, Power Asset and CK Asset were repaid by way of issuance of new shares to the respective entities. The goal of the recapitalisation was to streamline the capital structure of CK William and strengthen its financial resilience. The shareholder loan amount repaid by CK William to CKI was AUD533 million (equivalent to approximately HK\$2,694.2 million). There has been no change in shareholdings of CKI, Power Asset and CK Asset in CK William subsequent to the recapitalisation exercise.

PART 7
DIRECTORS, SENIOR MANAGERS AND CORPORATE GOVERNANCE

1. Directors

The following table lists the names, positions and ages of the Directors (and their Alternate Directors) as at the date of this Prospectus:

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Date appointed to Board</u>
Li Tzar Kuoi, Victor	60	Chairman and Executive Director	May 1996
Kam Hing Lam	77	Group Managing Director and Executive Director	May 1996
Ip Tak Chuen, Edmond	72	Deputy Chairman and Executive Director	May 1996
Fok Kin Ning, Canning	72	Deputy Chairman and Executive Director	March 1997
Frank John Sixt . . .	72	Executive Director	May 1996
Andrew John Hunter	65	Deputy Managing Director and Executive Director	December 2006
Chan Loi Shun	62	Chief Financial Officer and Executive Director	January 2011
Chen Tsien Hua . . .	62	Executive Director	January 2017
Cheong Ying Chew, Henry	76	Independent Non-executive Director	May 1996
Kwok Eva Lee	82	Independent Non-executive Director	September 2004
Sng Sow-mei alias Poon Sow Mei . .	83	Independent Non-executive Director	September 2004
Lan Hong Tsung, David	84	Independent Non-executive Director	February 2005
Paul Joseph Tighe . .	68	Independent Non-executive Director	April 2017
Lee Pui Ling, Angelina	75	Non-executive Director	May 1996
George Colin Magnus	88	Non-executive Director	May 1996
Man Ka Keung, Simon	67	Alternate Director to Ip Tak Chuen, Edmond	February 2008
Eirene Yeung	63	Alternate Director to Kam Hing Lam	February 2008

The business address of each of the Directors is 12th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

Directors

The management experience and expertise of each of the Directors is set out below.

Li Tzar Kuoi, Victor (Chairman and Executive Director)

Li Tzar Kuoi, Victor has been the Chairman of the Company since its incorporation in May 1996. He has been a member of the Remuneration Committee of the Company since March 2005, the Chairman of the Executive Committee of the Company since April 2005 and a member of the Nomination Committee of the Company since January 2019. Mr. Li is the Chairman and Executive Director of CK Hutchison, and the Chairman and Managing Director and the Chairman of the Executive Committee of CK Asset. He is also the Chairman of CK Life Sciences Int'l., (Holdings) Inc., a Non-executive Director of Power Assets 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, and the Member Deputy Chairman of Li Ka Shing (Canada) Foundation. He serves as a member of the 14th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China and a member of the Chief Executive's Council of Advisers of the HKSAR. He is also Vice Chairman of the Hong Kong General Chamber of Commerce. Mr. Li is the Honorary Consul of Barbados in Hong Kong and is awarded the Grand Officer of the Order of the Star of Italy. He is a director of certain substantial shareholders of the Company within the meaning of Part XV of

the Securities and Futures Ordinance (“SFO”), and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Bachelor of Science degree in Civil Engineering, a Master of Science degree in Civil Engineering and a degree of Doctor of Laws, honoris causa (LL.D.). Mr. Li is a nephew of Mr. Kam Hing Lam, the Group Managing Director of the Company.

Kam Hing Lam (Group Managing Director and Executive Director)

Kam Hing Lam 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, the Deputy Managing Director and Executive Committee Member of CK Asset, 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 Hong Kong Stock Exchange. 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 (Deputy Chairman and Executive Director)

Ip Tak Chuen, Edmond 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, and the Deputy Chairman and Executive Committee Member of CK Asset. 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 Hong Kong Stock Exchange. 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 (Deputy Chairman and Executive Director)

Fok Kin Ning, Canning has been an Executive Director and Deputy Chairman of the Company since March 1997. Mr. Fok is an Executive Director and the Deputy Chairman of CK Hutchison. Mr. Fok is also the Chairman of Hutchison Telecommunications Hong Kong Holdings Limited, TPG Telecom Limited, HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited and the Executive Chairman of CK Hutchison Group Telecom Holdings Limited (“CKHGT”). Mr. Fok is also the Deputy President Commissioner of PT Indosat Tbk. Except for HKEIM and CKHGT, all the companies/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.

Frank John Sixt (Executive Director)

Frank John Sixt has been an Executive Director of the Company since its incorporation in May 1996. Mr. Sixt is the Group Co-Managing Director and Group Finance Director of CK Hutchison. He is also the Non-executive Chairman of TOM Group Limited, the Chairman and an Alternate Director of Hutchison Telecommunications (Australia) Limited, a Non-executive Director of TPG Telecom Limited, a Director of Cenovus Energy Inc., and an Alternate Director of 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 (Deputy Managing Director and Executive Director)

Andrew John Hunter 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 the Chairman and Executive Director of Power Assets. He is also an Executive Director of CK Hutchison. All the companies mentioned above are listed companies. Prior to the appointment to the board of Power Assets 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 40 years of experience in accounting and financial management.

Chan Loi Shun (Chief Financial Officer and Executive Director)

Chan Loi Shun 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, 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 (Executive Director)

Chen Tsien Hua 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 (Independent Non-executive Director)

Cheong Ying Chew, Henry 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. Mr. Cheong has also been a member of the Nomination Committee of the Company since February 2024. He is also an Independent Non-executive Director of CK Asset, 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 (Independent Non-executive Director)

Kwok Eva Lee has been an Independent Non-executive Director of the Company since September 2004. She has been a member of the Nomination Committee of the Company since January 2019 and the Chairperson of the Nomination Committee of the Company since December 2020. She acted as a member of the Audit Committee of the Company from September 2004 to June 2019. She is also an Independent Non-executive Director of CK Asset and CK Life Sciences Int'l., (Holdings) Inc., and a Director of Li Ka Shing (Canada) Foundation ("LKS Canada Foundation"). She currently serves as the Chair and Chief Executive Officer of Amara Holdings Inc. ("Amara"). Mrs. Kwok also acts as an Independent 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 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 Human Resources and Compensation Committee of Cenovus Energy Inc., 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.

Sng Sow-mei alias Poon Sow Mei (Independent Non-executive Director)

Sng Sow-mei alias Poon Sow Mei has been an Independent Non-executive Director of the Company since September 2004. She has been a member of the Audit Committee of the Company since September 2004 and a member of the Remuneration Committee of the Company since September 2022. She acted as the Chairperson of the Audit Committee of the Company from July 2020 to May 2022. She is an Independent Non-executive Director of CK Asset, a listed company. She is also an Independent Non-executive Director of ESR Asset Management (Prosperity) Limited (formerly known as ARA Asset Management (Prosperity) Limited), which manages Prosperity Real Estate Investment Trust, a real estate investment trust listed on the Hong Kong Stock Exchange. Mrs. Sng is also a member of the Audit Committee and the Nomination Committee of ESR Asset Management (Prosperity) Limited. Mrs. Sng was previously an Independent Non-executive Director, the Lead Independent Director and a member of the Audit Committee 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”), an Independent Director and a member of the Audit Committee of ESR Trust Management (Suntec) Limited (formerly known as 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 ESR Asset Management (Fortune) Limited (formerly known as ARA Asset Management (Fortune) Limited), which manages Fortune Real Estate Investment Trust, a real estate investment trust listed on the Hong Kong Stock Exchange. 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 Regional Director of the Singapore Economic Development Board and Trade Development Board respectively. Mrs. Sng was Singapore’s Trade Commissioner in Hong Kong from 1990 to 1997. Mrs. Sng holds a Bachelor of Arts degree from the Nanyang University in Singapore and has wide experience in various fields of industrial investment, business development, strategic and financial management, especially in property investment and management. In 1996, Mrs. Sng was conferred the title of PPA(P) — Pingat Pentadbiran Awam (Perak), the Singapore Public Administration Medal (Silver) by the Republic of Singapore.

Lan Hong Tsung, David (Independent Non-executive Director)

Lan Hong Tsung, David has been an Independent Non-executive Director and a member of the Audit Committee of the Company since February 2005, and a member of the Sustainability Committee of the Company since February 2024. Dr. Lan is an Independent Non-executive Director of Cinda Financial Holdings Co., Limited. He is also an Independent Non-executive Director of ESR Asset Management (Prosperity) Limited (formerly known as ARA Asset Management (Prosperity) Limited), which manages Prosperity Real Estate Investment Trust, a real estate investment trust listed on the Hong Kong Stock Exchange. He was previously an Independent Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited and SJM Holdings Limited, both of which are listed companies, for 15 years and 11 years, respectively. Dr. Lan was also previously an Independent Non-executive Director of ESR Asset Management (Fortune) Limited (formerly known as ARA Asset Management (Fortune) Limited), which manages Fortune Real Estate Investment Trust, a real estate investment trust listed on the Hong Kong Stock Exchange. He is the Chairman of David H T Lan Consultants Limited, and holds directorship at Nanyang Commercial Bank, Limited since April 2002 and International Probono Legal Services Association Limited since 2019. 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 until his retirement in March 2019. He was also the President of the International Institute of Management for almost 7 years until his retirement in June 2019. He was the Secretary for Home Affairs of the HKSAR Government until his retirement in July 2000. He had served as a 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.

Paul Joseph Tighe (Independent Non-executive Director)

Paul Joseph Tighe has been an Independent Non-executive Director of the Company since April 2017. He has been a member of the Audit Committee of the Company since March 2019 and the Chairman of the Audit Committee of the Company since May 2022. He has been a member of the Sustainability Committee of the Company since December 2020. He is also an Independent Non-executive Director of CK Hutchison and CK Life Sciences Int'l., (Holdings) Inc., both of which are 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 (Non-executive Director)

Lee Pui Ling, Angelina 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 (Non-executive Director)

George Colin Magnus 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 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") from 1980 and Deputy Chairman since 1985 until he retired from these offices in October 2005. He has been a Non-executive Director of CKH from November 2005 until his resignation in June 2015. He has been an Executive Director of Hutchison Whampoa Limited ("HWL") since 1980 and was re-designated as a Non-executive Director since November 2005 until his resignation in June 2015. He served as Deputy Chairman of HWL from 1984 to 1993. Mr. Magnus was previously the Chairman of Power Assets Holdings Limited (formerly known as Hongkong Electric Holdings Limited) from 1993 to 2005, a Non-executive Director from 2005 to 2012 and an

Independent Non-executive Director until January 2014. Except for HKEIM, CKH and HWL, all the companies/investment trust mentioned above are listed in Hong Kong. He is a director of a substantial shareholder of the Company within the meaning of Part XV of the SFO. He holds a Master's degree in Economics from King's College, Cambridge.

Alternate Directors

The management experience and expertise of each of the Alternate Directors is set out below.

Man Ka Keung, Simon (Alternate Director to Ip Tak Chuen, Edmond)

Man Ka Keung, Simon 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 an Executive Committee Member and General Manager of Accounts Department of CK Asset, 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 43 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 (Alternate Director to Kam Hing Lam)

Eirene Yeung is an 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 an Executive Committee Member and Company Secretary, and General Manager of Company Secretarial Department of CK Asset. She is also the Company Secretary of CK Life Sciences Int'l., (Holdings) Inc. Ms. Yeung is a Non-executive Director of ESR Asset Management (Fortune) Limited (formerly known as 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.

2. Senior Managers

The identity and experience of the following members of the Company's current senior management team (each a "Senior Manager") are considered by the Company to be relevant in establishing that the Company has the appropriate experience and expertise for the management of its business:

Name	Age	Position
Chan Kee Ham, Ivan	61	Chief Planning and Investment Officer
Lun Pak Lam	66	Head of China Infrastructure
Luk Sai Hong, Victor	61	Group General Counsel
Tong Barnes Wai Che, Wendy	63	Chief Corporate Affairs Officer
Duncan Nicholas Macrae	53	Head of International Business
Chiu Yue Seng	47	Head of Corporate Finance

The business address of each Senior Manager other than Mr. Macrae is 12th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong. The business address of Mr. Macrae is Hutchison House, 5 Hester Road, Battersea, London, SW11 4AN, United Kingdom.

The management experience and expertise of each of the Senior Managers is set out below.

Chan Kee Ham, Ivan (Chief Planning and Investment Officer)

Chan Kee Ham, Ivan is the Chief Planning and Investment Officer, and has been with the Company since September 1999. He is also the Chief Financial Officer of Power Assets. 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.

Lun Pak Lam (Head of China Infrastructure)

Lun Pak Lam is the Head of China Infrastructure, and 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.

Luk Sai Hong, Victor (Group General Counsel)

Luk Sai Hong, Victor is the Group General Counsel, and 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.

Tong Barnes Wai Che, Wendy (Chief Corporate Affairs Officer)

Tong Barnes Wai Che, Wendy is the Chief Corporate Affairs Officer, and joined the CK Group in March 1999. She is also an Executive Committee Member and Chief Corporate Affairs Officer of CK Asset. She is also the Chief Corporate Affairs Officer of 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.

Duncan Nicholas Macrae (Head of International Business)

Duncan Nicholas Macrae is the Head of International Business, and joined the Company in February 2011. He has over 30 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.

Chiu Yue Seng (Head of Corporate Finance)

Chiu Yue Seng is the Head of Corporate Finance, and joined the Company in January 2017. He is also an Executive Committee Member and Head of Special Projects of CK Asset. 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.

3. Corporate Governance

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures of the Group. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholder value. The corporate governance principles of the Company emphasise a quality Board, sound internal controls, and transparency and accountability to all shareholders.

The Company has applied the principles and has complied with all code provisions and, where applicable, the recommended best practices of the Corporate Governance Code as set out in Appendix C1 to the HK Listing Rules on the Hong Kong Stock Exchange (the "CG Code") throughout the six months ended 30 June 2024 and up to the date of this Prospectus.

4. The Board

Role of the Board

Accountable to the shareholders under the leadership of the Chairman, the Board leads, directs and supervises the Company's affairs to enable the long-term success of the Company. The Board is responsible for shaping and monitoring the corporate culture, setting long-term strategic objectives, policies and directions of the Company with appropriate focus on values creation and risk management. The Board evaluates the Group's operating, financial and sustainability performance and oversees the executive management of the Company with the support of various standing committees, and ensures the Company maintains effective communication with shareholders and appropriate engagement with other key stakeholders. The Board ensures appropriate and adequate reporting in annual reports, including financial statements, Environment, Social and Governance ("ESG"), disclosure of Board's practices and other corporate policies. The Board is accountable for its actions or inactions, and where appropriate, the Board takes the shareholders' and stakeholders' view into account in its decisions. The Board ensures adequacy of resources, staff qualifications and experience, especially for the Company's accounting, internal audit and financial reporting functions, as well as those relating to the Company's ESG performance and reporting.

Under the leadership of the Group Managing Director, the Company's management is responsible for the day-to-day operations of the Group.

The Company has arranged and maintained appropriate and adequate directors and officers liability insurance coverage for its directors and officers since its listing on the Hong Kong Stock Exchange.

Board Composition

As of the date of this Prospectus, the Board consists of fifteen Directors, including eight Executive Directors (including the Chairman, the Group Managing Director, two Deputy Chairmen, the Deputy Managing Director, the Chief Financial Officer and two Executive Directors), two Non-executive Directors and five Independent Non-executive Directors. Two Alternate Directors have been appointed. As of the date of this Prospectus, at least one-third of the members of the Board are Independent Non-executive Directors and more than one of them have appropriate professional qualifications, or accounting or related financial management expertise. Independent Non-executive Directors have been identified in all corporate communications that disclosed the names of Directors.

A formal letter setting out the key terms and conditions of the Board appointment was issued to each Director upon appointment.

The Board, through and by the Nomination Committee, reviews the Board's structure, size and composition at least annually to ensure that the Board has a balance of expertise, skills, experience and diversity of perspectives appropriate to the requirements of the business of the Group and a balanced composition of Executive and Non-executive Directors.

The Company maintains, on the websites of the Company and Hong Kong Exchanges and Clearing Limited ("HKEX"), an updated list of directors identifying their respective roles and functions and whether they are Independent Non-executive Directors. The Company considers that all Independent Non-executive Directors meet the independence guidelines set out in Rule 3.13 of the HK Listing Rules and are independent in accordance with the terms of the guidelines.

All directors (including Independent Non-executive Directors) are subject to retirement by rotation at least once every three years. Retiring directors are eligible for re-election by shareholders at general meetings in accordance with the Bye-laws and the CG Code. Each Director who is subject to retirement by rotation will be appointed by a separate resolution at the Company's annual general meeting.

Chairman and Group Managing Director

The positions of Chairman and Group Managing Director are 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 the strategic planning of different business functions and the day-to-day management and operations of the Group.

The Chairman provides leadership for the Board and ensures effective performance of the duties of the Board and that all key and appropriate issues are discussed in a timely manner. With the support of other Executive Directors and the Company Secretary, the Chairman sets the agenda for each Board meeting taking into account, where appropriate, matters proposed by the other directors for inclusion in the agenda, and ensures that all directors receive adequate and accurate information, and are properly briefed on issues arising at Board meetings, on a timely manner.

The Chairman encourages and solicits opinions from the directors and urges for directors' active contribution to the Board's affairs, and takes the lead to ensure that the Board acts in the best interest of the Company. The Chairman promotes a culture of openness and a constructive relationship between Executive and Non-executive directors, and encourages directors with different views to voice their concerns. The Chairman allows sufficient time for discussion of issues and ensures that Board decisions fairly reflect Board consensus. Led by the Chairman, the Board and the management of the Company have taken appropriate steps to facilitate effective communication with shareholders and engagement with other stakeholders, and have put in place good corporate governance practices and procedures.

The Chairman leads the Board in fostering the Group's corporate culture in alignment with its purpose, values and strategy set by the Board, to reinforce the Group's vision and pursuit of success.

Executive Directors and the Executive Committee

Executive Directors are in charge of the Group's different businesses and functional divisions in accordance with their respective areas of expertise. The management of the Company reports acquisitions of or investments

in businesses or projects, and other matters as considered appropriate, back to the Board, and obtains the Board's prior approval before making decisions or entering into any commitments on behalf of the Company. Where appropriate, disclosure is made and/or circulars are issued to obtain shareholders' approval in accordance with the requirements of the applicable rules and regulations.

The Executive Committee is one of the five Board committees established with specific terms of reference. The Executive Committee comprises six Executive Directors and six other key personnel of the Company. The Executive Committee is chaired by the Chairman of the Board and meets regularly to discuss and make decisions on matters relating to the management and operations of the Company, and to assess and make recommendations to the Board on acquisitions of or investments in businesses or projects. The Executive Committee is provided with sufficient resources to discharge its duties, and a Director as a member of the Executive Committee may seek independent professional advice, through the Company Secretary and at the Company's expense, in appropriate circumstances in discharging its duties.

Board Process

The Board meets regularly and at least four times a year at approximately quarterly intervals. Regular Board meetings in a particular year are scheduled towards the end of the immediately preceding year to give all directors adequate time to plan their schedules. Notice of at least 14 days is given of a regular Board meeting, together with a draft agenda for review and comments. The prior notice gives all directors an opportunity to include matters in the agenda. The agenda accompanying a full set of papers of a regular Board meeting is circulated not less than three days before the intended date of the meeting, with a view to enabling the directors to make informed decisions on matters to be considered at the meeting. The directors are given as much prior notice as is reasonable and practical under the circumstances of ad hoc Board meetings in addition to regular Board meetings. According to the Bye-laws, any director may waive notice of any meeting.

The directors are provided with adequate, complete and reliable information in a timely manner to enable them to make informed decisions. All directors are entitled to have access to Board papers and related materials. Directors make enquiries when they require further information. Communication between the directors on the one hand and the Company Secretary acting as the coordinator for the Group's portfolio businesses on the other, is a dynamic and interactive process ensuring that queries raised and clarifications sought by the directors are dealt with and that further supporting information is provided if appropriate. The Company Secretary and the Chief Financial Officer attend all regular Board meetings to advise on corporate governance, statutory compliance and accounting and tax related financial matters, as appropriate. The 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.

Each director is required to declare his/her interest in accordance with the Bye-laws. All matters to be considered by the Board which the Board has determined to be material, in which a substantial shareholder or a director has a conflict of interest, are dealt with in accordance with the applicable rules and regulations and, where appropriate, by an independent board committee to be set up in accordance with the HK Listing Rules.

Board Independence

As of the date of this Prospectus, five out of the fifteen members of the Board are Independent Non-executive Directors, accounting for approximately 33.33% of the Board. Separation of the roles of the Chairman and the Group Managing Director ensures there is a balance of power and authority. The Audit Committee, the Nomination Committee and the Remuneration Committee are chaired by Independent Non-executive Directors. The Audit Committee comprises Independent Non-executive Directors only. Independent Non-executive Directors comprise a majority of each of the Nomination Committee and the Remuneration Committee. A majority of the Directors sitting on the Sustainability Committee are Independent Non-executive Directors.

The Independent Non-executive Directors exercise their independent judgement on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct of the Company. The Independent Non-executive Directors help review the Board's major decisions, the Company's financial and operational performance and monitor performance reporting on a regular basis. During the year ended 31 December 2023, through their participation at the Company's annual general meeting, Board and Board Committee meetings and perusal of reports by and having dialogues with the management, the Independent Non-executive directors attended to affairs relating to internal audit and controls, corporate governance, directors' appointments, acquisitions and divestments, accounting and financial matters, regulatory compliance, and strategic and sustainability policies of the Company.

The independence of the Independent Non-executive Directors is assessed according to the relevant requirements under the HK Listing Rules. Each Independent Non-executive Director is reminded to inform the Company and the Hong Kong Stock Exchange as soon as practicable if there is any change that may affect his/her independence. Each Independent Non-executive Director has provided the Company with an annual confirmation of independence taking into account the factors referred to in Rule 3.13 of the HK Listing Rules. Independent Non-executive Directors receive fixed fees for their appointments as members of the Board and additional fees for sitting on each Board Committee. None of such fees are based on the performance of the Group. None of the Independent Non-executive Directors are financially dependent on the Group.

The Board considers that a director's independence is a question of fact and that cross-directorships do not necessarily result in significant links with other directors or compromise the independence of an Independent Non-executive Director. Instead, the experience of sitting on other listed boards broadens a director's perspective and enriches a director's contributions to Board discussions. The Independent Non-executive Directors are professionals with high esteem and integrity, experts in their specific fields with a wide spectrum of skills and experience, and financially independent. The Independent Non-executive Directors are able to provide independent, constructive views with respect to the Company's matters and challenges to the management and other directors as circumstances require. The Board is of the view that all Independent Non-executive Directors of the Company meet the independence guidelines set out in Rule 3.13 of the HK Listing Rules.

The following paragraphs provide a summary of the mechanism maintained by the Company to ensure independent views and input are available to the Board.

Pursuant to the Company's Board Diversity Policy and Director Nomination Policy, the Board, through the Nomination Committee, reviews and assesses the profile of a candidate for directorship with a view to achieving a balance of skill sets, experience, expertise and diversity of perspectives appropriate for the strategies of the Company. As reported above, a balanced composition secures strong independence on the Board and the Board Committees. To maintain the desired independence, the Company assesses the independence of the Independent Non-executive Directors periodically on the Board in accordance with the requirements of the HK Listing Rules.

The Chairman encourages directors with different views to voice their concerns to promote diversity of thought and independence of judgement. To enable the directors to discharge their duties and identify and understand issues quickly, the management of the Company provides the directors with all relevant documents and information in a timely manner, with a view to enabling the directors to exercise independent judgement, contribute to discussions and make informed, resilient decisions. To facilitate these objectives, the directors are entitled to seek further information from the management on the matters to be discussed at meetings of the Board or Board Committees, and/or to seek assistance from the Company Secretary who will be co-ordinating between the directors and the management to deal with any queries from the directors, or seek assistance from external professional advisers at the Company's expense.

In addition, the two meetings held every year between the Chairman and Independent Non-executive Directors without the presence of the other directors provide an exclusive platform for Independent Non-executive Directors to raise concerns, exchange views and discuss issues about the Company or its business, such as corporate governance enhancement, efficiency of the Board and any other matters they may wish to discuss without the presence of the Executive Directors and the management.

5. Board committees

The Board has established five Board Committees, namely an Audit Committee, Remuneration Committee, Nomination Committee, Sustainability Committee and Executive Committee, with specific terms of reference. Board Committees are required to report to the Board on their decisions and recommendations at Board meetings.

Audit Committee

The terms of reference of the Audit Committee are updated from time to time in accordance with the provisions set out in the CG Code. Under the Audit Committee's terms of reference, the role of the Audit Committee is to assist the Board in fulfilling its duties through the review and supervision of the Company's financial reporting, risk management and internal control systems and to take on any other responsibility as may be delegated by the Board from time to time. The Audit Committee is responsible for overseeing the Group's financial reporting system, risk management and internal control systems, monitoring the integrity of the Group's financial information, overseeing the relationship with the external auditor of the Company,

reviewing the arrangements that the Company's employees may use, in confidence and anonymity, to raise concerns about possible improprieties and ensuring proper arrangements are in place for fair and independent investigations and follow-up actions, and performing corporate governance functions delegated by the Board. The Audit Committee is provided with sufficient resources to perform its duties. The Company Secretary arranges independent professional advice for a director as a member of the Audit Committee at the expense of the Company should the seeking of such advice be considered necessary by the Audit Committee. The Audit Committee meets at least four times a year.

Risk management and internal controls

The Group has put in place an Enterprise Risk Management framework, which is consistent with the COSO (Committee of Sponsoring Organisations of the Treadway Commission) framework, to identify, assess, manage, monitor and control current and emerging risks. The terms of reference of the Audit Committee include the requirement to review arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters.

Composition and membership

The Audit Committee comprises four members, all of whom are Independent Non-executive Directors, with more than one of the members possessing appropriate professional qualifications, or accounting or related financial management expertise. No members of the Audit Committee are former partners of the existing auditing firm of the Company who have ceased to be partners of such firm or ceased to have financial interest in such firm for less than two years.

The Audit Committee is chaired by Mr. Paul Joseph Tighe with Mr. Cheong Ying Chew, Henry, Mrs. Sng Sow-mei alias Poon Sow Mei and Mr. Lan Hong Tsung, David as members.

Nomination Committee

The Nomination Committee assists the Board in reviewing the structure, size, diversity profile and skills matrix of the Board. It is also responsible for making recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, and assessing the independence of the Independent Non-executive Directors. The Nomination Committee meets at least once a year.

Composition and membership

A majority of the members of the Company's Nomination Committee are Independent Non-executive Directors. The Nomination Committee is chaired by Mrs. Kwok Eva Lee, an Independent Non-executive Director, with another Independent Non-executive Director, Mr. Cheong Ying Chew, Henry and the Chairman of the Board, Mr. Li Tzar Kuoi, Victor, as members.

Remuneration Committee

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for the remuneration packages of all directors and the senior management, making recommendations on the remuneration of Non-executive Directors and, with delegated responsibility, determining the remuneration packages of individual Executive Directors and senior management, with reference to the corporate goals and objectives of the Board resolved from time to time. The Remuneration Committee meets at least once a year.

Composition and membership

A majority of the members of the Company's Remuneration Committee are Independent Non-executive Directors. The Remuneration Committee is chaired by Mr. Cheong Ying Chew, Henry, an Independent Non-executive Director, with another Independent Non-executive Director, Mrs. Sng Sow-mei alias Poon Sow Mei and the Chairman of the Board, Mr. Li Tzar Kuoi, Victor, as members.

Sustainability Committee

The Sustainability Committee supports the Board in proposing to the Board on the Group's corporate social responsibility and sustainability objectives, strategies, priorities, initiatives, goals and targets; coordinating with the portfolio businesses of the Group and ensuring that their operations and practices adhere to the relevant priorities and goals; reviewing and reporting to the Board on sustainability and ESG risks and opportunities;

and reviewing emerging corporate social responsibility and sustainability-related issues, trends and best practices that could impact the business operations and performance of the Group.

Composition and membership

The Sustainability Committee is chaired by Mr. Ip Tak Chuen, Edmond, Executive Director. Other members include two Independent Non-executive Directors, Mr. Lan Hong Tsung, David and Mr. Paul Joseph Tighe, and the Company Secretary, Ms. Eirene Yeung.

6. Share dealing codes

The Company has adopted the “*Model Code for Securities Transactions by Directors of Listed Issuers*” set out in Appendix C3 to the HK Listing Rules as its own code of conduct regarding directors’ dealings in securities of the Company (the “**Model Code**”). The Model Code is reviewed and revised by the Company to reflect any amendments to Appendix C3 to the HK Listing Rules from time to time.

The Board has established written guidelines no less exacting than the Model Code for relevant employees in respect of their dealings in the Company’s securities. The Company has adopted a policy on handling of confidential information, information disclosure and securities dealing, applicable to the Group’s employees when they are in possession of confidential or inside information in relation to the Group. The policy satisfies the requirements under Part XIVA of the Securities and Futures Ordinance. The policy is available on the Company’s intranet and disseminated to the employees.

The Company intends to adopt, with effect from Admission, amendments to the Model Code to ensure that the Group also complies with its continuing disclosure obligations under EU MAR, UK MAR and the DTRs.

7. Conflicts of interest

There are no potential conflicts of interest between any duties owed by the Directors or Senior Managers to the Company and their private interests and/or other duties.

8. Relationship with major shareholders

CK Hutchison will retain a significant interest in the Company following Admission. Under the HK Listing Rules, any transactions entered into between the Group and CK Hutchison, its subsidiaries or associates may constitute connected transactions for the Company. Unless one of the exemptions is available, such connected transactions will be subject to compliance with the applicable requirements of the HK Listing Rules, which depending on the size of the transaction, may require an announcement to be published, independent shareholders’ approval for the transaction and disclosure in the annual report.

At Admission, CK Hutchison will also be deemed a “controlling shareholder” for the purposes of the UK Listing Rules. However, there are no requirements in the UK for issuers with a listing of equity securities in the ESICC category to comply with any specific arrangements in relation to controlling shareholders, including, among other things, there being no requirement for CKI and CK Hutchison to have a relationship agreement in place.

CK Hutchison has, and will have, the same voting rights attached to the Shares as all other shareholders.

PART 8
SELECTED FINANCIAL INFORMATION

The selected financial information set out below shows the Group's audited historical consolidated financial information as of and for the years ended 31 December 2023, 2022 and 2021, as well as selected unaudited consolidated financial information for the six months ended 30 June 2023 and 2024. The selected financial information set forth below has been extracted without material adjustment from, and should be read in conjunction with, the Group's consolidated financial information (see Part 11 (*Audited Historical Financial Information*) and Part 12 (*Unaudited Interim Historical Financial Information*)).

Consolidated Income Statement

	Six months ended 30 June		Year ended 31 December		
	2024	2023	2023	2022	2021
<i>In HK\$ million</i>	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
Turnover	19,090	19,534	38,582	39,236	40,730
Sales and interest income from					
infrastructure investments	2,478	3,180	5,990	6,615	7,048
Other income	347	387	784	925	412
Operating costs	(1,918)	(2,107)	(4,257)	(4,364)	(4,627)
Finance costs	(415)	(370)	(769)	(519)	(383)
Exchange gain	108	133	572	111	189
Share of results of associates	1,351	1,239	2,571	2,442	2,590
Share of results of joint ventures	2,626	2,047	3,687	3,084	2,886
Profit before taxation	4,577	4,509	8,578	8,294	8,115
Taxation	(53)	(50)	(119)	(121)	(161)
Profit for the period	4,524	4,459	8,459	8,173	7,954
Attributable to:					
Shareholders of the Company	4,311	4,239	8,027	7,748	7,515
Owners of perpetual capital securities	219	219	438	438	434
Non-controlling interests	(6)	1	(6)	(13)	5
	4,524	4,459	8,459	8,173	7,954

Consolidated Statement of Financial Position

<i>In HK\$ million</i>	As of 30 June		As of 31 December		
	2024 (unaudited)	2023 (unaudited)	2023 (audited)	2022 (audited)	2021 (audited)
Property, plant and equipment	3,113	2,995	3,079	3,017	3,029
Investment properties	408	408	408	408	408
Interests in associates	38,440	39,185	39,240	38,527	37,998
Interests in joint ventures	104,690	104,796	104,093	99,302	106,802
Other financial assets	1,541	1,613	1,542	1,590	1,613
Derivative financial instruments	770	1,274	624	1,249	441
Goodwill and intangible assets	2,219	2,271	2,299	2,246	2,447
Deferred tax assets	—	1	1	3	6
Total non-current assets	151,181	152,543	151,286	146,342	152,744
Inventories	177	222	178	309	171
Derivative financial instruments	685	101	536	53	768
Debtors and prepayments	772	949	796	1,118	1,231
Bank balances and deposits	9,180	12,053	13,077	18,045	8,085
Total current assets	10,814	13,325	14,587	19,525	10,255
Bank and other loans	13,165	2,893	9,024	5,148	10,389
Derivative financial instruments	43	464	1,072	891	177
Creditors, accruals and others	5,958	5,585	5,902	6,173	5,963
Taxation	47	49	101	56	134
Total current liabilities	19,213	8,991	16,099	12,268	16,663
Net current (liabilities)/assets	(8,399)	4,334	(1,512)	7,257	(6,408)
Total assets less current liabilities	142,782	156,877	149,774	153,599	146,336
Bank and other loans	10,235	22,714	15,173	23,063	19,458
Derivative financial instruments	353	395	465	314	164
Deferred tax liabilities	499	515	505	493	476
Other non-current liabilities	341	333	360	347	391
Total non-current liabilities	11,428	23,957	16,503	24,217	20,489
Net assets	131,354	132,920	133,271	129,382	125,847
Representing:					
Share capital	2,520	2,520	2,520	2,520	2,520
Reserves	118,867	120,413	120,773	116,873	113,314
Equity attributable to shareholders of the Company	121,387	122,933	123,293	119,393	115,834
Perpetual capital securities	9,885	9,885	9,885	9,885	9,885
Non-controlling interests	82	102	93	104	128
Total equity	131,354	132,920	133,271	129,382	125,847

Consolidated Statement of Cash Flows

Six Months Ended 30 June 2024 and 2023

	Six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
Net cash from operating activities	641	1,686
Net cash from investing activities	443	38
Net cash utilised in financing activities	(4,981)	(7,716)
Net (decrease)/increase in cash and cash equivalents	(3,897)	(5,992)
Cash and cash equivalents at 1 January	13,077	18,045
Cash and cash equivalents at the end of the period	9,180	12,053

Years ended 31 December 2023, 2022 and 2021

	Year ended 31 December		
	2023	2022	2021
	(audited)	(audited)	(audited)
OPERATING ACTIVITIES			
Cash generated from operating activities before finance costs and income tax paid	4,630	2,234	3,595
Finance costs paid	(726)	(403)	(335)
Income taxes paid	(59)	(114)	(205)
Net cash from operating activities	3,845	1,717	3,055
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	(320)	(473)	(363)
Disposals of property, plant and equipment	4	7	37
Additions to intangible assets	(22)	(6)	(4)
Purchase of other financial assets	(36)	(15)	(57)
Advances to associates	(4)	(5)	(29)
Loan repaid from an associate	—	—	53
Investment in joint ventures	(599)	(89)	(1,214)
Advances to joint ventures	(30)	(56)	(221)
Advances repaid from a joint venture	15	—	1
Loan repaid from a joint venture	—	—	316
Disposal of joint ventures	—	4,307	—
Dividends received from associates	2,351	2,296	2,592
Dividends received from joint ventures	2,449	3,544	2,757
Net cash (paid)/received on hedging instruments	(1,402)	5,358	443
Net cash from investing activities	2,406	14,868	4,311
Net cash flows before financing activities	6,251	16,585	7,366
FINANCING ACTIVITIES			
New bank and other loans	876	10,523	9,687
Repayments of bank and other loans	(5,209)	(10,342)	(10,864)
Repayment of lease principal	(34)	(32)	(38)
Interest paid on lease liabilities	(12)	(12)	(12)
Dividends paid	(6,400)	(6,324)	(6,249)
Dividends paid to non-controlling interests	(2)	—	—
Distribution paid on perpetual capital securities	(438)	(438)	(570)
Issue of perpetual capital securities	—	—	4,680
Direct costs for issue of perpetual capital securities	—	—	(32)
Redemption of perpetual capital securities	—	—	(9,360)
Net cash utilised in financing activities	(11,219)	(6,625)	(12,758)
Net (decrease)/increase in cash and cash equivalents	(4,968)	9,960	(5,392)
Cash and cash equivalents at 1 January	18,045	8,085	13,477
Cash and cash equivalents at 31 December	13,077	18,045	8,085

Other Financial Data: Non-IFRS Measures

To provide investors with additional information regarding the Group's results of operations, the Company has disclosed here and elsewhere in this prospectus certain non-IFRS financial measures: FFO and Adjusted EBITDA Contribution. The non-IFRS financial measures presented herein are not measures of the Group's financial performance under IFRS (see "Non-IFRS Measures" under Part 3 (*Presentation of Financial and Other Information*)) and should not be considered in isolation or as an alternative or a substitute to net cash from operating activities or profit attributable to the shareholders of the Company, which are the most directly comparable IFRS measures, respectively, or any other measure of financial performance calculated and presented in accordance with IFRS. FFO and Adjusted EBITDA Contribution have limitations as analytical tools, and you should not consider them in isolation.

<i>In HK\$ million</i>	Six Months ended 30 June		Year ended 31 December		
	2024	2023	2023	2022	2021
FFO ⁽¹⁾	3,333	4,037	8,645	7,557	8,404
Adjusted EBITDA Contribution ⁽²⁾	—	—	27,801	27,370	28,972

- (1) The Company defines FFO as the sum of its net cash from operating activities, dividends received from associates and dividends received from joint ventures. The following is a reconciliation of the Company's FFO to net cash from operating activities, the most directly comparable IFRS financial measure, for each of the periods indicated:

<i>In HK\$ million</i>	Six Months ended 30 June		Year ended 31 December		
	2024	2023	2023	2022	2021
Net cash from operating activities	641	1,686	3,845	1,717	3,055
Dividends received from associates	1,566	1,660	2,351	2,296	2,592
Dividends received from joint ventures	1,126	691	2,449	3,544	2,757
FFO	3,333	4,037	8,645	7,557	8,404

- (2) The Company defines Adjusted EBITDA Contribution as profit attributable to shareholders of the Company before unallocated items, finance cost, taxation, depreciation and amortisation and before share of finance cost, taxation, depreciation and amortisation of joint ventures and associates. The following is a reconciliation of the Company's Adjusted EBITDA Contribution to profit attributable to the shareholders of the Company, the most directly comparable IFRS financial measure, for each of the periods indicated.

<i>In HK\$ million</i>	Year ended 31 December		
	2023	2022	2021
Profit attributable to the shareholders of the Company	8,027	7,748	7,515
Unallocated items	508	974	622
Gain on disposal of joint ventures ^(*)	—	(526)	—
Depreciation and amortisation of subsidiaries	324	341	368
Net finance costs of subsidiaries	39	23	13
Taxation	98	103	141
Non-controlling interests	(6)	(13)	5
Share of gain on disposal of joint ventures from an associate ^(*)	—	(66)	—
Share of depreciation and amortisation of joint ventures and associates	9,410	9,695	10,207
Share of net finance costs of joint ventures and associates	6,854	5,431	5,545
Share of taxation of joint ventures and associates	2,547	3,660	4,556
Adjusted EBITDA Contribution	27,801	27,370	28,972

- (*) Represents the one-off gain arising from the sale of part of the stake in Northumbrian Water.

PART 9 OPERATING AND FINANCIAL REVIEW

This operating and financial review should be read together with Sections “Risk Factors”, “Business” and “Presentation of Financial and Other Information” included in this Prospectus. The Audited Historical Financial Information as of, and for the years ended, 31 December 2023, 2022 and 2021 has been prepared in accordance with HKFRS issued by the HKICPA. The Unaudited Interim Historical Financial Information has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the HKICPA and relevant Appendix 16 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange. The Unaudited Interim Historical Financial Information does not include all of the information required for the Audited Historical Financial Information of the Group and should be read in conjunction with the Audited Historical Financial Information.

This operating and financial review contains forward-looking statements. These forward-looking statements are not historical facts, but are rather based on the Group’s current expectations, estimates, assumptions and projections about the Group’s business, strategy, industry and future financial results. The actual results of the Group could differ materially from those contemplated by these forward-looking statements as a result of factors discussed below and elsewhere in this Prospectus.

1. Overview

CKI is one of the world’s largest global infrastructure companies. The Company 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 other infrastructure-related businesses. The Group’s businesses primarily span the United Kingdom, Australia, New Zealand, Continental Europe, Canada, Hong Kong, and Mainland China. As of 12 August 2024, CKI’s market capitalisation was HK\$139.7 billion.

Since its listing in Hong Kong in 1996, CKI has grown from a regional business focused on Hong Kong and Mainland China into a large global company with over 20 portfolio businesses, many of which are industry leaders in their respective sectors.

The Group holds 36.01% of the issued share capital of Power Assets Holdings Limited (“**Power Assets**”), a Hong Kong-listed global infrastructure investor in power generation, transmission and distribution, gas transmission and distribution, as well as oil storage and transmission across four continents in nine markets, namely, Hong Kong, the United Kingdom, Australia, New Zealand, Mainland China, Thailand, the Netherlands, Canada and the United States. Power Assets holds ownership interests in many of the Group’s portfolio businesses alongside CKI.

In addition to its ownership in Power Assets, the Group’s portfolio businesses primarily span the United Kingdom, Australia, New Zealand, Continental Europe, Canada, Hong Kong, and Mainland China, and are categorised in three business segments:

- **Regulated Utilities segment:** This segment comprises portfolio businesses that operate under regulatory price controls under defined tariff mechanisms that are established, and periodically renewed, by the relevant authorities, specifically in the electricity, gas and water sectors. The Regulated Utilities segment comprises the following two sub-segments:
 - *Electricity Distribution*, which comprises businesses involved in the distribution of electricity; and
 - *Other Regulated Utilities*, which comprises businesses in the gas and water sectors that are subject to defined tariff mechanisms.
- **Contracted Infrastructure segment:** This segment comprises portfolio businesses in infrastructure and infrastructure-like sectors that are expected to generate predictable cash flow through long-term contracts or power purchase agreements (“PPAs”).
- **Other Businesses segment:** This segment comprises other businesses of the Group, including businesses related to off-airport parking, construction materials and toll roads and bridges.

The following table provides a summary of the Group’s portfolio businesses in different geographic regions as well as business segments.

	United Kingdom	Australia	New Zealand	Continental Europe	Canada	Hong Kong and Mainland China
Regulated Utilities Segment						
Electricity Distribution	UK Power Networks	SA Power Networks Victoria Power Networks United Energy	Wellington Electricity			
Other Regulated Utilities	Northern Gas Networks Wales & West Gas Networks Northumbrian Water Phoenix Energy	Australian Gas Networks Multinet Gas Networks Dampier Bunbury Pipeline				
Contracted Infrastructure Segment	Eversholt UK Rails Seabank Power	EDL Australian Energy Operations	Enviro NZ	Dutch Enviro Energy ista	Canadian Power Canadian Midstream Assets Reliance Home Comfort	
Other Businesses Segment					Park’N Fly	Toll Roads and Bridges Green Island Cement Alliance

In the United Kingdom, the Group holds:

- 40.0% of the share capital in UK Power Networks Holdings Limited (“**UK Power Networks**”) (with Power Assets holding a further 40.0% of the share capital), the holding company for one of the largest electricity distribution network operators in the United Kingdom;
- 47.1% of the share capital in Northern Gas Networks Holdings Limited (“**Northern Gas Networks**”) (with Power Assets holding a further 41.3% of the share capital), the holding company for one of the eight gas distribution networks in Great Britain, which serves the northern area of England;
- 39.0% of the share capital in Wales & West Gas Networks (Holdings) Limited (“**Wales & West Gas Networks**”) (with Power Assets holding a further 36.0% of the share capital), the holding company of Wales & West Utilities, one of the eight gas distribution networks in Great Britain, which serves Wales and Southwest England;
- 30.0% of the share capital (39.0% of the economic interest) in Northumbrian Water Group Limited (“**Northumbrian Water**”), the holding company for a regional water supply and sewerage service business in England;
- 40.0% of the share capital in Phoenix Energy Group Ltd (“**Phoenix Energy**”), Northern Ireland’s largest gas distributor (with Power Assets holding a further 20.0% of the share capital);
- 25.0% of the share capital in Seabank Power Limited (“**Seabank Power**”) (with Power Assets holding a further 25.0% of the share capital), which owns and operates Seabank power station near Bristol; and
- 65.0% of the share capital in Eversholt UK Rails Group Limited (“**Eversholt UK Rails**”) (with Power Assets holding a further 10.0% of the share capital), one of the three major rolling stock leasing companies that were established at the time of privatisation of the UK rail industry.

In Australia, the Group holds:

- 23.1% of interest in SA Power Networks Partnership (“**SA Power Networks**”) (with Power Assets holding a further 27.9% of interest), the primary electricity distributor in the state of South Australia, and 23.1% of the share capital in Victoria Power Networks Pty Ltd (“**Victoria Power Networks**”) (with Power Assets holding a further 27.9% of the share capital), whose member companies,

Powercor Australia Ltd (“**Powercor**”) and CitiPower Pty Ltd (“**CitiPower**”), distribute electricity to approximately 65.0% of the state of Victoria;

- 26.4% of the share capital in United Energy Distribution Holdings Pty Limited (“**United Energy**”) (with Power Assets holding a further 13.2% of the share capital), an electricity distribution business in Victoria serving across Melbourne’s east and southeast suburbs and the Mornington Peninsula, Victoria;
- various interests in three Australian gas transmission and distribution companies: (i) 45.0% of the share capital (53.2% of the economic interest) in Australian Gas Networks Limited (“**Australian Gas Networks**”), one of Australia’s largest natural gas distribution companies, which owns distribution networks and transmission pipelines in South Australia, Victoria, Queensland, New South Wales and the Northern Territory (with Power Assets holding a further 27.5% of the share capital); (ii) 40.0% of the share capital in Multinet Group Holdings Pty Limited (“**Multinet Gas Networks**”), which operates a regulated gas distribution network in the eastern and southeastern suburbs of Melbourne, the Yarra Ranges and South Gippsland (with Power Assets holding a further 20.0% of the share capital) and (iii) 40.0% of the share capital in DBNGP Holdings Pty Limited (“**Dampier Bunbury Pipeline**”) (with Power Assets holding a further 20.0% of the share capital), which is the owner and operator of the Dampier to Bunbury Natural Gas Pipeline, the principal gas transmission pipeline in Western Australia; and
- 40.0% of the share capital in Energy Developments Pty Limited (“**EDL**”) (with Power Assets holding a further 20.0% of the share capital), a leading global producer of sustainable distributed energy that owns and operates a global portfolio of power and gas facilities in Australia, the United Kingdom, North America and Continental Europe.

In New Zealand, the Group holds:

- 50.0% of the share capital in Wellington Electricity Distribution Network Limited (“**Wellington Electricity**”) (with Power Assets holding the remaining 50.0% of the share capital), which owns and operates the electricity distribution network in the cities of Wellington, Upper Hutt, Lower Hutt and Porirua in New Zealand; and
- 100.0% of the share capital in Enviro NZ Services Limited (“**Enviro NZ**”) (formerly known as EnviroWaste), one of New Zealand’s leading environmental services companies providing diversified and vertically integrated waste management services, including waste and recycling collection, resource recovery and reuse, and disposal services across New Zealand.

In Continental Europe, the Group holds:

- 45.5% of the share capital in Dutch Enviro Energy Holdings B.V. (“**Dutch Enviro Energy**”) (with Power Assets holding a further 27.0% of the share capital), which in turn owns AVR-Afvalverwerking B.V. (“**AVR**”), one of the largest energy-from-waste players in the Netherlands; and
- 35.0% of the share capital in ista SE (“**ista**”), a leading international provider of sub-metering and related services, with key markets covering Germany, France, the Netherlands and Denmark.

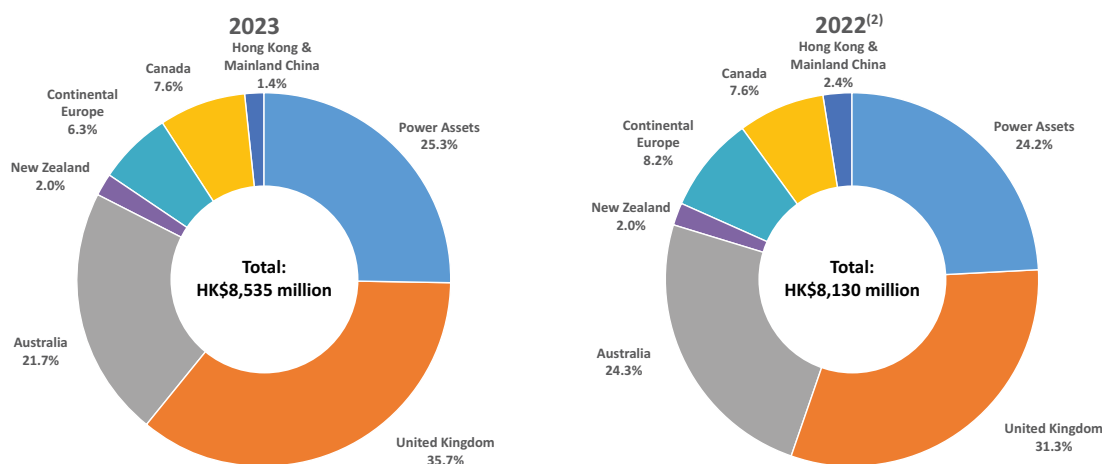
In Canada, the Group holds:

- 50.0% of the share capital in Canadian Power Holdings Inc. (“**Canadian Power**”) (with Power Assets holding the remaining 50.0%), which owns (i) 100% of the Meridian cogeneration plant in Saskatchewan, (ii) 100% of Okanagan Wind in British Columbia, and (iii) 49.99% partnership interest in 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;
- 16.25% of interest in Husky Midstream Limited Partnership (“**Canadian Midstream Assets**”) (with Power Assets holding a further 48.75%), which holds oil and gas midstream assets in Alberta and Saskatchewan;
- 25.0% of the share capital in Reliance LP (“**Reliance Home Comfort**”), one of Canada’s leading home services companies offering the sale and rental of water heaters, Heating, Ventilation and Air Conditioning (“**HVAC**”) equipment, water purification services and emerging green solutions in Canada and the United States; and

- 50.0% of the share capital (65.0% of the economic interest) in 1822604 Alberta Ltd. (“**Park’N Fly**”), a leading off-airport car park specialist in Canada, providing parking solutions to both business and leisure travellers coast-to-coast in Vancouver, Edmonton, Winnipeg, Ottawa, Toronto, Montreal and Halifax.

In Hong Kong and Mainland China, the Group’s businesses include, among others, toll roads and bridges in Guangdong province, including the Shen-Shan Highway (Eastern Section), Shantou Bay Bridge and Panyu Beidou Bridge; Green Island Cement (Holdings) Limited (“**Green Island Cement**”), which operates an integrated cement plant in Hong Kong and three cement facilities in Guangdong Province, China; and Alliance Construction Materials Limited (“**Alliance**”), which operates concrete and aggregates businesses.

The charts below provide the breakdown of the Group’s profit contribution⁽¹⁾ by geographic regions for the periods presented, with profit from Power Assets presented separately:

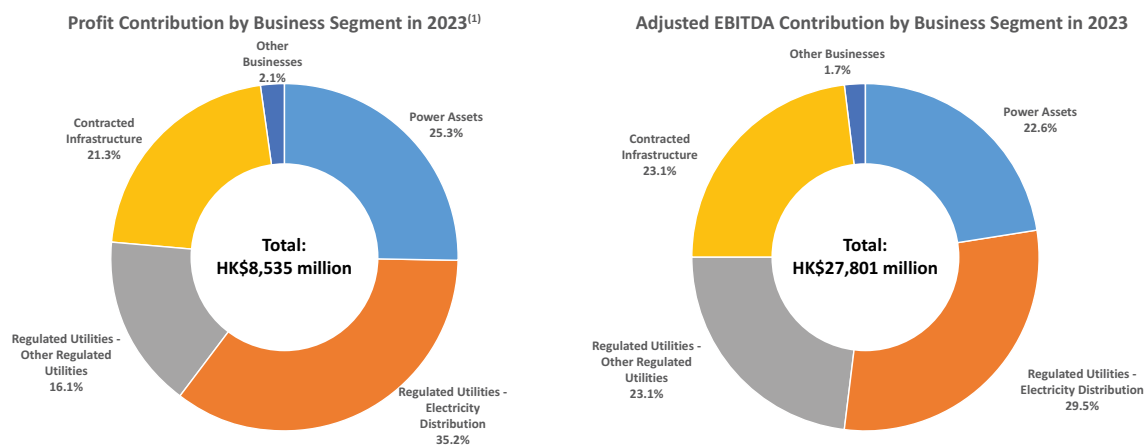


(1) Profit contribution shown in the charts represents profit attributable to shareholders of the Company before unallocated items.

(2) 2022 figures exclude the one-off gain arising from the sale of part of the stake in Northumbrian Water by CKI and Power Assets.

One of CKI’s key characteristics is its focus on businesses that are expected to generate stable, recurring and predictable cash flows, either through defined tariff mechanisms under relevant regulations with respect to the Regulated Utilities segment, or through long-term contracts or PPAs with respect to the Contracted Infrastructure Segment. In addition, CKI also invests, directly or indirectly through its portfolio businesses, in businesses that facilitate and support the transition from traditional fossil fuel-based energy sources to sustainable, renewable and low-carbon energy solutions, such as hydrogen, biomethane, and hybrid electricity solutions that replace fossil fuels with wind, solar and batteries.

The charts below provide breakdowns of the Group’s profit contribution and Adjusted EBITDA Contribution by business segment for the year ended 31 December 2023, with profit contribution and Adjusted EBITDA Contribution from Power Assets presented separately:



(1) The chart reflect breakdowns calculated based on profits attributable to shareholders of the Company before unallocated items.

In 2023, approximately 51.3%, 21.3% and 2.1% of the Group’s profit contribution before unallocated items, and approximately 52.6%, 23.1% and 1.7% of the Group’s Adjusted EBITDA Contribution was attributable to

the Regulated Utilities segment, the Contracted Infrastructure segment and the Other Businesses segment, respectively. CKI believes that the income structures of the Regulated Utilities segment and the Contracted Infrastructure segment allow for relative predictability of cash flows. In addition, CKI's cash flows have been bolstered historically by very stable dividends from its shareholding in Power Assets.

CKI aims to deliver predictable returns while efficiently managing its portfolio businesses and mitigating risks across its portfolios. It is continuously exploring opportunities in its core focus industries across various regions, particularly focusing on jurisdictions with a developed and transparent legal and regulatory framework for investment in regulated assets.

As a global infrastructure company, CKI is focused on being a responsible facilitator of the energy transition to a low-carbon economy and believes there are significant investment opportunities, particularly in the electricity distribution sector. CKI believes that it is well-positioned for various future energy transition scenarios, and that its businesses are well-placed for an increase in the pace of electrification. CKI is actively involved in various pilot projects and energy transition opportunities within the energy transition sector and is implementing initiatives across its operations to significantly reduce carbon emissions. In alignment with global commitments, the Group aims to achieve a 50% reduction in its Scope 1 and 2 greenhouse gas (“GHG”) emissions by 2035, taking 2020 as baseline, and it is committed to the pursuit of net zero by 2050.

2. Key Factors Affecting the Group's Results of Operations

CKI is the principal holding company of the Group. While the Group had several small subsidiaries which are consolidated into the Group, the key driver of the Group's results is the contribution from the Group's joint ventures (reported under the line items “Share of turnover of joint ventures” and “Share of results of joint ventures”) and associates (recorded under the line item “share of results of associates”).

The table below sets out the Group's key portfolio businesses and their accounting status:

Key Portfolio Business	Accounted for as
Power Assets	Associate
United Kingdom	
UK Power Networks	Joint venture
Northern Gas Networks	Joint venture
Wales & West Gas Networks	Joint venture
Northumbrian Water	Joint venture
Phoenix Energy	Joint venture
Seabank Power	Joint venture
Eversholt UK Rails	Joint venture
Australia	
SA Power Networks	Associate
Victoria Power Networks	Associate
United Energy	Joint venture
Australian Gas Networks	Joint venture
Multinet Gas Networks	Joint venture
Dampier Bunbury Pipeline	Joint venture
EDL	Joint venture
Australian Energy Operations	Joint venture
New Zealand	
Wellington Electricity	Joint venture
Enviro NZ	Subsidiary
Continental Europe	
Dutch Enviro Energy	Joint venture
ista	Joint venture
Canada	
Canadian Power	Joint venture
Canadian Midstream Assets	Joint venture
Reliance Home Comfort	Joint venture
Park'N Fly	Joint venture
Mainland China and Hong Kong	
Toll Roads and Bridges	Joint venture
Green Island Cement	Subsidiary
Alliance	Joint venture

The Group believes the following factors have had or will continue to have a material effect on its results of operations and financial condition:

Composition of the Group's portfolio and currency exposure

The Group has a geographically diverse portfolio of businesses, which primarily spans the United Kingdom, Australia, New Zealand, Continental Europe, Canada, Hong Kong, and Mainland China. The table below presents the breakdown of the Group's profit attributable to shareholders of the Company by geographic regions for the years ended 31 December 2023, 2022 and 2021, with profit from Power Assets and unallocated items for the years indicated separately.

	Year ended 31 December		
	2023	2022	2021
<i>In HK\$ million</i>			
Investments in Power Assets	2,162	2,033	2,208
United Kingdom	3,050	3,069	2,371
Australia	1,855	1,976	1,903
Continental Europe	535	664	694
Canada	648	617	475
New Zealand	168	167	170
Hong Kong and Mainland China	117	196	316
Profit contribution before unallocated items	8,535	8,722	8,137
Unallocated items ⁽¹⁾	(508)	(974)	(622)
Profit attributable to shareholders of the Company	8,027	7,748	7,515

(1) Comprised primarily of the Group's treasury-related activities, corporate overhead, distribution to perpetual securities and others.

The results of the Group are reported in Hong Kong dollars, but its various subsidiaries, joint ventures and associates receive revenues and incur expenses in other currencies. Particularly, due to the location of its portfolio businesses, the Group is exposed to British pounds sterling, Australian dollars, Euros, Canadian dollars and New Zealand dollars.

For financial reporting purposes, transactions in foreign currencies are reported in the functional currency using the exchange rate prevailing at the transaction date. At the end of the reporting period, the Group's monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Except for exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation, 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. Currency fluctuations on the translation of the accounts of the Group's subsidiaries, joint ventures and associates, as well as on the repatriation of earnings, equity investments and loans, impacts the Group's financial results.

To minimise the foreign currency exposure in respect of its international investments, the Group generally hedges its investments by employing currency swaps and maintaining an appropriate level of borrowings denominated in the local currencies. However, currency fluctuations in connection with profit contribution or repatriation of distributions from the Group's portfolio businesses are not hedged and the rise or fall in value of other currencies in comparison to Hong Kong dollars directly affects the Group's results.

Regulatory matters and changes in tariffs

One of the Group's key characteristics is its focus on businesses that are expected to generate stable, recurring and predictable returns, either through defined tariff mechanisms under relevant regulations with respect to businesses in the Group's Regulated Utilities segment, or through long-term contracts or PPAs with respect to the Contracted Infrastructure segment. In the year ended 31 December 2023, the Group's Regulated Utilities segment amounted to 51.3% of its profits. The regulated businesses in the Group's portfolio are subject to regulatory price controls under defined tariff mechanisms that are established, and periodically renewed, by the relevant authorities. For further details, including the primary economic regulators and reset schedules for the key portfolio businesses of the Group, see "*Regulatory Considerations*" under Part 6 (*Business*).

Inflation

Inflation increased substantially during the period under review. The Group's operating expenses, such as power cost and labour-related expenses, may be immediately impacted by high inflation. The Group's Regulated Utilities businesses, which represent the majority of the Group's portfolio businesses, typically have mechanisms to pass such operating cost increases to customers on a lagged basis. Similarly, businesses in the Group's Contracted Infrastructure segment can also pass through inflation-related costs, albeit to a lesser extent. Consequently, an increase in inflation may have a negative impact to short-term profit, but over long-term, the Group does not expect a significant impact due to cost pass-through mechanism.

In addition, many of the businesses in the Group's Regulated Utilities segment, particularly in the UK, have a portion of index-linked debt, or have fixed rate debt with index-linked swaps. This approach is typically taken to ensure that their capital structure does not move too far away from the regulatory "notional" assumption, which includes a certain portion of index-linked debt, on which allowances are based. Finance cost on index-linked debt may go up significantly with higher inflation, and therefore may negatively impact the

income statement in short term. However, over the long-term, the impact is expected to be recovered, through tariff increases and earning higher returns over a higher index-linked regulatory asset value/ base.

Interest rate fluctuations

The Group's exposure to changes in interest rates results from investing and borrowing activities undertaken by the Group and its portfolio businesses.

As of 31 December 2023, the Group had unsecured bank loans, notes and bonds of HK\$22,640 million. The Group's notes and bonds of HK\$6,254 million were arranged at fixed interest rates and other borrowings were arranged at floating rates. An increase in interest rates would therefore result in an increase in the finance cost and could adversely affect the Group's financial results.

In addition, rising interest rates may also increase the financing cost of the Group's portfolio businesses, although they have their own treasury policy to manage their floating rate debt. Interest costs incurred by the Group's Regulated Utilities businesses are typically a passthrough item to their customers, although there are various differences in the methodologies regulators employ to do so. As a result, higher interest rates lead to higher finance costs which the Group believes can be recovered over time. It is also expected to lead to a higher allowed return on equity which is positive for the Group.

Tax

Periodic changes in tax rates in any of the regions where the Group or its portfolio businesses operate may significantly affect the Group's results. For example, profit contribution from the Group's UK infrastructure investment portfolio was significantly impacted by higher non-cash UK deferred tax charges booked in 2021 following the enactment of an increase in UK corporate tax rate from 19% to 25%.

Acquisitions and disposals

Over the past decades, the Group has grown from a regional business focused on Hong Kong and Mainland China into a large global company with over 20 portfolio businesses across the globe. This growth has been fuelled by acquisitions and organic growth. These acquisitions had a significant effect on the Group's turnover and profits. For example, in 2024, CKI, as part of a consortium comprising CKI, CK Asset and Power Assets, through its joint venture CK William acquired Phoenix Energy, Northern Ireland's largest gas distributor for an enterprise value of approximately GBP0.8 billion. While the Group has not undertaken any significant merger and acquisition activities in the period under review aside from Phoenix Energy, the Group continuously evaluates available acquisition opportunities and expects to continue to engage in merger and acquisition activities.

In addition, the Group also periodically engages in disposals of assets, including its stakes in portfolio businesses, which may impact the Group's results. Specifically, in 2022, the Group recorded a one-off gain of HK\$526 million from the sale of part of its stake in Northumbrian Water.

Explanation of Key Income Statement Line Items

Turnover

Turnover represents the Group's (i) sales and interest income from infrastructure investments, which consists of sales of infrastructure materials, which CKI conducts through its infrastructure materials manufacturing business in Hong Kong and Mainland China; sales of waste management services, which CKI conducts through one of its wholly-owned subsidiaries Enviro NZ; and interest income from loans granted to CKI's associates and joint ventures, and (ii) share of turnover of the Group's joint ventures.

Other income

Other income represents bank interest income, change in fair value of derivative financial instruments, change in fair value of other financial assets and other income such as gain on disposal of the Group's joint ventures.

Operating costs

Operating costs primarily consist of costs of inventories sold for infrastructure materials business and costs of services provided, which represent waste management services provided through one of CKI's wholly-owned subsidiaries, Enviro NZ; depreciation of plant, property and equipment and amortisation of intangible assets of the Group, such as resource consents and computer software.

Finance costs

Finance costs primarily consist of interest and other finance costs on bank loans, notes and bonds, lease liabilities and other.

Exchange gain

Exchange gain represents realised and unrealised gains on translation due to currency fluctuations.

Share of results of associates

Share of results of associates represents the share of profit or loss of the Group's associates, which are companies, other than subsidiaries or joint ventures, 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. Losses of an associate in excess of the Group's interest in that associate are not recognized.

Share of results of joint ventures

Share of results of joint ventures represents the share of profit or loss of the Group's interest in its joint ventures. Losses of a joint venture in excess of the Group's interest in that joint venture are not recognised.

Taxation

Taxation represents taxation calculated at the applicable tax rates on the estimated assessable profits, minus available tax losses. Deferred taxation is provided for temporary differences using the liability method, applying tax rates relevant to the Group's operations in different countries.

Results of Operations

The following discussion and analysis of the Group's results of operations and financial condition is based on the Historical Financial Information.

	Six months ended 30 June		Year ended 31 December		
	2024 (unaudited)	2023 (unaudited)	2023 (audited)	2022 (audited)	2021 (audited)
<i>In HK\$ million</i>					
Turnover	19,090	19,534	38,582	39,236	40,730
Sales and interest income from					
infrastructure investments	2,478	3,180	5,990	6,615	7,048
Other income	347	387	784	925	412
Operating costs	(1,918)	(2,107)	(4,257)	(4,364)	(4,627)
Finance costs	(415)	(370)	(769)	(519)	(383)
Exchange gain	108	133	572	111	189
Share of results of associates	1,351	1,239	2,571	2,442	2,590
Share of results of joint ventures	2,626	2,047	3,687	3,084	2,886
Profit before taxation	4,577	4,509	8,578	8,294	8,115
Taxation	(53)	(50)	(119)	(121)	(161)
Profit for the period	4,524	4,459	8,459	8,173	7,954
Attributable to:					
Shareholders of the Company	4,311	4,239	8,027	7,748	7,515
Owners of perpetual capital securities	219	219	438	438	434
Non-controlling interests	(6)	1	(6)	(13)	5
	4,524	4,459	8,459	8,173	7,954

Six months ended 30 June 2024 compared to six months ended 30 June 2023

Key segment information

The following table sets forth a breakdown of the Group's profit attributable to the shareholders by geographic region as well as that attributable to Power Assets and unallocated items for the periods indicated:

<i>In HK\$ million</i>	Six months ended 30 June		% change
	2024	2023	
Investments in Power Assets	1,082	1,066	1.5%
United Kingdom	1,865	1,592	17.1%
Australia	864	826	4.6%
Continental Europe	419	424	(1.2)%
Canada	301	402	(25.1)%
New Zealand	80	72	11.1%
Hong Kong and Mainland China	96	102	(5.9)%
Profit contribution before unallocated items	4,707	4,484	5.0%
Unallocated items ⁽¹⁾	(396)	(245)	61.6%
Profit attributable to the shareholders of the Company	4,311	4,239	1.7%

(1) Comprised primarily of the Group's treasury-related activities, corporate overhead, distribution to perpetual securities and others.

United Kingdom

Profit contribution from infrastructure investments in the United Kingdom increased by HK\$273 million, or 17.1%, to HK\$1,865 million during the six months ended 30 June 2024 from HK\$1,592 million during the six months ended 30 June 2023. This was primarily due to higher revenues, lower finance charges borne by the Group's portfolio businesses and higher foreign currency exchange between the British pound sterling and the Hong Kong dollar.

Australia

Profit contribution from infrastructure investments in Australia increased by HK\$38 million, or 4.6%, to HK\$864 million during the six months ended 30 June 2024 from HK\$826 million during the six months ended 30 June 2023. This increase was mainly attributed to higher revenues generated by the Group's businesses, which was partially offset by the translation impact of a weaker Australian dollar.

Continental Europe

Profit contribution from infrastructure investments in Continental Europe declined by HK\$5 million, or 1.2%, to HK\$419 million during the six months ended 30 June 2024 from HK\$424 million during the six months ended 30 June 2023. This decrease is primarily driven by the translation impact of a weaker Euro. In local currency, the result was about the same as the same period last year.

Canada

Profit contribution from infrastructure investments in Canada decreased by HK\$101 million, or 25.1%, to HK\$301 million during the six months ended 30 June 2024 from HK\$402 million during the six months ended 30 June 2023. This decrease was primarily driven by lower contribution from Canadian Power, which saw lower power prices, mainly arising from mild weather and higher supply from renewables in Alberta. Canadian Midstream Assets recorded a solid performance, Reliance Home Comfort satisfactory operations, while Park'N Fly saw strong demand in its key markets of Toronto and Montreal, boosting revenues.

New Zealand

Profit contribution from infrastructure investments in New Zealand increased by HK\$8 million, or 11.1%, to HK\$80 million during the six months ended 30 June 2024 from HK\$72 million during the six months ended 30 June 2023. This increase was primarily driven by a strong performance of Enviro NZ and a stable performance of Wellington Electricity, which was partially offset by the translation impact of a weaker New Zealand dollar.

Hong Kong and Mainland China

Profit contribution from infrastructure investments in Hong Kong and Mainland China decreased by HK\$6 million, or 5.9%, to HK\$96 million during the six months ended 30 June 2024 from HK\$102 million during the six months ended 30 June 2023. The toll road operations in Mainland China saw low traffic volume, while both pricing and sales volume were low for the materials businesses in Mainland China.

Turnover

The Group's turnover decreased by HK\$444 million, or 2.3%, to HK\$19,090 million during the six months ended 30 June 2024 from HK\$19,534 million during the six months ended 30 June 2023.

The following table sets forth a breakdown of the Group's turnover for the periods indicated:

<i>In HK\$ million</i>	Six months ended 30 June		% change
	2024	2023	
Sales of infrastructure materials	751	981	(23.4)%
Interest income from loans granted to associates	52	136	(61.8)%
Interest income from loans granted to joint ventures	698	1,076	(35.1)%
Sales of waste management services	977	987	(1.0)%
Sales and interest income from infrastructure investments	2,478	3,180	(22.1)%
Share of turnover of joint ventures	16,612	16,354	1.6%
Turnover	19,090	19,534	(2.3)%

Sales and interest income from infrastructure investments

Sales and interest income from infrastructure investments decreased by HK\$702 million, or 22.1%, to HK\$2,478 million during the six months ended 30 June 2024 from HK\$3,180 million during the six months ended 30 June 2023. This decrease was mainly driven by lower interest income from loans granted to associates and joint ventures due to lower loan balances, lower selling price and lower sales volume in infrastructure materials businesses in Mainland China, lower sales volume of waste management services and unfavourable foreign currency rates on translation, consisting primarily of Australian dollar, Euro, Canadian dollar and New Zealand dollar.

Share of turnover of joint ventures

Share of turnover of joint ventures increased slightly by HK\$258 million, or 1.6%, to HK\$16,612 million during the six months ended 30 June 2024 from HK\$16,354 million during the six months ended 30 June 2023. This increase was primarily driven by higher contribution from the Group's regulated businesses mainly due to higher tariff and higher contribution from the Group's non-regulated businesses, which was partially offset by the negative impact caused by a fire at the Rozenburg plant of Dutch Enviro Energy in September 2023.

Other income

Other income decreased by HK\$40 million, or 10.3%, to HK\$347 million during the six months ended 30 June 2024 from HK\$387 million during the six months ended 30 June 2023. The decrease was primarily driven by lower cash balance, which was partially compensated by higher deposit interest rates.

Operating costs

Operating costs decreased by HK\$189 million, or 9.0%, to HK\$1,918 million during the six months ended 30 June 2024 from HK\$2,107 million during the six months ended 30 June 2023. This decrease was primarily due to a lower cost of inventories sold and a lower cost of services in line with lower sales volume in both infrastructure materials businesses in Mainland China and waste management services.

Finance costs

Finance costs increased by HK\$45 million, or 12.2%, to HK\$415 million during the six months ended 30 June 2024 from HK\$370 million during the six months ended 30 June 2023. This increase was primarily due to lower net swaps interest income corresponding with a decrease in interest differentials on the swaps.

Exchange gain

Exchange gain decreased by HK\$25 million, or 18.8%, to HK\$108 million during the six months ended 30 June 2024 from HK\$133 million during the six months ended 30 June 2023. This decrease in exchange gain was primarily driven by the exchange fluctuation of various currencies at half-year end on translation.

Share of results of associates

Share of results of associates increased by HK\$112 million, or 9.0%, to HK\$1,351 million during the six months ended 30 June 2024 from HK\$1,239 million during the six months ended 30 June 2023. This increase was primarily driven by an increase in the contribution from Power Assets and lower interest expenses from shareholders loans due to lower loan balances.

Share of results of joint ventures

Share of results of joint ventures increased by HK\$579 million, or 28.3%, to HK\$2,626 million during the six months ended 30 June 2024 from HK\$2,047 million during the six months ended 30 June 2023. This increase was primarily driven by higher contribution from the Group's regulated businesses mainly due to higher revenue, lower finance cost and lower interest expenses from shareholders loans due to lower loan balances. The increase was partially offset by lower contribution from UK Power Networks after regulatory resets from April 2023 and lower contribution from Canadian Power caused by lower power prices mainly arising from mild weather and higher supply from renewables in Alberta.

Taxation

Tax expenses increased by HK\$3 million, or 6.0%, to HK\$53 million during the six months ended 30 June 2024 from HK\$50 million during the six months ended 30 June 2023.

The following table sets forth a breakdown of taxation for the periods indicated:

<i>In HK\$ million</i>	Six months ended 30 June		% change
	2024	2023	
Current taxation—Hong Kong	1	1	—
Current taxation—outside Hong Kong	33	25	32.0%
Deferred taxation	19	24	(20.8)%
Total	53	50	6.0%

Profit for the period

The Group's profit for the period increased by HK\$65 million, or 1.5%, to HK\$4,524 million during the six months ended 30 June 2024 from HK\$4,459 million during the six months ended 30 June 2023 as a result of the above.

Year ended 31 December 2023 compared to year ended 31 December 2022

Key segment information

The following table sets forth a breakdown of the Group's profit attributable to shareholders of the Company by geographic region as well as that attributable to Power Assets and unallocated items for the periods indicated:

<i>In HK\$ million</i>	Year ended 31 December		% change
	2023	2022	
Investments in Power Assets	2,162	2,033	6.3%
United Kingdom	3,050	3,069	(0.6)%
Australia	1,855	1,976	(6.1)%
Continental Europe	535	664	(19.4)%
Canada	648	617	5.0%
New Zealand	168	167	0.6%
Hong Kong and Mainland China	117	196	(40.3)%
Profit contribution before unallocated items	8,535	8,722	(2.1)%
Unallocated items ⁽¹⁾	(508)	(974)	47.8%
Profit attributable to shareholders of the Company	8,027	7,748	3.6%

(1) Comprised primarily of the Group's treasury-related activities, corporate overhead, distribution to perpetual securities and others.

United Kingdom

Profit contribution from infrastructure investments in the United Kingdom decreased by HK\$19 million, or 0.6%, to HK\$3,050 million in 2023 from HK\$3,069 million in 2022. This was primarily impacted by a one-off gain of HK\$526 million in 2022, from the Group's sale of part of the stake in Northumbrian Water. Excluding this one-off gain in 2022, the increase in profit contribution would be in double digits.

Australia

Profit contribution from infrastructure investments in Australia decreased by HK\$121 million, or 6.1%, to HK\$1,855 million in 2023 from HK\$1,976 million in 2022. This drop was mainly caused by the translation impact of a weaker Australian dollar and a lower contribution arising from the regulatory resets in Australian Gas Networks and Multinet Gas Networks. The decline was partially offset by a strong performance of EDL.

Continental Europe

Profit contribution from infrastructure investments in Continental Europe declined by HK\$129 million, or 19.4%, to HK\$535 million in 2023 from HK\$664 million in 2022. This decline is mainly attributed to the negative impact caused by a fire at the Rozenburg plant of Dutch Enviro Energy in September 2023.

Canada

Profit contribution from infrastructure investments in Canada increased by HK\$31 million, or 5.0%, to HK\$648 million in 2023 from HK\$617 million in 2022. This increase was primarily driven by solid contribution across the Group's portfolio businesses in the region, which was partially offset by the translation impact of a weaker Canadian dollar.

New Zealand

Profit contribution from infrastructure investments in New Zealand increased by HK\$1 million, or 0.6%, to HK\$168 million in 2023 from HK\$167 million in 2022. This increase was primarily driven by a stable performance of the Group's businesses, but was partly offset by the translation impact of a weaker NZD.

Hong Kong and Mainland China

Profit contribution from infrastructure investments in Hong Kong and Mainland China decreased by HK\$79 million, or 40.3%, to HK\$117 million in 2023 from HK\$196 million in 2022. Infrastructure materials manufacturing business in Mainland China reported a weak performance with both volume and price impacted as a result of a major decline in construction activities in Mainland China.

Turnover

The Group's turnover decreased by HK\$654 million, or 1.7%, to HK\$38,582 million in 2023 from HK\$39,236 million in 2022.

The following table sets forth a breakdown of the Group's turnover for the periods indicated:

<i>In HK\$ million</i>	Year ended 31 December		% change
	2023	2022	
Sales of infrastructure materials	1,741	2,066	(15.7)%
Interest income from loans granted to associates	264	287	(8.0)%
Interest income from loans granted to joint ventures	1,993	2,361	(15.6)%
Sales of waste management services	1,992	1,901	4.8%
Sales and interest income from infrastructure investments . . .	5,990	6,615	(9.4)%
Share of turnover of joint ventures	32,592	32,621	(0.1)%
Turnover	38,582	39,236	(1.7)%

Sales and interest income from infrastructure investments

Sales and interest income from infrastructure investments decreased by HK\$625 million, or 9.4%, to HK\$5,990 million in 2023 from HK\$6,615 million in 2022. This decrease was primarily driven by a decrease in the Group's sales of infrastructure materials due to lower selling price and decrease in sales volume as a result of a major decline in construction activities in Mainland China and lower interest income from loans granted to associates and joint ventures due to lower loan balance and unfavourable foreign currency rates on translation. The decrease was partially offset by higher sales income from waste management services driven by higher selling price.

Share of turnover of joint ventures

Share of turnover of joint ventures decreased slightly by HK\$29 million, or 0.1%, to HK\$32,592 million in 2023 from HK\$32,621 million in 2022. This decrease was primarily driven by lower contribution from Northumbrian Water after disposal in December 2022 of part of the Group's interest, lower foreign currency rates on translation and the negative impact caused by a fire at the Rozenburg plant of Dutch Enviro Energy in September 2023. The decrease was partially offset by higher contribution from the Group's regulated business segment mainly due to higher tariff driven by higher inflation and higher contribution from the Group's non-regulated businesses segment mainly due to higher commodity price and business growth.

Other income

Other income decreased by HK\$141 million, or 15.2%, to HK\$784 million in 2023 from HK\$925 million in 2022. This decrease was primarily due to the absence of a gain on the disposal of joint ventures in 2023. In 2022, a gain of HK\$526 million was recorded from the Group's sale of part of the stake in Northumbrian Water. The decrease was partially offset by an increase in bank interest income, which in 2023 amounted to HK\$616 million as compared to HK\$203 million in 2022. The increase was primarily driven by an increase in the Group's deposit rates and a higher cash balance after the sale of part of the Group's stake in Northumbrian Water in December 2023.

Operating costs

Operating costs decreased by HK\$107 million, or 2.5%, to HK\$4,257 million in 2023 from HK\$4,364 million in 2022. This decrease was primarily due to a decrease in the cost of inventories sold, which was primarily driven by a decrease in the price of coal.

Finance costs

Finance costs increased by HK\$250 million, or 48.2%, to HK\$769 million in 2023 from HK\$519 million in 2022. This increase was primarily due to an increase in bank loans taken out by the Group in 2023, as well as the balance under the Group's notes and bonds outstanding, and an increase in central banks' base rates, and accordingly, the prevailing interest rates in various currencies.

The following table sets forth a breakdown of finance costs for the periods indicated:

<i>In HK\$ million</i>	Year ended 31 December		% change
	2023	2022	
Finance costs on			
Bank loans	745	507	46.9%
Notes and bonds	197	126	56.3%
Lease liabilities	12	12	—
Others ⁽¹⁾	(185)	(126)	(46.8)%
Total	769	519	48.2%

(1) Comprised primarily of net interest on swaps.

Exchange gain

Exchange gain increased significantly by HK\$461 million, or 415.3%, to HK\$572 million in 2023 from HK\$111 million in 2022. This increase in exchange gain was primarily driven by higher closing exchange rates in various currencies at year-end on translation.

Share of results of associates

Share of results of associates increased by HK\$129 million, or 5.3%, to HK\$2,571 million in 2023 from HK\$2,442 million in 2022. This increase was primarily driven by an increase in the contribution from Power Assets.

Share of results of joint ventures

Share of results of joint ventures increased by HK\$603 million, or 19.6%, to HK\$3,687 million in 2023 from HK\$3,084 million in 2022. This increase was primarily driven by a higher contribution from the Group's regulated business mainly due to higher tariffs driven by higher inflation, higher contribution from the Group's non-regulated business mainly driven by higher commodity price and business growth. The increase was partially offset by lower contribution arising from the regulatory resets for UK Power Networks, Australian Gas Networks and Multinet Gas Networks, a lower contribution from Northumbrian Water after the sale of part of the Group's stake in it in December 2022 and the negative impact caused by a fire at the Rozenburg plant of Dutch Enviro Energy in September 2023.

Taxation

Tax expenses decreased by HK\$2 million, or 1.7%, to HK\$119 million in 2023 from HK\$121 million in 2022.

The following table sets forth a breakdown of taxation for the periods indicated:

<i>In HK\$ million</i>	Year ended 31 December		% change
	2023	2022	
Current taxation—Hong Kong	1	1	—
Current taxation—outside Hong Kong	92	67	37.3%
Deferred taxation	26	53	(50.9)%
Total	119	121	(1.7)%

Profit for the period

The Group's profit for the period increased by HK\$286 million, or 3.5%, to HK\$8,459 million in 2023 from HK\$8,173 million in 2022 as a result of the above.

Year ended 31 December 2022 compared to year ended 31 December 2021

Key segment information

The following table sets forth a breakdown of the Group's profit attributable to shareholders of the Company by geographic region as well as that attributable to Power Assets and unallocated items for the periods indicated:

<i>In HK\$ million</i>	Year ended 31 December		% change
	2022	2021	
Investments in Power Assets	2,033	2,208	(7.9)%
United Kingdom	3,069	2,371	29.4%
Australia	1,976	1,903	3.8%
Continental Europe	664	694	(4.3)%
Canada	617	475	29.9%
New Zealand	167	170	(1.8)%
Hong Kong and Mainland China	196	316	(38.0)%
Profit contribution before unallocated items	8,722	8,137	7.2%
Unallocated items ⁽¹⁾	(974)	(622)	(56.6)%
Profit attributable to shareholders of the Company	7,748	7,515	3.1%

(1) Comprised primarily of the Group's treasury-related activities.

United Kingdom

Profit contribution from infrastructure investments in the United Kingdom increased by HK\$698 million, or 29.4%, to HK\$3,069 million in 2022 from HK\$2,371 million in 2021. This increase was mainly due to non-cash deferred tax related charges booked in the previous period, as well as a one-off gain arising from the sale of a 13% stake in Northumbrian Water in 2022. This gain was partly offset by higher finance charges and the translation impact of a weaker British pound sterling.

Australia

Profit contribution from infrastructure investments in Australia increased by HK\$73 million, or 3.8%, to HK\$1,976 million in 2022 from HK\$1,903 million in 2021. This increase was primarily driven by higher contributions from power distribution networks in Victoria and EDL and partly offset by the translation impact of a weaker Australian dollar.

Continental Europe

Profit contribution from infrastructure investments in Continental Europe decreased by HK\$30 million, or 4.3%, to HK\$664 million in 2022 from HK\$694 million in 2021. This decrease was primarily driven by the translation impact of a weaker Euro.

Canada

Profit contribution from infrastructure investments in Canada increased by HK\$142 million, or 29.9%, to HK\$617 million in 2022 from HK\$475 million in 2021. This increase was driven by a solid contribution from Reliance Home Comfort, Canadian Midstream Asset and Canadian Power. Park'N Fly also returned to profit during the period.

New Zealand

Profit contribution from infrastructure investments in New Zealand decreased by HK\$3 million, or 1.8%, to HK\$167 million in 2022 from HK\$170 million in 2021. This decrease was primarily driven by the translation impact of a weaker NZD.

Hong Kong and Mainland China

Profit contribution from infrastructure investments in Hong Kong and Mainland China decreased by HK\$120 million, or 38.0%, to HK\$196 million in 2022 from HK\$316 million in 2021. The cement business in Mainland China was negatively impacted by the slowdown in the construction industry during Covid

lockdown, as well as surging fuel costs. Traffic volume for the toll road operations in Mainland China was also low as a result of Covid lockdowns.

Turnover

The Group's turnover decreased slightly by HK\$1,494 million, or 3.7%, to HK\$39,236 million in 2022 from HK\$40,730 million in 2021.

The following table sets forth a breakdown of the Group's turnover for the periods indicated:

<i>In HK\$ million</i>	Year ended 31 December		% change
	2022	2021	
Sales of infrastructure materials	2,066	2,417	(14.5)%
Interest income from loans granted to associates	287	311	(7.7)%
Interest income from loans granted to joint ventures	2,361	2,466	(4.3)%
Sales of waste management services	1,901	1,854	2.5%
Sales and interest income from infrastructure investments . . .	6,615	7,048	(6.1)%
Share of turnover of joint ventures	32,621	33,682	(3.2)%
Turnover	39,236	40,730	(3.7)%

Sales and interest income from infrastructure investments

Sales and interest income from infrastructure investments decreased by HK\$433 million, or 6.1%, to HK\$6,615 million in 2022 from HK\$7,048 million in 2021. This decrease was primarily due to the impact on the translation of interest income from loans granted to associates and joint ventures caused by increases in foreign currency exchange rates, lower sales price and lower selling volume in materials business impacted by the slowdown of the construction industry during the Covid-19 lockdown.

Share of turnover of joint ventures

Share of turnover of joint ventures decreased by HK\$1,061 million, or 3.2%, to HK\$32,621 million in 2022 from HK\$33,682 million in 2021. This decrease was primarily caused by the translation impact of increases in foreign currency exchange rates, partially offset by higher tariff driven by higher inflation from the Group's regulated business and higher contribution from the Group's non-regulated business mainly boosted by favourable energy market.

Other income

Other income increased by HK\$513 million, or 124.5%, to HK\$925 million in 2022 from HK\$412 million in 2021. This increase was primarily driven by a HK\$526 million gain from the sale of part of the Group's stake in Northumbrian Water in 2022. In addition, there was an increase in bank interest income driven by an increase in the interest rates on the Group's deposits. This increase was partially offset by unfavourable changes in the fair value of derivative financial instruments and other financial assets.

Operating costs

Operating costs decreased by HK\$263 million, or 5.7%, to HK\$4,364 million in 2022 from HK\$4,627 million in 2021. This decrease was primarily driven by a lower cost of inventories sold in line with a lower sales volume from the Group's materials business.

Finance costs

Finance costs increased by HK\$136 million, or 35.5%, to HK\$519 million in 2022 from HK\$383 million in 2021, primarily due to an increase in prevailing interest rates due to increases in central banks' base rates, especially for bank loans denominated in Australian dollar.

The following table sets forth a breakdown of finance costs for the periods indicated:

<i>In HK\$ million</i>	Year ended 31 December		% change
	2022	2021	
Finance costs on			
Bank loans	507	348	45.7%
Notes and bonds	126	95	32.6%
Lease liabilities	12	12	—
Others	(126)	(72)	(75.0)%
Total	519	383	35.5%

Exchange gain

Exchange gain decreased by HK\$78 million, or 41.3%, to HK\$111 million in 2022 from HK\$189 million in 2021. This decreased in exchange gain was primarily due to lower closing exchange rates on various currency translations at the year end.

Share of results of associates

Share of results of associates decreased by HK\$148 million, or 5.7%, to HK\$2,442 million in 2022 from HK\$2,590 million in 2021. This decrease was primarily due to a lower contribution from Power Assets, which was partially offset by a higher profit contribution from electricity distribution networks in Australia. This, in turn, was impacted by the translation impact of a weaker Australian dollar against the Hong Kong dollar.

Share of results of joint ventures

Share of results of joint ventures increased by HK\$198 million, or 6.9%, to HK\$3,084 million in 2022 from HK\$2,886 million in 2021. This increase was mainly driven by the impact in 2021 of the booking of higher non-cash UK deferred tax charges following the enactment of the increase in the UK corporate tax rate from 19% to 25% and higher tariffs driven by higher inflation. The increase was partially offset by the joint ventures' higher operating costs and higher finance costs due to high inflation and rising interest rates, as well as by the translation impact of weakened foreign currencies against the Hong Kong dollar.

Taxation

Tax expenses decreased by HK\$40 million, or 24.8%, to HK\$121 million in 2022 from HK\$161 million in 2021. This decrease was primarily due to lower current tax in line with lower operating profit.

The following table sets forth a breakdown of taxation for the periods indicated:

<i>In HK\$ million</i>	Year ended 31 December		% change
	2022	2021	
Current taxation—Hong Kong	1	1	—
Current taxation—outside Hong Kong	67	135	(50.4)%
Deferred taxation	53	25	112.0%
Total	121	161	(24.8)%

Profit for the period

The Group's profit for the period increased by HK\$219 million, or 2.8%, to HK\$8,173 million in 2022 from HK\$7,954 million in 2021 as a result of the above.

3. Liquidity and Capital Resources

Sources and uses of cash

The Group's primary sources of liquidity are net cash flows from operating activities and borrowings. The Group's uses of cash have historically been, and are expected to continue to be, the funding of operating expenses, capital expenditures, acquisitions and debt service costs. In particular, these include: (i) acquisition activities undertaken by the Group; (ii) the construction and expansion of, and refurbishments and improvements at facilities and other locations; and (iv) servicing the borrowings and indebtedness of the Group.

Cash flows

The table below presents a summary of the Group's cash flows for the periods indicated, which has been extracted without material adjustment from the Historical Financial Information.

Six Months ended 30 June 2024 and 2023

	Six months ended 30 June	
	2024 (unaudited)	2023 (unaudited)
<i>In HK\$ million</i>		
Net cash from operating activities	641	1,686
Net cash from investing activities	443	38
Net cash utilised in financing activities	(4,981)	(7,716)
Net decrease in cash and cash equivalents	(3,897)	(5,992)
Cash and cash equivalents at 1 January	13,077	18,045
Cash and cash equivalents at the end of the period	9,180	12,053

Net cash from operating activities

Net cash from operating activities decreased by HK\$1,045 million, or 61.9%, to HK\$641 million in the six months ended 30 June 2024 from HK \$1,686 million in the six months ended 30 June 2023. This decrease was primarily driven by lower interest received from loans granted to associates and joint ventures due to lower loan balance, lower selling price and lower sales volume in infrastructure materials businesses in Mainland China, lower sales volume of waste management services and unfavourable foreign currency rates on translation of the Group's cash balance.

Net cash from investing activities

Net cash from investing activities increased by HK\$405 million to HK\$443 million in the six months ended 30 June 2024 from HK\$38 million in the six months ended 30 June 2023. This increase was primarily driven by increase in dividend from joint ventures and net cash received on hedging instruments, which was partially offset by fund utilised in acquisition of Phoenix Energy.

Net cash utilised in financing activities

Net cash utilised in financing activities decreased by HK\$2,735 million, or 35.4%, to HK\$4,981 million in the six months ended 30 June 2024 from HK\$7,716 million in the six months ended 30 June 2023. This increase was primarily driven by higher loan repayment in the six months ended 30 June 2023.

Year ended 31 December 2023, 2022 and 2021

	Year ended 31 December		
	2023 (audited)	2022 (audited)	2021 (audited)
<i>In HK\$ million</i>			
Net cash from operating activities	3,845	1,717	3,055
Net cash from investing activities	2,406	14,868	4,311
Net cash utilised in financing activities	(11,219)	(6,625)	(12,758)
Net (decrease)/ increase in cash and cash equivalents	(4,968)	9,960	(5,392)
Cash and cash equivalents at 1 January	18,045	8,085	13,477
Cash and cash equivalents at the end of the period . . .	13,077	18,045	8,085

Net cash from operating activities

The following table summarises the principal components of net cash from operating activities for the periods indicated.

<i>In HK\$ million</i>	Year ended 31 December		
	2023 (audited)	2022 (audited)	2021 (audited)
Cash generated from operating activities before finance costs and income tax paid	4,630	2,234	3,595
Finance costs paid	(726)	(403)	(335)
Income taxes paid	(59)	(114)	(205)
Net cash from operating activities	3,845	1,717	3,055

Net cash from operating activities increased by HK\$2,128 million, or 123.9%, to HK\$3,845 million in 2023 from HK\$1,717 million in 2022. This increase was primarily driven by higher returns received from the Group's Continental European and Canadian joint ventures, higher interest received from an Australian joint venture due to an increase in prevailing interest rates as a result of an increase in the Australian central bank's dollar base rate and higher operating cash flow from waste management services driven by higher sales.

Net cash from operating activities decreased by HK\$1,338 million, or 43.8%, to HK\$1,717 million in 2022 from HK\$3,055 million in 2021. This decrease was primarily driven by lower interest received from the Group's UK and Continental European joint ventures, lower operating cash flow from materials operation and waste management services caused by lower sales, higher finance cost in line with higher interest rates and an exchange loss on translation of cash balances.

Net cash from investing activities

The following table summarises the principal components of net cash from investing activities for the periods indicated.

<i>In HK\$ million</i>	Year ended 31 December		
	2023 (audited)	2022 (audited)	2021 (audited)
Purchases of property, plant and equipment	(320)	(473)	(363)
Disposals of property, plant and equipment	4	7	37
Additions to intangible assets	(22)	(6)	(4)
Purchase of other financial assets	(36)	(15)	(57)
Advances to associates	(4)	(5)	(29)
Loan repaid from an associate	—	—	53
Investment in joint ventures	(599)	(89)	(1,214)
Advances to joint ventures	(30)	(56)	(221)
Advances repaid from a joint venture	15	—	1
Loan repaid from a joint venture	—	—	316
Disposal of joint ventures	—	4,307	—
Dividends received from associates	2,351	2,296	2,592
Dividends received from joint ventures	2,449	3,544	2,757
Net cash (paid)/received on hedging instruments	(1,402)	5,358	443
Net cash from investing activities	2,406	14,868	4,311

Net cash from investing activities decreased by HK\$12,462 million to HK\$2,406 million in 2023 from HK\$14,868 million in 2022. This decrease was primarily driven by cash proceeds received in 2022 from the sale of part of the Group's stake in Northumbrian Water and higher cash paid on hedging instruments due to higher exchange rates.

Net cash from investing activities increased by HK\$10,557 million to HK\$14,868 million in 2022 from HK\$4,311 million in 2021. This increase was primarily driven by higher investments in joint ventures in 2021, cash proceeds received from the sale of part of the Group's stake in Northumbrian Water and higher net cash received on hedging instruments due to lower exchange rates.

Net cash utilised in financing activities

The following table summarises the principal components of net cash utilised in financing activities for the for the periods indicated.

	Year ended 31 December		
	2023 (audited)	2022 (audited)	2021 (audited)
<i>In HK\$ million</i>			
New bank and other loans	876	10,523	9,687
Repayments of bank and other loans	(5,209)	(10,342)	(10,864)
Repayment of lease principal	(34)	(32)	(38)
Interest paid on lease liabilities	(12)	(12)	(12)
Dividends paid	(6,400)	(6,324)	(6,249)
Dividends paid to non-controlling interests	(2)	—	—
Distribution paid on perpetual capital securities	(438)	(438)	(570)
Issue of perpetual capital securities	—	—	4,680
Direct costs for issue of perpetual capital securities	—	—	(32)
Redemption of perpetual capital securities	—	—	(9,360)
Net cash utilised in financing activities	(11,219)	(6,625)	(12,758)

Net cash utilised in financing activities increased by HK\$4,594 million, or 69.3%, to an outflow of HK\$11,219 million in 2023 from an outflow of HK\$6,625 million in 2022. This increase was primarily driven by the repayment of bank and other loans by using surplus cash.

Net cash utilised in financing activities decreased by HK\$6,133 million, or 48.1%, to an outflow of HK\$6,625 million in 2022 from an outflow of HK\$12,758 million in 2021. This decrease was primarily driven by of redemption of the Group's perpetual capital securities in 2021.

Funds From Operations

To measure performance, the Group focuses on Funds From Operations (“FFO”), a non-IFRS measure. The Group defines FFO as the sum of its net cash from operating activities, dividends received from associates and dividends received from joint ventures. FFO is a measure of operating performance that is not calculated in accordance with, and does not have any standardised meaning prescribed by, IFRS. FFO is therefore unlikely to be comparable to similar measures presented by other issuers and the Group's definition of FFO may differ from the definition used by other organisations.

The following table summarises the Group's FFO for the periods indicated.

	Six Months ended 30 June		Year ended 31 December		
	2024	2023	2023 (audited)	2022 (audited)	2021 (audited)
<i>In HK\$ million</i>					
Net cash from operating activities	641	1,686	3,845	1,717	3,055
Dividends received from associates	1,566	1,660	2,351	2,296	2,592
Dividends received from joint ventures	1,126	691	2,449	3,544	2,757
FFO	3,333	4,037	8,645	7,557	8,404

The Group's FFO reached HK\$8,645 million in 2023, an all-time high.

4. Capital Expenditure

The Group's capital expenditure and investments are funded from cash on hand, internal cash generation, loans, notes, bonds, share placements and perpetual capital securities. CKI has limited capital expenditure as typically the capital expenditure is incurred by the local operations.

5. External funding, financing and indebtedness

Guaranteed Perpetual Capital Securities

On 23 August 2017 and 3 November 2017, the Group issued US\$500 million and US\$150 million, respectively, in 4.85% guaranteed perpetual capital securities at an issue price of 100% and 100% plus an

amount corresponding to accrued distribution from and including 23rd August, 2017 to, but excluding 3rd November, 2017 respectively (the “**2017 Guaranteed Perpetual Capital Securities**”). These perpetual capital securities were issued for general corporate funding purposes. Distributions on these perpetual capital securities are paid semi-annually in arrears starting from 23 August 2017 and may be deferred at the Group’s discretion. These perpetual capital securities have no fixed maturity and are redeemable at the Group’s option on or after 23 August 2022 at their principal amounts, along with any accrued, unpaid or deferred distributions.

While any distributions are unpaid or deferred, CKI will not declare or 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 2 June 2021, the Group issued US\$300 million 4.20% guaranteed perpetual capital securities at an issue price of 100% (the “**2021 4.20% Guaranteed Perpetual Capital Securities**”). Distributions are payable semi-annually in arrears starting from 2 December 2021 and may be deferred at the sole discretion of the Group. These perpetual capital securities also have no fixed maturity and are redeemable at the Group’s option on or after 2 June 2026 at their principal amounts, along with any accrued, unpaid or deferred distributions.

While any distributions are unpaid or deferred, CKI 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 29 July 2021, the Group issued US\$300 million 4.00% guaranteed perpetual capital securities at an issue price of 100% (the “**2021 4.00% Guaranteed Perpetual Capital Securities**”). Distributions are payable semi-annually in arrears starting from 29 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 or after 29 July 2026 at their principal amounts together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, CKI 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.

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

Financing and indebtedness

The borrowings and indebtedness of the Group include amounts outstanding under its bank loans, notes, and bonds.

As of 30 June 2024, the total borrowings of the Group amounted to HK\$23,400 million. Of the total borrowings, 35 per cent were repayable in 2024 and 65 per cent were repayable between 2025 and 2028.

As of 31 December 2023, the Group had principal committed senior unsecured bank loans, notes and bonds of HK\$22,640 million, comprising bank loans of HK\$13,973 million and notes and bonds of HK\$8,667 million (the “**Unsecured Facilities**”). The Group’s notes and bonds of HK\$6,254 million were arranged at fixed interest rates and other borrowings were arranged at floating rates. Bank loans carried interest at floating rates which were determined with reference to, for example, the Australian Bank Bill Swap Bid Rate, Euro Interbank Offered Rate, Canadian Dollar Offered Rate or Tokyo Overnight Average Rate, plus an average margin of less than 1% per annum. Fixed rate notes and bonds carried interest ranging from 1 per cent to 4 per cent per annum. The Unsecured Facilities are primarily used for general corporate purposes and acquisitions by CKI and its subsidiaries. The maturity date of the Unsecured Facilities is less than 5 years.

As of 31 December 2023, the Group also had an outstanding balance of HK\$1,557 million in secured bank loans (the “**Secured Facilities**”) carrying interest at a floating rate which was determined with reference to the New Zealand Bank Bill Benchmark Rate plus an average margin of less than 1 per cent per annum. The Secured Facilities are primarily used for general corporate purposes and acquisitions by CKI and its subsidiaries. The maturity date of the Secured Facilities is less than 5 years.

In 2023, the average effective annual interest rate of the Group’s bank loans was 3.69%, compared to 2.06% in 2022 and 1.09% in 2021.

6. Commitments and Contingent Liabilities

As of 30 June 2024, the Group's outstanding capital commitments that were not provided for in the consolidated financial statements were as follows:

<i>In HK\$ million</i>	Six Months ended 30 June		Year ended 31 December		
	2024	2023	2023	2022	2021
Investments in joint ventures	1	5	3	5	11
Plant and machinery	180	184	131	253	310
Other financial assets ⁽¹⁾	128	170	139	168	201
Total	309	359	273	426	522

(1) Relates to a limited partnership interest in a fund, focusing on hydrogen-related investments.

As of 30 June 2024, the Group's contingent liabilities were as follows:

<i>In HK\$ million</i>	Six Months ended 30 June		Year ended 31 December		
	2024	2023	2023	2022	2021
Guarantee in respect of bank loan drawn by a joint venture ⁽¹⁾	—	569	—	548	583
Other guarantee given in respect of a joint venture	68	203	142	253	363
Performance bond indemnities ⁽²⁾	168	168	174	168	175
Sub-contractor warranties	24	13	22	14	15
Total	260	953	338	983	1,136

(1) Relates to a guarantee in respect of bank loan drawn by Park'N Fly.

(2) Relate to bond indemnities issues for waste management business.

7. Qualitative Disclosure about Market Risk

The main risks arising from the Group's financial instruments are currency risk, interest rate risk, credit risk and liquidity risk.

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 the individual subsidiaries, which accounted for 28%, 24%, 25% of the Group's borrowings in 2023, 2022 and 2021, respectively. The Group generally hedges those investments with the appropriate level of borrowings denominated in the local currencies of the relevant countries and territories. The Group has also entered into currency derivatives, such as currency swaps, to hedge most of its foreign investments financed by internal resources. As a result, CKI's management considers the net exposure to currency risk to be kept at an appropriate level.

The Group is also exposed to currency risk arising from bank deposits denominated in foreign currencies, which accounted for 91%, 92% and 85% of the Group's bank balances and deposits as of 31 December 2023, 2022 and 2021, respectively. Foreign currency denominations include USD, AUD, GBP, NZD and RMB. CKI's management maintains the portfolio of bank deposits denominated in different currencies and the exposure to currency risk is kept to an appropriate level.

Interest rate risk

The Group's interest rate risk arises primarily from its floating rate borrowings and deposits. In relation to these floating rate borrowings, the management aims at keeping borrowings at fixed rates at appropriate levels 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 the interest rates on 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.

Credit risk

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

In respect of trade debtors and other receivables, the 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 assessments under expected credit loss models based on a 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 recognized. Typically, the Group does not obtain collateral covering the outstanding balances.

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 there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime expected credit loss.

The estimated loss rates are based on historically observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is readily available.

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

The Group's maximum exposure to credit risk, in the event that counterparties fail to perform their obligations at the end of a reporting period, is the carrying amount of each class of recognised financial assets as stated in the consolidated statement of financial position. Apart from the guarantees provided by the Group, no other guarantees are given that would expose the Group to additional credit risk.

The Group's management believe that the Group is not exposed to any significant concentration of credit risk, as exposure is spread over a number of counterparties and customers.

Liquidity Risk

The Group's treasury activities are centralised to achieve better risk control and minimise costs incurred. Cash is generally placed in short-term deposits that are mostly denominated in USD, HKD, AUD, GBP, NZD and RMB. The Group's management aims to balance the continuity of adequate funding with flexibility by utilising bank and other borrowings. The Group's liquidity and financing requirements are regularly reviewed to mitigate the effects of fluctuations in cash flows. CKI's management evaluates new financing options while maintaining appropriate gearing for new investments and the refinancing of existing debts.

PART 10 CAPITALISATION AND INDEBTEDNESS

The following table sets out the consolidated capitalisation as of 30 June 2024 and the unaudited indebtedness as of 30 June 2024 of the Group, being the date as of which the Unaudited Interim Historical Financial Information was prepared. The capitalisation information and the Group's total gross and net indebtedness as of 30 June 2024 have been extracted without material adjustment from the Unaudited Interim Historical Financial Information.

Statement of capitalisation

<i>(HK\$ million)</i>	As of 30 June 2024 <i>(unaudited)</i>
Current debt	
Guaranteed	—
Secured	1,580
Unguaranteed/unsecured	11,621
Total current debt	13,201
Non-current debt (excluding current portion of non-current debt)	
Guaranteed	—
Secured	—
Unguaranteed/unsecured	10,551
Total non-current debt	10,551
Total indebtedness	23,752
Shareholder's equity	
Share capital	2,520
Reserves	118,867
Perpetual capital securities	9,885
Non-controlling interests	82
Total shareholder equity	131,354
Total capitalisation	155,106

Statement of indebtedness

<i>(HK\$ million)</i>	As of 30 June 2024 <i>(unaudited)</i>
Cash and cash equivalents	9,180
Trading securities	—
Liquidity	9,180
Current financial receivable	—
Current bank debt	(13,165)
Current portion of non-current debt	—
Other current financial debt	(36)
Current financial debt	(13,201)
Net current financial indebtedness	(4,021)
Non-current bank loans	(10,235)
Bond issued	—
Other non-current liabilities	(316)
Non-current financial indebtedness	(10,551)
Net financial indebtedness	(14,572)

PART 11
AUDITED HISTORICAL FINANCIAL INFORMATION

This section of the Prospectus includes the historical financial information for the Group as of and for the years ended 31 December 2023, 2022 and 2021, as well as the corresponding auditor's reports thereon prepared by Deloitte Touche Tohmatsu.

The auditors reports and the audited consolidated financial statements set out herein have been reproduced from the Company's annual reports for the years ended 31 December 2023, 2022 and 2021 and include page references to pages set forth in such respective reports.



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

OPINION

We have audited the consolidated financial statements of CK Infrastructure Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 91 to 151, which comprise the consolidated statement of financial position as at 31st December, 2023, 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 material accounting policy information and other explanatory information.

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, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTER

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

Valuation of interests in joint ventures

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, 2023, the carrying amount of interests in joint ventures amounted to HK\$104,093 million as stated in note 18 to the consolidated financial statements, which represented approximately 63% of the Group's total assets.

As disclosed in note 3(e) to the consolidated financial statements, interests in joint ventures are carried in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the joint ventures, less impairment in the values of individual investments. As such, the Group is required to assess at the end of each reporting period whether there is any indication that the carrying amount of interests in joint ventures may be impaired. For those joint ventures in which such indication exists, the Group assessed the carrying amounts for impairment.

How our audit addressed the key audit matter

Our procedures in relation to the valuation of interests in joint ventures included:

- Assessing the appropriateness of the management's accounting for interests in joint ventures;
- Understanding and evaluating the management's process for identifying the existence of impairment indicators in respect of the interests in joint ventures;
- Where indicators of impairment have been identified, assessing the reasonableness of the recoverable amounts of each of the joint ventures and obtaining an understanding from the management of their financial position and future prospects; and
- Understanding the management process for determining and assessing the reasonableness of key inputs and assumptions used by management in their estimation of recoverable amounts of those interests in joint ventures with impairment indicators, including projections of cash flows, growth rates and discount rates applied; and comparing cash flow projections to supporting evidence, such as approved budgets.

OTHER INFORMATION

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

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs 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.

As part of an audit in accordance with HKSAAs, 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.

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

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

20th March, 2024

CONSOLIDATED INCOME STATEMENT
for the year ended 31st December

HK\$ million	Notes	2023	2022
Turnover	6	38,582	39,236
Sales and interest income from infrastructure investments . . .	6	5,990	6,615
Other income	7	784	925
Operating costs	8	(4,257)	(4,364)
Finance costs	9	(769)	(519)
Exchange gain		572	111
Share of results of associates		2,571	2,442
Share of results of joint ventures		3,687	3,084
Profit before taxation	10	8,578	8,294
Taxation	11(a)	(119)	(121)
Profit for the year	12	8,459	8,173
Attributable to:			
Shareholders of the Company		8,027	7,748
Owners of perpetual capital securities		438	438
Non-controlling interests		(6)	(13)
		8,459	8,173
Earnings per share	13	HK\$3.19	HK\$3.08

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31st December

HK\$ million	2023	2022
Profit for the year	8,459	8,173
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
(Loss)/Gain from fair value changes of derivatives designated as effective cash flow hedges	(31)	250
(Loss)/Gain from fair value changes of derivatives designated as effective net investment hedges	(1,467)	4,231
Exchange differences on translation of financial statements of foreign operations	2,750	(7,069)
Share of other comprehensive income of associates	432	1,496
Share of other comprehensive income of joint ventures	288	4,832
Reserves released upon disposal of joint ventures	—	863
Income tax relating to components of other comprehensive income	18	(1,886)
	1,990	2,717
Items that will not be reclassified to profit or loss:		
Share of other comprehensive income/(expense) of associates	73	(33)
Share of other comprehensive income/(expense) of joint ventures	270	(654)
Income tax relating to components of other comprehensive income	(63)	94
	280	(593)
Other comprehensive income for the year	2,270	2,124
Total comprehensive income for the year	10,729	10,297
Attributable to:		
Shareholders of the Company	10,300	9,883
Owners of perpetual capital securities	438	438
Non-controlling interests	(9)	(24)
	10,729	10,297

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31st December

HK\$ million	Notes	2023	2022
Property, plant and equipment	15	3,079	3,017
Investment properties	16	408	408
Interests in associates	17	39,240	38,527
Interests in joint ventures	18	104,093	99,302
Other financial assets	19	1,542	1,590
Derivative financial instruments	20	624	1,249
Goodwill and intangible assets	21	2,299	2,246
Deferred tax assets	27	1	3
Total non-current assets		151,286	146,342
Inventories	22	178	309
Derivative financial instruments	20	536	53
Debtors and prepayments	23	796	1,118
Bank balances and deposits	24	13,077	18,045
Total current assets		14,587	19,525
Bank and other loans	25	9,024	5,148
Derivative financial instruments	20	1,072	891
Creditors, accruals and others	26	5,902	6,173
Taxation		101	56
Total current liabilities		16,099	12,268
Net current (liabilities)/assets		(1,512)	7,257
Total assets less current liabilities		149,774	153,599
Bank and other loans	25	15,173	23,063
Derivative financial instruments	20	465	314
Deferred tax liabilities	27	505	493
Other non-current liabilities		360	347
Total non-current liabilities		16,503	24,217
Net assets		133,271	129,382
Representing:			
Share capital	29	2,520	2,520
Reserves		120,773	116,873
Equity attributable to shareholders of the Company		123,293	119,393
Perpetual capital securities	30	9,885	9,885
Non-controlling interests		93	104
Total equity		133,271	129,382

VICTOR T K LI
Director

IP TAK CHUEN, EDMOND
Director

20th March, 2024

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31st December

HK\$ million	Attributable to shareholders of the Company								Perpetual capital securities	Non-controlling interest	Total
	Share capital	Share premium	Contributed surplus	Property revaluation reserve	Hedging reserve	Exchange translation reserve	Retained profits	Sub-total			
At 1st January, 2022	2,520	16,185	6,062	68	(4,286)	(5,826)	101,111	115,834	9,885	128	125,847
Profit for the year	—	—	—	—	—	—	7,748	7,748	438	(13)	8,173
Gain from fair value changes of derivatives designated as effective cash flow hedges	—	—	—	—	250	—	—	250	—	—	250
Gain from fair value changes of derivatives designated as effective net investment hedges	—	—	—	—	—	4,231	—	4,231	—	—	4,231
Exchange differences on translation of financial statements of foreign operations	—	—	—	—	—	(7,058)	—	(7,058)	—	(11)	(7,069)
Share of other comprehensive income/(expense) of associates	—	—	—	—	2,541	(1,045)	(33)	1,463	—	—	1,463
Share of other comprehensive income/(expense) of joint ventures	—	—	—	—	4,832	—	(654)	4,178	—	—	4,178
Reserves released upon disposal of joint ventures	—	—	—	—	101	762	—	863	—	—	863
Income tax relating to components of other comprehensive income	—	—	—	—	(1,886)	—	94	(1,792)	—	—	(1,792)
Total comprehensive income/(expense) for the year	—	—	—	—	5,838	(3,110)	7,155	9,883	438	(24)	10,297
Final dividend paid for the year 2021	—	—	—	—	—	—	(4,560)	(4,560)	—	—	(4,560)
Interim dividend paid	—	—	—	—	—	—	(1,764)	(1,764)	—	—	(1,764)
Distribution paid on perpetual capital securities	—	—	—	—	—	—	—	—	(438)	—	(438)
At 31st December, 2022	2,520	16,185	6,062	68	1,552	(8,936)	101,942	119,393	9,885	104	129,382
Profit for the year	—	—	—	—	—	—	8,027	8,027	438	(6)	8,459
Loss from fair value changes of derivatives designated as effective cash flow hedges	—	—	—	—	(31)	—	—	(31)	—	—	(31)
Loss from fair value changes of derivatives designated as effective net investment hedges	—	—	—	—	—	(1,467)	—	(1,467)	—	—	(1,467)
Exchange differences on translation of financial statements of foreign operations	—	—	—	—	—	2,753	—	2,753	—	(3)	2,750
Share of other comprehensive (expense)/income of associates	—	—	—	—	(207)	639	73	505	—	—	505
Share of other comprehensive income of joint ventures	—	—	—	—	288	—	270	558	—	—	558
Income tax relating to components of other comprehensive income	—	—	—	—	18	—	(63)	(45)	—	—	(45)
Total comprehensive income/(expense) for the year	—	—	—	—	68	1,925	8,307	10,300	438	(9)	10,729
Final dividend paid for the year 2022	—	—	—	—	—	—	(4,611)	(4,611)	—	(2)	(4,613)
Interim dividend paid	—	—	—	—	—	—	(1,789)	(1,789)	—	—	(1,789)
Distribution paid on perpetual capital securities	—	—	—	—	—	—	—	—	(438)	—	(438)
At 31st December, 2023	2,520	16,185	6,062	68	1,620	(7,011)	103,849	123,293	9,885	93	133,271

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31st December

HK\$ million	Notes	2023	2022
OPERATING ACTIVITIES			
Cash generated from operating activities before finance costs and income tax paid	32(a)	4,630	2,234
Finance costs paid		(726)	(403)
Income taxes paid		(59)	(114)
Net cash from operating activities		3,845	1,717
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(320)	(473)
Disposals of property, plant and equipment		4	7
Additions to intangible assets		(22)	(6)
Purchase of other financial assets		(36)	(15)
Advances to an associate		(4)	(5)
Investment in joint ventures		(599)	(89)
Advances to a joint venture		(30)	(56)
Advances repaid from a joint venture		15	—
Disposal of joint ventures		—	4,307
Dividends received from associates		2,351	2,296
Dividends received from joint ventures		2,449	3,544
Net cash (paid)/received on hedging instruments		(1,402)	5,358
Net cash from investing activities		2,406	14,868
Net cash flows before financing activities		6,251	16,585
FINANCING ACTIVITIES			
New bank and other loans	32(b)	876	10,523
Repayments of bank and other loans	32(b)	(5,209)	(10,342)
Repayment of lease principal	32(b)	(34)	(32)
Interest paid on lease liabilities	32(b)	(12)	(12)
Dividends paid		(6,400)	(6,324)
Dividends paid to non-controlling interests		(2)	—
Distribution paid on perpetual capital securities		(438)	(438)
Net cash utilised in financing activities		(11,219)	(6,625)
Net (decrease)/increase in cash and cash equivalents		(4,968)	9,960
Cash and cash equivalents at 1st January		18,045	8,085
Cash and cash equivalents at 31st December	24	13,077	18,045

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 (“CK Hutchison”), 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 new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are effective to the Group for accounting period beginning on 1st January, 2023. The adoption of the new and amendments to HKFRSs has no material impact on the Group’s results and financial position for the current or prior years and does not result in any significant change in accounting policies of the Group.

The Group has not early adopted the following 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 amendments to HKFRSs listed below will have no material impact on the results and financial position of the Group.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKAS 21	Lack of Exchangeability

3. MATERIAL 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 material accounting policies set out below.

(a) Basis of Consolidation

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

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

(b) Goodwill

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

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

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

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

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

(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	Indefinite useful lives or 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.

(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.

(f) Property, Plant and Equipment

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

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

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

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

(g) Investment Properties

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

(h) Inventories

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

(i) Financial Instruments

Investments in securities

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

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

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.

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.

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.

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.

(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 and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

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.

(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 28 per cent of the Group's borrowings (2022: 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 91 per cent of the Group's bank balances and deposits at the end of the reporting period (2022: 92 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.

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	2023		2022	
	Effect on profit for the year increase/(decrease)	Effect on other comprehensive income decrease	Effect on profit for the year increase/(decrease)	Effect on other comprehensive income decrease
Australian dollars	16	(410)	21	(403)
Pounds sterling	104	(1,221)	154	(1,164)
Japanese yen	(82)	—	(89)	—
Canadian dollars	9	(326)	13	(316)
New Zealand dollars	8	(68)	4	(68)
Euros	9	(437)	6	(416)

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.

(b) Interest Rate Risk

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

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

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

Sensitivity analysis

At 31st December, 2023, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would decrease the Group's profit for the year by HK\$15 million (2022: HK\$6 million). Other comprehensive income would increase by HK\$70 million (2022: HK\$66 million) in response to the general increase in interest rates. A decrease of 100 basis points in interest rate would have had an equal but opposite effect on the Group's profit for the year and other comprehensive income.

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

(c) Credit Risk

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

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

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

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

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

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

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

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

(d) Liquidity Risk

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

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:

HK\$ million	2023						2022					
	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 . . .	13,973	15,483	2,039	3,997	9,447	—	18,148	19,784	5,701	1,861	12,222	—
Secured bank loans	1,557	1,683	89	1,594	—	—	1,523	1,712	78	78	1,556	—
Lease liabilities	372	452	51	48	124	229	351	427	42	41	108	236
Unsecured notes and bonds	8,667	8,922	7,771	31	1,120	—	8,540	8,962	186	7,555	1,221	—
Trade creditors	329	329	329	—	—	—	313	313	313	—	—	—
Other payables and accruals	786	786	761	—	—	25	906	906	880	—	—	26
	<u>25,684</u>	<u>27,655</u>	<u>11,040</u>	<u>5,670</u>	<u>10,691</u>	<u>254</u>	<u>29,781</u>	<u>32,104</u>	<u>7,200</u>	<u>9,535</u>	<u>15,107</u>	<u>262</u>
Derivatives settled gross:												
Currency derivatives held as net investment												
hedging instruments:												
—outflow		50,049	37,271	4,663	8,115	—		48,207	30,832	4,883	12,492	—
—inflow		(49,429)	(36,336)	(4,208)	(8,885)	—		(48,405)	(29,918)	(5,394)	(13,093)	—
		<u>620</u>	<u>935</u>	<u>455</u>	<u>(770)</u>	<u>—</u>		<u>(198)</u>	<u>914</u>	<u>(511)</u>	<u>(601)</u>	<u>—</u>

(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, 2023, 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\$77 million (2022: HK\$79 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.

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

(f) Interest Rate Benchmark Reform

During the year, the USD LIBOR revolving loan facilities of the Group have been transitioned to Secured Overnight Financing Rate ("SOFR"). The Directors anticipate that the interest rate benchmark reform has 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, 2023, investment properties amounting to HK\$408 million (2022: HK\$408 million) and unlisted investment in securities amounting to HK\$353 million (2022: HK\$338 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\$1,189 million (2022: HK\$1,252 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.

(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, 2023 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		Net amounts
				Financial assets/ (liabilities)	Cash collateral pledged/ (received)	
Financial asset						
Derivative financial instruments	24	—	24	(24)	—	—
Financial liability						
Derivative financial instruments	(465)	—	(465)	24	—	(441)

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

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, 2023 is HK\$848 million (2022: HK\$843 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, 2023 is HK\$1,451 million (2022: HK\$1,403 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	2023	2022
Sales of infrastructure materials	1,741	2,066
Interest income from loans granted to associates	264	287
Interest income from loans granted to joint ventures	1,993	2,361
Sales of waste management services	1,992	1,901
Sales and interest income from infrastructure investments	5,990	6,615
Share of turnover of joint ventures	32,592	32,621
Turnover	38,582	39,236

7. OTHER INCOME

Other income includes the following:

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

8. OPERATING COSTS

Operating costs include the following:

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

9. FINANCE COSTS

HK\$ million	2023	2022
Interest and other finance costs on		
Bank loans	745	507
Notes and bonds	197	126
Lease liabilities	12	12
Others	(185)	(126)
Total	769	519

10. PROFIT BEFORE TAXATION

HK\$ million	2023	2022
Profit before taxation is arrived at after charging:		
Staff costs	1,030	941
Lease expenses relating to short-term leases and leases of low-value assets	70	75
Directors' emoluments (note 33)	115	114
Auditor's remuneration	8	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	2023	2022
Current taxation—Hong Kong	1	1
Current taxation—outside Hong Kong	92	67
Deferred taxation (note 27)	26	53
Total	119	121

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

HK\$ million	2023	2022
Profit before taxation	8,578	8,294
Less: Share of results of associates	(2,571)	(2,442)
Share of results of joint ventures	(3,687)	(3,084)
	2,320	2,768
Tax at 16.5% (2022: 16.5%)	383	457
Tax impact on:		
Different domestic rates of subsidiaries operating in other tax jurisdictions	(148)	(211)
Income not subject to tax	(216)	(244)
Expenses not deductible for tax purpose	60	56
Tax losses and other temporary differences not recognised	11	34
Others	29	29
Tax charge	119	121

(c) Pillar Two model rules

In December 2021, the Organisation for Economic Co-operation and Development (“OECD”) released the Pillar Two model rules (the Global Anti-Base Erosion Proposal) for a new global minimum tax reform applicable to multinational enterprise groups with annual revenues of at least €750 million. CK Hutchison, the ultimate holding company of the Group, will be in scope of this new Pillar Two tax reform.

Draft legislation for implementation of the global minimum tax and the domestic minimum top-up tax in Hong Kong has yet to be introduced. For certain other jurisdictions where the Group has operations, Pillar Two legislation has been enacted or substantively enacted and will be effective for the Group’s financial year beginning on 1st January, 2024.

In July 2023, the HKICPA made amendments to HKAS 12 which provided temporary relief from the requirement to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The Group has applied the mandatory temporary exception from recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Under OECD’s Pillar Two model rules, a top-up tax liability would arise when the effective tax rate of CK Hutchison’s operations in a jurisdiction is below 15 per cent and potential tax exposure on each jurisdiction of the Group will be estimated on group basis at CK Hutchison level. Based on the information currently available, current tax exposure or impact on the Group’s income tax position is not expected to be material for the relevant jurisdictions which have Pillar Two legislation enacted or substantively enacted.

The Group is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance.

for the year ended 31st December

117

	Infrastructure Investments															
	Investment in Power Assets Holdings Limited		United Kingdom				Australia		Continental Europe		Hong Kong and Mainland China		Canada		New Zealand	
			2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022		
HKS million	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Other information																
Expenditure for segment non-current assets:																
—Additions to property, plant and equipment	—	—	—	—	—	—	—	—	—	—	85	90	—	—	290	426
—Additions to intangible assets	—	—	—	—	—	—	—	—	—	—	—	—	—	—	22	6
—Investments in joint ventures	—	—	8,210	—	—	—	8,138	—	—	—	—	—	40	89	—	—
as at 31st December																
Assets																
Interests in associates and joint ventures	31,961	31,279	53,389	49,606	32,357	31,728	15,248	14,754	776	940	8,539	8,439	1,063	1,083	143,333	137,829
Property, plant and equipment and investment properties	—	—	—	—	—	—	—	—	1,626	1,667	—	—	1,859	1,757	3,485	3,424
Other segment assets	—	—	307	412	—	—	—	—	2,625	2,587	2	4	2,812	2,740	5,746	5,743
Unallocated corporate assets	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total assets	31,961	31,279	53,696	50,018	32,357	31,728	15,248	14,754	5,027	5,194	8,541	8,443	5,734	5,580	152,564	146,996
Liabilities																
Segment liabilities	—	—	64	64	—	—	100	97	945	1,039	147	90	2,694	2,608	3,950	3,898
Unallocated corporate liabilities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total liabilities	—	—	64	64	—	—	100	97	945	1,039	147	90	2,694	2,608	3,950	3,898

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

14. DIVIDENDS

(a) HK\$ million	2023	2022
Interim dividend paid of HK\$0.71 per share (2022: HK\$0.70 per share)	1,789	1,764
Proposed final dividend of HK\$1.85 per share (2022: HK\$1.83 per share)	4,661	4,611
Total	6,450	6,375
(b) HK\$ million	2023	2022
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$1.83 per share (2022: HK\$1.81 per share)	4,611	4,560

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, 2022	393	158	308	1,517	3,632	491	78	6,577
Transfer between categories	—	—	—	32	(32)	—	—	—
Additions	—	—	308	6	157	43	2	516
Disposals	—	—	—	(10)	(106)	—	(4)	(120)
Termination of leases	—	—	—	—	—	(29)	—	(29)
Exchange translation differences	—	(13)	(21)	(91)	(236)	(35)	(5)	(401)
At 31st December, 2022 . . .	393	145	595	1,454	3,415	470	71	6,543
Transfer between categories	—	—	(25)	25	—	—	—	—
Additions	—	—	9	—	306	58	5	378
Disposals	—	—	—	—	(66)	—	(3)	(69)
Termination of leases	—	—	—	—	—	(11)	—	(11)
Exchange translation differences	—	(4)	3	(22)	(12)	4	(2)	(33)
At 31st December, 2023 . . .	393	141	582	1,457	3,643	521	71	6,808
Accumulated depreciation								
At 1st January, 2022	227	67	24	829	2,223	124	54	3,548
Charge for the year	7	3	12	28	215	36	5	306
Transfer between categories	—	—	—	7	(7)	—	—	—
Disposals	—	—	—	(8)	(102)	—	(4)	(114)
Termination of leases	—	—	—	—	—	(8)	—	(8)
Exchange translation differences	—	(6)	(2)	(41)	(145)	(9)	(3)	(206)
At 31st December, 2022 . . .	234	64	34	815	2,184	143	52	3,526
Charge for the year	6	3	10	35	198	38	5	295
Disposals	—	—	—	—	(59)	—	(3)	(62)
Termination of leases	—	—	—	—	—	(6)	—	(6)
Exchange translation differences	—	(1)	—	(13)	(11)	2	(1)	(24)
At 31st December, 2023 . . .	240	66	44	837	2,312	177	53	3,729
Carrying value								
At 31st December, 2023 . . .	<u>153</u>	<u>75</u>	<u>538</u>	<u>620</u>	<u>1,331</u>	<u>344</u>	<u>18</u>	<u>3,079</u>
At 31st December, 2022 . . .	<u>159</u>	<u>81</u>	<u>561</u>	<u>639</u>	<u>1,231</u>	<u>327</u>	<u>19</u>	<u>3,017</u>

16. INVESTMENT PROPERTIES

HK\$ million

Medium term leases in Hong Kong, at fair value	
At 1st January, 2022	408
Change in fair values	—
At 31st December, 2022	408
Change in fair values	—
At 31st December, 2023	408

The fair values of the Group's investment properties at 31st December, 2023 and 2022 are determined based on a valuation carried out by Mr. K. B. Wong for and on behalf of Cushman & Wakefield Limited, independent qualified professional valuers not connected with the Group. Mr. K. B. Wong is a member of the Hong Kong Institute of Surveyors. The valuation which reflects the highest and best use was arrived at by reference to comparable market transactions and also taking reference of capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the properties.

17. INTERESTS IN ASSOCIATES

HK\$ million	2023	2022
Investment costs		
—Listed in Hong Kong	8,036	8,036
—Unlisted	730	730
Share of post-acquisition reserves	27,743	26,942
	36,509	35,708
Amounts due by unlisted associates (note 36)	2,731	2,819
	39,240	38,527
Market value of investment in a listed associate	34,614	32,811

Included in the amounts due by unlisted associates are subordinated loans of HK\$2,568 million (2022: HK\$2,687 million). The rights in respect of these loans are subordinated to the rights of any other lenders to the associates.

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

HK\$ million	Power Assets	
	2023	2022
Current assets	4,359	6,880
Non-current assets	91,343	87,647
Current liabilities	(3,249)	(4,038)
Non-current liabilities	(3,701)	(3,632)
Equity	88,752	86,857
Reconciled to the Group’s interests in the material associate		
Group’s effective interest	36.01%	36.01%
Group’s shares of net assets of the material associate and its carrying amount in the consolidated financial statements	31,961	31,279

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

HK\$ million	Power Assets	
	2023	2022
Turnover	1,292	1,265
Profit for the year	6,003	5,649
Other comprehensive income	1,901	581
Total comprehensive income	7,904	6,230
Dividend received from the material associate	2,164	2,164

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

HK\$ million	2023	2022
Aggregate carrying amount of individually insignificant associates in the consolidated financial statements	4,548	4,429
Aggregate amounts of the Group's share of those associates'		
Profit for the year	409	408
Other comprehensive income	(137)	585
Total comprehensive income	272	993

Particulars of the principal associates are set out in Appendix 2 on page 149.

18. INTERESTS IN JOINT VENTURES

HK\$ million	2023	2022
Investment costs	71,101	62,851
Share of post-acquisition reserves	12,386	8,097
	83,487	70,948
Amounts due by joint ventures (note 36)	20,606	28,354
	104,093	99,302

Included in the amounts due by joint ventures are subordinated loans of HK\$19,712 million (2022: HK\$26,560 million). The rights in respect of these loans are subordinated to the rights of any other lenders to the joint ventures.

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

HK\$ million	CK William		UK Power Networks	
	2023	2022	2023	2022
Current assets	4,793	4,371	6,931	4,748
Non-current assets	90,886	89,559	157,481	140,904
Current liabilities	(13,433)	(8,728)	(15,033)	(12,898)
Non-current liabilities	(57,313)	(61,361)	(85,972)	(75,854)
Equity	24,933	23,841	63,407	56,900
Reconciled to the Group’s interest in the joint ventures				
Group’s effective interest	40%	40%	40%	40%
Group’s share of net assets of the joint ventures	9,973	9,536	25,363	22,761
Consolidation adjustments at Group level and non-controlling interests	91	350	116	110
Carrying amount of the joint ventures in the consolidated financial statements . .	10,064	9,886	25,479	22,871
Included in the above assets and liabilities:				
Cash and cash equivalents	1,284	1,422	1,339	1,254
Current financial liabilities (excluding trade and other payables and provisions)	(9,798)	(5,195)	(5,119)	(3,737)
Non-current financial liabilities (excluding trade and other payables and provisions)	(47,759)	(52,166)	(58,174)	(52,976)

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

HK\$ million	CK William		UK Power Networks	
	2023	2022	2023	2022
Turnover	11,212	10,994	17,997	16,930
Profit for the year	606	1,068	4,522	3,590
Other comprehensive income	(408)	1,592	1,345	986
Total comprehensive income	198	2,660	5,867	4,576
Dividend received from the joint ventures	1	163	931	1,168
Included in the above profit:				
Depreciation and amortisation	(2,771)	(2,626)	(3,145)	(3,477)
Interest income	43	17	312	261
Interest expense	(2,832)	(2,204)	(3,376)	(1,941)
Income tax expense	(362)	(636)	(1,758)	(3,333)

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

HK\$ million	2023	2022
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	47,944	38,191
Aggregate amounts of the Group's share of those joint ventures'		
Profit for the year	1,636	1,221
Other comprehensive income	93	2,061
Total comprehensive income	1,729	3,282

Particulars of the principal joint ventures are set out in Appendix 3 on pages 150 and 151.

19. OTHER FINANCIAL ASSETS

HK\$ million	2023	2022
Financial assets at fair value through profit or loss		
Equity securities, unlisted	353	338
Other investments#	1,189	1,252
Total	1,542	1,590

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 and its wholly-owned subsidiary.

20. DERIVATIVE FINANCIAL INSTRUMENTS

HK\$ million	2023		2022	
	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts	200	(1,072)	44	(891)
Cross currency swaps	907	(465)	1,173	(314)
Interest rate swaps	53	—	85	—
	1,160	(1,537)	1,302	(1,205)
Portion classified as:				
Non-current	624	(465)	1,249	(314)
Current	536	(1,072)	53	(891)
	1,160	(1,537)	1,302	(1,205)

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, 2023	
Notional amount	Maturity
Sell AUD 159.3 million^	2024
Sell CAD 991.6 million^	2024
Sell GBP 2,487.4 million^	2024
Sell NZD 280.0 million^	2024
Sell EUR 515.0 million^	2024
Sell CAD 132.5 million^	2025
Sell EUR 450.0 million^	2025
Sell EUR 65.0 million^	2027
Sell AUD 1,414.8 million^	2027

As at 31st December, 2022

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

^ 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\$430 million (net liabilities to the Group) (2022: HK\$12 million (net assets to the Group)) have been deferred in equity at 31st December, 2023.

None of the above currency derivatives is designated and effective as cash flow hedges and fair value hedges at 31st December, 2023 and 2022.

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, 2023 and 2022 and the major terms of these contracts are as follows:

As at 31st December, 2023 HK\$ million	Floating interest rate	Weighted average fixed interest rate	Notional principal amount
Contracts maturing in 2025	BKBM*	4.13%	743
Contracts maturing in 2025	BBSW*	2.70%	2,718
As at 31st December, 2022 HK\$ million	Floating interest rate	Weighted average fixed interest rate	Notional principal amount
Contracts maturing in 2025	BKBM*	4.13%	738
Contracts maturing in 2025	BBSW*	2.70%	2,682

* BKBM—New Zealand Bank Bill Reference 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\$53 million (2022: HK\$85 million) (net assets to the Group) have been deferred in equity at 31st December, 2023.

21. GOODWILL AND INTANGIBLE ASSETS

HK\$ million	2023	2022
Goodwill	848	843
Intangible assets	1,451	1,403
Total	<u>2,299</u>	<u>2,246</u>

Goodwill

HK\$ million	2023	2022
At 1st January	843	907
Exchange difference	5	(64)
At 31st December	<u>848</u>	<u>843</u>

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 (2022: 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 (2022: 3 per cent). The Group considers that cash flow projections of 5 years (2022: 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 8.8 per cent to 9.9 per cent (2022: 7.8 per cent to 8.8 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, 2023 and 2022.

Intangible Assets

HK\$ million	Brand name and trademarks	Customer contracts	Resource consents	Computer software	Operation license	Others	Total
Cost							
At 1st January, 2022	126	57	1,538	56	98	15	1,890
Additions	—	—	3	1	—	2	6
Disposals	—	—	—	—	—	(6)	(6)
Exchange translation differences	(9)	(4)	(106)	(4)	(9)	(1)	(133)
At 31st December, 2022	117	53	1,435	53	89	10	1,757
Additions	—	—	2	—	—	20	22
Transfer	—	—	—	—	—	61	61
Disposals	—	—	—	—	—	(14)	(14)
Exchange translation differences	—	—	9	—	(2)	1	8
At 31st December, 2023	117	53	1,446	53	87	78	1,834
Accumulated amortisation							
At 1st January, 2022	—	53	151	35	98	13	350
Charge for the year	—	4	21	10	—	1	36
Disposals	—	—	—	—	—	(6)	(6)
Exchange translation differences	—	(4)	(9)	(3)	(9)	(1)	(26)
At 31st December, 2022	—	53	163	42	89	7	354
Charge for the year	—	—	21	8	—	1	30
Exchange translation differences	—	—	1	—	(2)	—	(1)
At 31st December, 2023	—	53	185	50	87	8	383
Carrying value							
At 31st December, 2023	<u>117</u>	<u>—</u>	<u>1,261</u>	<u>3</u>	<u>—</u>	<u>70</u>	<u>1,451</u>
At 31st December, 2022	<u>117</u>	<u>—</u>	<u>1,272</u>	<u>11</u>	<u>—</u>	<u>3</u>	<u>1,403</u>

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	2023	2022
Raw materials	59	138
Work-in-progress	54	93
Stores, spare parts and supplies	24	28
Finished goods	41	50
Total	178	309

23. DEBTORS AND PREPAYMENTS

HK\$ million	2023	2022
Trade debtors	363	349
Prepayments, deposits and other receivables	433	769
Total	796	1,118

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

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

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.

During the year ended 31st December, 2023, 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 0.25 per cent to 15.01 per cent (2022: from 0.04 per cent to 100 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	2023	2022
At 1st January	9	12
Impairment loss recognised	3	—
Impairment loss written back	(2)	(3)
At 31st December	10	9

24. BANK BALANCES AND DEPOSITS

Bank balances and deposits carry average effective interest rate at 4.99 per cent (2022: 1.95 per cent) per annum.

25. BANK AND OTHER LOANS

HK\$ million	2023	2022
Unsecured bank loans repayable:		
Within 1 year	1,439	5,148
In the 2nd year	3,538	1,422
In the 3rd to 5th year, inclusive	8,996	11,578
	<u>13,973</u>	<u>18,148</u>
Unsecured notes and bonds repayable:		
Within 1 year	7,585	—
In the 2nd year	—	7,393
In the 3rd to 5th year, inclusive	1,082	1,147
	<u>8,667</u>	<u>8,540</u>
Secured bank loans repayable:		
In the 2nd year	1,557	—
In the 3rd to 5th year, inclusive	—	1,523
	<u>1,557</u>	<u>1,523</u>
Total	<u>24,197</u>	<u>28,211</u>
Portion classified as:		
Current liabilities	9,024	5,148
Non-current liabilities	15,173	23,063
Total	<u>24,197</u>	<u>28,211</u>

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

HK\$ million	Bank loans		Notes		Bonds		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
GBP	—	1,419	—	—	—	—	—	1,419
AUD	11,548	14,295	—	—	—	—	11,548	14,295
JPY	823	886	822	887	—	—	1,645	1,773
EUR	862	830	—	—	5,172	4,980	6,034	5,810
NZD	1,557	1,523	—	—	—	—	1,557	1,523
Others	740	718	2,673	2,673	—	—	3,413	3,391
Total	<u>15,530</u>	<u>19,671</u>	<u>3,495</u>	<u>3,560</u>	<u>5,172</u>	<u>4,980</u>	<u>24,197</u>	<u>28,211</u>

The average effective interest rate of the Group's bank loans is 3.69 per cent (2022: 2.06 per cent) per annum.

The Group's notes and bonds of HK\$6,254 million (2022: HK\$6,127 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*, EURIBOR*, BKBm, CDOR* or TONAR* plus an average margin less than 1 per cent (2022: BBSY*, SONIA*, USD LIBOR*, EURIBOR*, BKBm, CDOR* or TONAR* plus an average margin less than 1 per cent) per annum.

Fixed rate notes and bonds carried interest ranging from 1 per cent to 4 per cent (2022: interest ranging from 1 per cent to 4 per cent) per annum.

Certain assets were pledged to secure bank loans totalling HK\$1,557 million (2022: HK\$1,523 million) granted to the Group.

* BBSY—Australian Bank Bill Swap Bid Rate

CDOR—Canadian Dollar Offered Rate

EURIBOR—Euro Interbank Offered Rate

LIBOR—London Interbank Offered Rate

SONIA—Sterling Overnight Index Average

TONAR—Tokyo Overnight Average Rate

26. CREDITORS, ACCRUALS AND OTHERS

HK\$ million	2023	2022
Trade creditors	329	313
Other payables and accruals	5,535	5,829
Lease liabilities	38	31
Total	5,902	6,173

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

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

At 31st December, 2023, non-current lease liabilities of HK\$334 million (2022: HK\$320 million) is included under other non-current liabilities.

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

HK\$ million	2023	2022
Within 1 year	38	31
More than 1 year but not more than 2 years	39	30
More than 2 years but not more than 5 years	113	102
More than 5 years	182	188
	372	351
Less: Amount due for settlement within 12 months shown under current liabilities	(38)	(31)
Amount due for settlement after 12 months shown under non-current liabilities (included in other non-current liabilities)	334	320

27. DEFERRED TAX ASSETS / LIABILITIES

HK\$ million	2023	2022
Deferred tax assets	(1)	(3)
Deferred tax liabilities	505	493
Total	504	490

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, 2022	129	(64)	399	6	470
Charge/(Credit) to profit for the year	4	(8)	(3)	60	53
Exchange translation differences	(3)	—	(28)	(6)	(37)
Others	—	—	—	4	4
At 31st December, 2022	130	(72)	368	64	490
(Credit)/Charge to profit for the year	(7)	3	(3)	33	26
Exchange translation differences	—	—	3	(2)	1
Others	(2)	2	—	(13)	(13)
At 31st December, 2023	121	(67)	368	82	504

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\$1,322 million (2022: HK\$1,382 million) at 31st December, 2023. 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	2023	2022
Within 1 year	—	—
In the 2nd year	—	—
In the 3rd to 5th year, inclusive	191	124
No expiry date	1,131	1,258
Total	1,322	1,382

28. RETIREMENT PLANS

Defined Contribution Retirement Plans

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

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

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

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

The Group's costs in respect of defined contribution plans for the year amounted to HK\$29 million (2022: HK\$27 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 (2022: HK\$3 million). At 31st December, 2023, there were no forfeited contributions and earnings available to the Group to reduce its contributions to the defined contribution plans in future years (2022: HK\$1 million).

29. SHARE CAPITAL

	Number of Shares		Amount	
	2023	2022	2023 HK\$ million	2022 HK\$ million
Authorised:				
Ordinary shares of HK\$1 each	<u>4,000,000,000</u>	4,000,000,000	<u>4,000</u>	4,000
Issued and fully paid:				
Ordinary shares of HK\$1 each	<u>2,519,610,945</u>	<u>2,519,610,945</u>	<u>2,520</u>	<u>2,520</u>

30. PERPETUAL CAPITAL SECURITIES

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.

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

31. CAPITAL MANAGEMENT

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

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

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

The Group maintained a low net debt to net total capital ratio of 7.7 per cent (2022: 7.3 per cent) as at 31st December, 2023. The management targets to maintain a solid capital position to pursue more new investment opportunities. The Group's overall strategy remains unchanged from 2022.

The net debt to net total capital ratios at 31st December, 2023 and 2022 were as follows:

HK\$ million	2023	2022
Total debts	24,197	28,211
Bank balances and deposits	(13,077)	(18,045)
Net debt	11,120	10,166
Net total capital	144,391	139,548
Net debt to net total capital ratio	7.7%	7.3%

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	2023	2022
Profit before taxation	8,578	8,294
Share of results of associates	(2,571)	(2,442)
Share of results of joint ventures	(3,687)	(3,084)
Interest income from loans granted to associates	(264)	(287)
Interest income from loans granted to joint ventures	(1,993)	(2,361)
Bank interest income	(616)	(203)
Finance costs	769	519
Depreciation of property, plant and equipment	295	306
Amortisation of intangible assets	30	36
Loss/(Gain) on disposal of property, plant and equipment	3	(1)
Gain on disposal of joint ventures	—	(526)
Change in fair value of other financial assets	103	6
Change in fair value of derivative financial instruments	—	(57)
Unrealised exchange gain	(129)	(260)
Returns received from an associate	149	—
Returns received from joint ventures	1,014	218
Interest received from associates	265	287
Interest received from joint ventures	1,951	1,755
Bank interest received	618	175
Operating cash flows before changes in working capital	4,515	2,375
Decrease/(Increase) in inventories	131	(138)
Decrease in debtors and prepayments	266	138
(Decrease)/Increase in creditors and accruals	(270)	39
Exchange translation differences	(12)	(180)
Cash generated from operating activities before finance costs and income taxes paid	4,630	2,234

(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, 2022	19,411	1,442	390	8,994	30,237
Financing cash flows	—	181	(44)	—	137
New lease entered/lease modified	—	—	43	—	43
Termination of leases	—	—	(22)	—	(22)
Interest expenses	—	—	12	—	12
Exchange gain	(1,263)	(100)	(28)	(454)	(1,845)
At 31st December, 2022 . .	18,148	1,523	351	8,540	28,562
Financing cash flows	(4,358)	25	(46)	—	(4,379)
New lease entered/lease modified	—	—	58	—	58
Termination of leases	—	—	(5)	—	(5)
Interest expenses	—	—	12	—	12
Exchange loss	183	9	2	127	321
At 31st December, 2023 .	13,973	1,557	372	8,667	24,569

(c) Funds from Operations*

HK\$ million	2023	2022
Net cash from operating activities	3,845	1,717
Dividends received from associates	2,351	2,296
Dividends received from joint ventures	2,449	3,544
	8,645	7,557

* 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 2023	Total Emoluments 2022
Victor T K Li ^(1 and 3)	0.125	—	30.024	—	—	30.149	30.773
Kam Hing Lam	0.075	4.200	10.819	—	—	15.094	15.700
Ip Tak Chuen, Edmond	0.100	1.800	11.788	—	—	13.688	14.353
Fok Kin Ning, Canning ⁽¹⁾	0.075	—	—	—	—	0.075	0.075
Frank John Sixt	0.075	—	—	—	—	0.075	0.075
Andrew John Hunter ⁽¹⁾	0.075	13.683	17.671	1.368	—	32.797	31.024
Chan Loi Shun ^(1, 2 and 3)	0.075	7.868	3.466	0.785	—	12.194	11.403
Chen Tsien Hua	0.075	6.220	2.409	0.620	—	9.324	8.982
Cheong Ying Chew, Henry ^(5 and 6)	0.200	—	—	—	—	0.200	0.200
Kwok Eva Lee ⁽⁵⁾	0.100	—	—	—	—	0.100	0.100
Sng Sow-Mei ⁽⁵⁾	0.200	—	—	—	—	0.200	0.183
Colin Stevens Russel ⁽⁴⁾	—	—	—	—	—	—	0.067
Lan Hong Tsung, David ^(5 and 6)	0.175	—	—	—	—	0.175	0.175
Barrie Cook ^(5 and 6)	0.125	—	—	—	—	0.125	0.100
Paul Joseph Tighe ⁽⁵⁾	0.200	—	—	—	—	0.200	0.200
Lee Pui Ling, Angelina	0.075	—	—	—	—	0.075	0.075
George Colin Magnus	0.075	—	—	—	—	0.075	0.075
Total for the year 2023	1.825	33.771	76.177	2.773	—	114.546	
Total for the year 2022	1.850	32.303	76.781	2.626	—		113.560

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 (2022: HK\$70,000), Mr. Fok Kin Ning, Canning received director's fees of HK\$120,000 (2022: HK\$120,000) from Power Assets. The directors' fees totalling HK\$330,000 (2022: HK\$330,000) were then paid back to the Company.
- (2) During the year, the directors' emoluments in the sum of HK\$5,087,100 (2022: HK\$5,639,700) received by Mr. Chan Loi Shun from Power Assets were paid back to the Company.
- (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 (2022: HK\$20,000) during the year. The fees totalling HK\$40,000 (2022: HK\$40,000) were then paid back to the Company.

- (4) Mr. Colin Stevens Russel has retired as an INED and RCM of the Company with effect from 1st September, 2022.
- (5) INED, ACM, RCM, NCM and SCM—During the year, Mr. Cheong Ying Chew, Henry and Mrs. Sng Sow-Mei have acted as INED, ACM and RCM of the Company. Mrs. Kwok Eva Lee has acted as INED and NCM of the Company. Mr. Lan Hong Tsung, David has acted as INED and ACM of the Company. Mr. Paul Joseph Tighe has acted as INED, ACM and SCM of the Company. Mr. Barrie Cook has acted as INED, NCM and SCM of the Company during the year. The total emoluments paid to these INED, ACM, RCM, NCM and SCM during the year were HK\$1,000,000 (2022: HK\$1,025,001).
- (6) Mr. Barrie Cook has retired as an INED, NCM and SCM of the Company with effect from 10th February, 2024. Mr. Cheong Ying Chew, Henry was appointed as NCM of the Company and Mr. Lan Hong Tsung, David was appointed as SCM of the Company, both with effect from 10th February, 2024.

Of the five individuals with the highest emoluments in the Group, 4 (2022: 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:

HK\$ million	Contracted but not provided for	
	2023	2022
Investments in joint ventures	3	5
Plant and machinery	131	253
Other financial assets	139	168
Total	273	426

35. CONTINGENT LIABILITIES

The contingent liabilities of the Group are as follows:

HK\$ million	2023	2022
Guarantee in respect of bank loan drawn by a joint venture	—	548
Other guarantee given in respect of a joint venture	142	253
Performance bond indemnities	174	168
Sub-contractor warranties	22	14
Total	338	983

36. MATERIAL RELATED PARTY TRANSACTIONS

During the year, the Group advanced HK\$4 million (2022: HK\$5 million) to an unlisted associate. The total outstanding loan balances as at 31st December, 2023 amounted to HK\$2,731 million (2022: HK\$2,819 million), of which HK\$2,568 million (2022: HK\$2,687 million) at fixed rates ranging from 10.85 per cent to 11.19 per cent (2022: from 10.85 per cent to 11.19 per cent) per annum and HK\$163 million (2022: HK\$132 million) was interest-free. The average effective interest rate of the loan granted to associates is 11.05 per cent (2022: 11.05 per cent) per annum. As stated in note 6, interest income from loans granted to associates during the year amounted to HK\$264 million (2022: HK\$287 million). The loans had no fixed terms of repayment.

During the year, the Group advanced HK\$30 million (2022: HK\$56 million) to a joint venture. The Group received repayment of HK\$15 million from a joint venture during the year ended 31st December, 2023. The total outstanding loan balances as at 31st December, 2023 amounted to HK\$20,606 million (2022: HK\$28,354 million), of which HK\$11,989 million (2022: HK\$17,157 million) bore interest with reference to BBSW and return from a joint venture (2022: SONIA, BBSW and return from joint ventures), and HK\$7,973 million (2022: HK\$9,641 million) at fixed rate ranging from 4.4 per cent to 11 per cent (2022: from 4.4 per cent to 14 per cent) per annum, and HK\$644 million (2022: HK\$1,556 million) was interest-free. The average effective interest rate of the loan granted to joint ventures is 7.22 per cent (2022: 6.28 per cent) per annum. As stated in note 6, interest income from loans granted to joint ventures during the year amounted to HK\$1,993 million (2022: HK\$2,361 million). The loans had no fixed terms of repayment.

Moreover, the Group's sales and purchases of infrastructure materials to a joint venture for the current year amounted to HK\$509 million (2022: HK\$468 million). The Group also received income and incurred operating costs from sales of waste management services from / to its joint ventures amounted to HK\$55 million (2022: HK\$95 million) and HK\$48 million (2022: HK\$59 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	2023	2022
Property, plant and equipment	3	1
Unlisted investments in subsidiaries	48,136	49,234
Total non-current assets	48,139	49,235
Amounts due from subsidiaries	51,301	54,038
Prepayments, deposits and other receivables	14	13
Bank balances	41	78
Total current assets	51,356	54,129
Amounts due to subsidiaries	55,905	53,636
Other payables and accruals	119	114
Total current liabilities	56,024	53,750
Net current (liabilities)/assets	(4,668)	379
Net assets	43,471	49,614
Representing:		
Share capital	2,520	2,520
Reserves	40,951	47,094
Total equity	43,471	49,614

(b) Movements in the Company's Equity

HK\$ million	Share capital	Share premium	Retained profits	Total
At 1st January, 2022	2,520	16,185	30,866	49,571
Profit for the year	—	—	6,367	6,367
Final dividend paid for the year 2021 . .	—	—	(4,560)	(4,560)
Interim dividend paid	—	—	(1,764)	(1,764)
At 31st December, 2022	2,520	16,185	30,909	49,614
Profit for the year	—	—	257	257
Final dividend paid for the year 2022 . .	—	—	(4,611)	(4,611)
Interim dividend paid	—	—	(1,789)	(1,789)
At 31st December, 2023	2,520	16,185	24,766	43,471

38. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements set out on pages 91 to 151 were approved by the Board of Directors on 20th March, 2024.

PRINCIPAL SUBSIDIARIES

APPENDIX 1

The table below shows the subsidiaries as at 31st December, 2023 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\$200,000,000	100	Production and laying of asphalt and investment holding
Cheung Kong China Infrastructure Limited . .	Hong Kong	HK\$2	100	China infrastructure investment holding
China Cement Company (International) Limited	Hong Kong	HK\$1,000,000	70	Investment holding
Green Island Cement Company, Limited . . .	Hong Kong	HK\$306,694,931	100	Manufacturing, sale and distribution of cement and property investment
Green Island Cement (Holdings) Limited . . .	Hong Kong	HK\$722,027,503	100	Investment holding
Enviro NZ 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, 2023 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, 2023 which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of all the joint ventures would, in the opinion of the Directors, result in particulars of excessive length.

Name	Place of incorporation/ principal place of business	Issued share capital	Percentage of equity attributable to the Group	Principal activities
UK Power Networks Holdings Limited	United Kingdom	£610,000,000 ordinary	40	Electricity distribution
Northumbrian Water Group Limited (note 3)	United Kingdom	£40 ordinary	39	Water supply, sewerage and waste water businesses
Northern Gas Networks Holdings Limited	United Kingdom	£71,670,979 ordinary £1 special	47	Gas distribution
Wales & West Gas Networks (Holdings) Limited (note 3)	United Kingdom	£29,027	39	Gas distribution
Electricity First Limited	United Kingdom	£1,004	50	Electricity generation
Eversholt UK Rails Group Limited	United Kingdom	£1,100	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\$137,000,002 ordinary	50	Electricity generation
1822604 Alberta Ltd. (note 3)	Canada	C\$280,000,002	65	Off-airport parking operation

Name	Place of incorporation/ principal place of business	Issued share capital	Percentage of equity attributable to the Group	Principal activities
Husky Midstream Limited Partnership	Canada	C\$1,153,845,000 class A units C\$621,301,154 class B units C\$1,776,923 general partnership interest	16	Oil pipelines, storage facilities and ancillary assets operation
CKP (Canada) Holdings Limited . .	Canada	C\$1,143,862,831	25	Water heater and HVAC (heating, ventilation and air conditioning) rentals, sales and services
Wellington Electricity Distribution Network Limited	New Zealand	NZ\$406,500,100	50	Electricity distribution
Trionista SE	Germany	€125,000	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



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

OPINION

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

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

BASIS FOR OPINION

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

KEY AUDIT MATTER

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

Valuation of interests in joint ventures

Key audit matter

We identified the valuation of interests in joint ventures as a key audit matter due to the significance of the Group's interests in joint ventures in the context of the Group's consolidated financial statements.

As at 31st December, 2022, the carrying amount of interests in joint ventures amounted to HK\$99,302 million as stated in note 18 to the consolidated financial statements, which represented approximately 60% of the Group's total assets.

As disclosed in note 3(e) to the consolidated financial statements, interests in joint ventures are carried in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the joint ventures, less impairment in the values of individual investments. As such, the Group is required to assess at the end of each reporting period whether there is any indication that the carrying amount of interests in joint ventures may be impaired. For those joint ventures in which such indication exists, the Group assessed the carrying amounts for impairment.

How our audit addressed the key audit matter

Our procedures in relation to the valuation of interests in joint ventures included:

- Assessing the appropriateness of the management's accounting for interests in joint ventures;
- Understanding and evaluating the management's process for identifying the existence of impairment indicators in respect of the interests in joint ventures;
- Where indicators of impairment have been identified, assessing the reasonableness of the recoverable amounts of each of the joint ventures and obtaining an understanding from the management of their financial position and future prospects;
- Understanding the management process for determining and assessing the reasonableness of key inputs and assumptions used by management in their estimation of recoverable amounts of those interests in joint ventures with impairment indicators, including projections of cash flows, growth rates and discount rates applied; and comparing cash flow projections to supporting evidence, such as approved budgets.

OTHER INFORMATION

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

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs 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.

As part of an audit in accordance with HKSAAs, 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.

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

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

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

CONSOLIDATED INCOME STATEMENT
for the year ended 31st December

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31st December

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31st December

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

VICTOR T K LI
Director

IP TAK CHUEN, EDMOND
Director

15th March, 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31st December

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

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31st December

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

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

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

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

2. CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has adopted the Amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are effective to the Group for accounting period beginning on 1st January, 2022. The adoption of the amendments to HKFRSs has no material impact on the Group’s results and financial position for the current or prior years and does not result in any significant change in accounting policies of the Group.

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

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

3. PRINCIPAL ACCOUNTING POLICIES

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

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

(a) Basis of Consolidation

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

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

(b) Goodwill

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

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

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

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

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

(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.

(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.

(f) Property, Plant and Equipment

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

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

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

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

(g) Investment Properties

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

(h) Inventories

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

(i) Financial Instruments

Investments in securities

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

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

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.

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.

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.

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.

(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.

(n) Employee Retirement Benefits

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

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

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

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

(a) Currency Risk

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

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

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

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

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

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

(b) Interest Rate Risk

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

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

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

Sensitivity analysis

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

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

(c) Credit Risk

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

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

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

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

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

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

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

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

(d) Liquidity Risk

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

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:

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

(e) Other Price Risk

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

Sensitivity analysis

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

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

(f) Interest Rate Benchmark Reform

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

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

(g) Fair Value

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

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

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

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

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

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

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

(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, 2022 HK\$ million	Gross amounts of recognised financial assets/ (liabilities)	Gross amounts offset in the consolidated statement of financial position	Net amounts presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position		Net amounts
				Financial assets/ (liabilities)	Cash collateral pledged/ (received)	
Financial asset						
Derivative financial instruments	90	—	90	(90)	—	—
Financial liability						
Derivative financial instruments	(857)	—	(857)	90	—	(767)
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		Net amounts
				Financial assets/ (liabilities)	Cash collateral pledged/ (received)	
Financial asset						
Derivative financial instruments	395	—	395	(64)	—	331
Financial liability						
Derivative financial instruments	(64)	—	(64)	64	—	—

5. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

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

(a) Impairment testing of goodwill

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

(b) Impairment testing of intangible assets

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

6. TURNOVER

Turnover represents net sales of infrastructure materials, interest income from loans granted to associates and joint ventures, sales of waste management services and share of turnover of joint ventures. Sales of infrastructure materials and waste management services were substantially recognised at a point in time.

Turnover comprises both sales and interest income from infrastructure investments and share of turnover of joint ventures as follows:

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

7. OTHER INCOME

Other income includes the following:

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

8. OPERATING COSTS

Operating costs include the following:

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

9. FINANCE COSTS

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

10. PROFIT BEFORE TAXATION

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

11. TAXATION

- (a) Taxation is provided for at the applicable tax rates on the estimated assessable profits less available tax losses. Deferred taxation is provided on temporary differences under the liability method using tax rates applicable to the Group's operations in different countries.

HK\$ million	2022	2021
Current taxation—Hong Kong	1	1
Current taxation—outside Hong Kong	67	135
Deferred taxation (note 27)	53	25
Total	121	161

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

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

12. PROFIT FOR THE YEAR AND SEGMENT INFORMATION

for the year ended 31st December

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

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

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

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

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

13. EARNINGS PER SHARE

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

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

14. DIVIDENDS

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

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

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

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

15. PROPERTY, PLANT AND EQUIPMENT

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

16. INVESTMENT PROPERTIES

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

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

17. INTERESTS IN ASSOCIATES

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

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

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

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

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

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

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

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

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

18. INTERESTS IN JOINT VENTURES

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

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

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

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

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

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

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

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

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

19. OTHER FINANCIAL ASSETS

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

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

20. DERIVATIVE FINANCIAL INSTRUMENTS

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

Currency Derivatives

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

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

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

As at 31st December, 2021

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

^ designated as hedging instrument in accordance with HKFRS 9

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

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

Interest Rate Swaps

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

As at 31st December, 2022 HK\$ million	Floating interest rate	Weighted average fixed interest rate	Notional principal amount
Contracts maturing in 2025	BKBM*	4.13%	738
Contracts maturing in 2025	BBSW*	2.70%	2,682
As at 31st December, 2021 HK\$ million	Floating interest rate	Weighted average fixed interest rate	Notional principal amount
Contracts maturing in 2022	BKBM*	1.53%	794
Contracts maturing in 2022	LIBOR*	1.89%	6,234
Contracts maturing in 2025	BBSW*	2.70%	2,850

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

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

21. GOODWILL AND INTANGIBLE ASSETS

HK\$ million	2022	2021
Goodwill	843	907
Intangible assets	1,403	1,540
Total	<u>2,246</u>	<u>2,447</u>

Goodwill

HK\$ million	2022	2021
At 1st January	907	948
Exchange difference	(64)	(41)
At 31st December	<u>843</u>	<u>907</u>

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

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

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

Intangible Assets

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

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

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

22. INVENTORIES

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

23. DEBTORS AND PREPAYMENTS

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

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

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

Trade with customers is carried out largely on credit, except for new customers, residential customers of waste management services and customers with unsatisfactory payment records, where payment in advance is normally required. Invoices are normally due within 1 month of issuance, except for certain well-established customers, where the terms are extended to 2 months, and certain customers with disputed items, where the terms are negotiated individually. Each customer has a maximum credit limit, which was granted and approved by senior management in accordance with the laid-down credit review policy and procedures.

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

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

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

HK\$ million	2022	2021
At 1st January	12	14
Impairment loss recognised	—	2
Impairment loss written back	(3)	(4)
At 31st December	<u>9</u>	<u>12</u>

24. BANK BALANCES AND DEPOSITS

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

25. BANK AND OTHER LOANS

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

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

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

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

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

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

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

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

* BBSY—Australian Bank Bill Swap Bid Rate

** CDOR—Canadian Dollar Offered Rate

26. CREDITORS, ACCRUALS AND OTHERS

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

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

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

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

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

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

27. DEFERRED TAX ASSETS / LIABILITIES

HK\$ million	2022	2021
Deferred tax assets	(3)	(6)
Deferred tax liabilities	493	476
Total	<u>490</u>	<u>470</u>

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

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

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

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

HK\$ million	2022	2021
Within 1 year	—	—
In the 2nd year	—	—
In the 3rd to 5th year, inclusive	124	—
No expiry date	1,258	1,901
Total	<u>1,382</u>	<u>1,901</u>

28. RETIREMENT PLANS

Defined Contribution Retirement Plans

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

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

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

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

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

29. SHARE CAPITAL

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

30. PERPETUAL CAPITAL SECURITIES

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

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

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

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

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

31. CAPITAL MANAGEMENT

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

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

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

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

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

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

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

32. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

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

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

(b) Reconciliation of liabilities arising from financial activities

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

(c) Funds from Operations*

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

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

33. EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

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

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

Notes:

- (1) During the year, Mr. Victor T K Li, Mr. Andrew John Hunter and Mr. Chan Loi Shun each received directors' fees of HK\$70,000 (2021: HK\$70,000), Mr. Fok Kin Ning, Canning received director's fees of HK\$120,000 (2021: HK\$120,000) from Power Assets. The directors' fees totalling HK\$330,000 (2021: HK\$330,000) were then paid back to the Company.
- (2) During the year, the directors' emoluments in the sum of HK\$5,639,700 (2021: HK\$5,502,100) received by Mr. Chan Loi Shun from Power Assets were paid back to the Company.

- (3) Mr. Victor T K Li and Mr. Chan Loi Shun have acted as NCM and SCM of Power Assets, respectively and each received fees of HK\$20,000 (2021: HK\$20,000) during the year. The fees totalling HK\$40,000 (2021: HK\$40,000) were then paid back to the Company.
- (4) Mr. Colin Stevens Russel has retired as an INED and RCM of the Company with effect from 1st September, 2022.
- (5) INED, ACM, RCM, NCM and SCM—During the year, Mr. Cheong Ying Chew, Henry has acted as INED, ACM and RCM of the Company. Mrs. Kwok Eva Lee has acted as INED and NCM of the Company. Mr. Lan Hong Tsung, David has acted as INED and ACM of the Company. Mr. Paul Joseph Tighe has acted as INED, ACM and SCM of the Company. In addition, Mrs. Sng Sow-Mei has acted as INED and ACM of the Company during the year and acted as RCM of the Company during the period from 1st September, 2022 to 31st December, 2022. Mr. Colin Stevens Russel has acted as INED and RCM of the Company during the period from 1st January, 2022 to 31st August, 2022. Mr. Barrie Cook has acted as INED and NCM of the Company during the year and acted as SCM of the Company on 31st December, 2022. The total emoluments paid to these INED, ACM, RCM, NCM and SCM during the year were HK\$1,025,001 (2021: HK\$1,050,000).

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

34. COMMITMENTS

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

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

35. CONTINGENT LIABILITIES

The contingent liabilities of the Group are as follows:

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

36. MATERIAL RELATED PARTY TRANSACTIONS

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

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

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

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

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

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(a) Statement of Financial Position of the Company as at 31st December

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

(b) Movements in the Company's Equity

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

38. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

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

PRINCIPAL SUBSIDIARIES

APPENDIX 1

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

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

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

PRINCIPAL ASSOCIATES

APPENDIX 2

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

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

Notes:

- The associate is listed on Hong Kong Stock Exchange.
- 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.
- Victoria Power Networks Pty Limited owns 100 per cent interests in the following companies:
 Powercor Australia Ltd
 CitiPower Pty Ltd
 The CitiPower Trust
 Powercor Australia Ltd and The CitiPower Trust each operates and manages an electricity distribution business in the State of Victoria of Australia.

PRINCIPAL JOINT VENTURES

APPENDIX 3

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

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

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

Notes:

1. CK William UK Holdings Limited owns 100 per cent interests in the following companies:
Energy Developments Pty Limited
Multinet Group Holdings Pty Limited
DBNGP Holdings Pty Limited
Energy Developments Pty Limited owns and operates an energy generation business mainly in Australia. Multinet Group Holdings Pty Limited and DBNGP Holdings Pty Limited operate natural gas distribution and transmission businesses in Australia respectively.
2. CK William UK Holdings Limited owns 66 per cent interests in United Energy Distribution Holdings Pty Limited, which operates an energy distribution business in Australia.
3. The percentage of equity attributable to the Group includes the additional interests under the agreements dated 30th December, 2019. Further details are set out in the Company's announcement dated 31st July, 2019.

SCHEDULE OF MAJOR PROPERTIES

APPENDIX 4

<u>Location</u>	<u>Lot Number</u>	<u>Group's Interest (per cent)</u>	<u>Approximate floor/site area attributable to the Group (sq. m.)</u>	<u>Existing Usage</u>	<u>Lease Term</u>
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



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.

Valuation of interests in joint ventures

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.

How our audit addressed the key audit matter

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 HKSAAs 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.

As part of an audit in accordance with HKSAAs, 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.

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

HK\$ million	Attributable to shareholders of the Company									Perpetual capital securities	Non-controlling interests	Total
	Share capital	Share premium	Treasury shares	Contributed surplus	Property revaluation reserve	Hedging reserve	Exchange translation reserve	Retained profits	Sub-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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

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.

(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.

(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.

(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.

(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.

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.

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.

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.

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.

(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.

(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.

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.

(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.

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).

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:

HK\$ million	2021						2020					
	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
	<u>31,586</u>	<u>32,333</u>	<u>11,988</u>	<u>5,739</u>	<u>13,007</u>	<u>1,599</u>	<u>34,177</u>	<u>35,166</u>	<u>6,237</u>	<u>11,231</u>	<u>15,996</u>	<u>1,702</u>
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)
		<u>(1,611)</u>	<u>(1,062)</u>	<u>27</u>	<u>(189)</u>	<u>(387)</u>		<u>541</u>	<u>333</u>	<u>(3)</u>	<u>131</u>	<u>80</u>

(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.

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.

(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		Net amounts
				Financial assets/ (liabilities)	Cash collateral pledged/ (received)	
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		Net amounts
				Financial assets/ (liabilities)	Cash collateral pledged/ (received)	
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

HK\$ million	Infrastructure Investments										Total before unallocated items				Unallocated items				Consolidated			
	Investment in Power Assets Holdings Limited		United Kingdom		Australia		Continental Europe		Hong Kong and Mainland China		Canada		New Zealand		2021		2020		2021		2020	
	2021	2020	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	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(329)	—	156	—	(173)	—	—	—
/other financial assets	—	—	—	—	—	—	—	—	(122)	(177)	—	—	(246)	(217)	(368)	(394)	(1)	(1)	(369)	(395)	—	—
Depreciation and amortisation	—	—	—	—	—	—	—	(31)	(2,179)	(2,058)	—	—	(1,464)	(1,161)	(3,643)	(3,250)	(286)	(364)	(3,929)	(3,614)	—	—
Other operating costs	—	—	—	—	—	—	—	—	—	—	—	—	(47)	(44)	(47)	(44)	(336)	(257)	(383)	(301)	—	—
Finance costs	—	—	(9)	—	—	—	—	—	—	—	—	—	—	—	(9)	—	198	(391)	189	(391)	—	—
Exchange (loss) / gain	—	—	—	—	—	—	—	—	—	57	—	—	—	—	—	57	—	—	—	—	57	—
Gain on disposal of joint ventures	—	—	1,422	792	1,262	1,288	56	896	181	117	259	64	88	71	5,476	5,433	—	—	5,476	5,433	—	—
Share of results of associates and joint ventures#	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	—	—
Profit / (Loss) before taxation	2,208	2,205	—	(5)	—	—	—	—	(78)	(99)	(40)	(32)	(23)	(31)	(141)	(167)	(20)	(21)	(161)	(188)	—	—
Taxation	—	—	—	—	—	—	—	—	321	333	475	268	170	136	8,142	8,959	(188)	(800)	7,954	8,159	—	—
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	—	—	—	—	—	—	—	—	5	43	—	—	—	—	—	—	434	796	434	796	—	—
Non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	—	—	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).

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

HKS 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.

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

HK\$ million	Power Assets	
	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

HK\$ million	Power Assets	
	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

(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.

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

HK\$ million	CK William		UK Power Networks	
	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)

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

HK\$ million	CK William		UK Power Networks	
	2021	2020	2021	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

HK\$ million	2021		2020	
	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)

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

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.

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.

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	<u>126</u>	<u>4</u>	<u>1,387</u>	<u>21</u>	<u>—</u>	<u>2</u>	<u>1,540</u>
At 31st December, 2020	<u>131</u>	<u>10</u>	<u>1,472</u>	<u>38</u>	<u>—</u>	<u>3</u>	<u>1,654</u>

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.

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
	<u>19,411</u>	<u>24,005</u>
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
	<u>8,994</u>	<u>7,076</u>
Secured bank loans repayable:		
Within 1 year	1,442	—
In the 2nd year	—	1,507
	<u>1,442</u>	<u>1,507</u>
Total	<u>29,847</u>	<u>32,588</u>
Portion classified as:		
Current liabilities	10,389	4,655
Non-current liabilities	19,458	27,933
Total	<u>29,847</u>	<u>32,588</u>

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

HK\$ million	Bank loans		Notes		Bonds		Total	
	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	<u>20,853</u>	<u>25,512</u>	<u>3,690</u>	<u>1,376</u>	<u>5,304</u>	<u>5,700</u>	<u>29,847</u>	<u>32,588</u>

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

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.

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	<u>2,519,610,945</u>	<u>2,650,676,042</u>	<u>2,520</u>	<u>2,651</u>

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.

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

(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.

- (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:

HK\$ million	Contracted but not provided for	
	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

(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	100	Investment holding
Anderson Asphalt Limited	Hong Kong	Non-voting deferred 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.

<u>Name</u>	<u>Place of incorporation/ principal place of business</u>	<u>Issued share capital</u>	<u>Percentage of equity attributable to the Group</u>	<u>Principal activities</u>
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

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

<u>Location</u>	<u>Lot Number</u>	<u>Group's Interest (per cent)</u>	<u>Approximate floor/site area attributable to the Group (sq. m.)</u>	<u>Existing Usage</u>	<u>Lease Term</u>
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

PART 12
UNAUDITED INTERIM HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENT
for the six months ended 30th June

HK\$ million	Notes	Unaudited	
		2024	2023
Turnover	2	19,090	19,534
Sales and interest income from infrastructure investments . . .	2	2,478	3,180
Other income	3	347	387
Operating costs	4	(1,918)	(2,107)
Finance costs		(415)	(370)
Exchange gain		108	133
Share of results of associates		1,351	1,239
Share of results of joint ventures		2,626	2,047
Profit before taxation		4,577	4,509
Taxation	5	(53)	(50)
Profit for the period	6	4,524	4,459
Attributable to:			
Shareholders of the Company		4,311	4,239
Owners of perpetual capital securities		219	219
Non-controlling interests		(6)	1
		4,524	4,459
Earnings per share	7	HK\$1.71	HK\$1.68

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30th June

HK\$ million	Unaudited	
	2024	2023
Profit for the period	4,524	4,459
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
(Loss) / Gain from fair value changes of derivatives designated as effective cash flow hedges	(15)	10
Gain / (Loss) from fair value changes of derivatives designated as effective net investment hedges	617	(1,233)
Exchange differences on translation of financial statements of foreign operations	(1,339)	3,424
Share of other comprehensive income of associates	16	1,053
Share of other comprehensive income of joint ventures	425	796
Income tax relating to components of other comprehensive income	(158)	(256)
	<u>(454)</u>	<u>3,794</u>
Items that will not be reclassified to profit or loss:		
Share of other comprehensive (expense) / income of associates	(286)	22
Share of other comprehensive (expense) / income of joint ventures	(1,153)	134
Income tax relating to components of other comprehensive income	335	(41)
	<u>(1,104)</u>	<u>115</u>
Other comprehensive (expense) / income for the period	<u>(1,558)</u>	<u>3,909</u>
Total comprehensive income for the period	<u>2,966</u>	<u>8,368</u>
Attributable to:		
Shareholders of the Company	2,755	8,151
Owners of perpetual capital securities	219	219
Non-controlling interests	(8)	(2)
	<u>2,966</u>	<u>8,368</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

HK\$ million	Notes	Unaudited 30/6/2024	Audited 31/12/2023
Property, plant and equipment		3,113	3,079
Investment properties		408	408
Interests in associates		38,440	39,240
Interests in joint ventures		104,690	104,093
Other financial assets		1,541	1,542
Derivative financial instruments		770	624
Goodwill and intangible assets		2,219	2,299
Deferred tax assets		—	1
Total non-current assets		151,181	151,286
Inventories		177	178
Derivative financial instruments		685	536
Debtors and prepayments	9	772	796
Bank balances and deposits		9,180	13,077
Total current assets		10,814	14,587
Bank and other loans		13,165	9,024
Derivative financial instruments		43	1,072
Creditors, accruals and others	10	5,958	5,902
Taxation		47	101
Total current liabilities		19,213	16,099
Net current liabilities		(8,399)	(1,512)
Total assets less current liabilities		142,782	149,774
Bank and other loans		10,235	15,173
Derivative financial instruments		353	465
Deferred tax liabilities		499	505
Other non-current liabilities		341	360
Total non-current liabilities		11,428	16,503
Net assets		131,354	133,271
Representing:			
Share capital	11	2,520	2,520
Reserves		118,867	120,773
Equity attributable to shareholders of the Company		121,387	123,293
Perpetual capital securities		9,885	9,885
Non-controlling interests		82	93
Total equity		131,354	133,271

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30th June, 2024

HK\$ million	Attributable to shareholders of the Company							Perpetual capital securities	Non-controlling interests	Total
	Share capital	Share premium	Contributed surplus	Property revaluation reserve	Hedging reserve	Exchange translation reserve	Retained profits			
At 1st January, 2024 (audited)	2,520	16,185	6,062	68	1,620	(7,011)	103,849	123,293	9,885	133,271
Profit for the period	—	—	—	—	—	—	4,311	4,311	219	4,524
Loss from fair value changes of derivatives designated as effective cash flow hedges	—	—	—	—	(15)	—	—	(15)	—	(15)
Gain from fair value changes of derivatives designated as effective net investment hedges	—	—	—	—	—	617	—	617	—	617
Exchange differences on translation of financial statements of foreign operations	—	—	—	—	—	(1,337)	—	(1,337)	—	(1,339)
Share of other comprehensive income / (expense) of associates	—	—	—	—	186	(170)	(286)	(270)	—	(270)
Share of other comprehensive income / (expense) of joint ventures	—	—	—	—	425	—	(1,153)	(728)	—	(728)
Income tax relating to components of other comprehensive income	—	—	—	—	(158)	—	335	177	—	177
Total comprehensive income / (expense) for the period	—	—	—	—	438	(890)	3,207	2,755	219	2,966
Dividend paid	—	—	—	—	—	—	(4,661)	(4,661)	—	(4,664)
Distribution paid on perpetual capital securities	—	—	—	—	—	—	—	—	(219)	(219)
At 30th June, 2024 (unaudited)	2,520	16,185	6,062	68	2,058	(7,901)	102,395	121,387	9,885	131,354
At 1st January, 2023 (audited)	2,520	16,185	6,062	68	1,552	(8,936)	101,942	119,393	9,885	129,382
Profit for the period	—	—	—	—	—	—	4,239	4,239	219	4,459
Gain from fair value changes of derivatives designated as effective cash flow hedges	—	—	—	—	10	—	—	10	—	10
Loss from fair value changes of derivatives designated as effective net investment hedges	—	—	—	—	—	(1,233)	—	(1,233)	—	(1,233)
Exchange differences on translation of financial statements of foreign operations	—	—	—	—	—	3,427	—	3,427	—	3,424
Share of other comprehensive income of associates	—	—	—	—	236	817	22	1,075	—	1,075
Share of other comprehensive income of joint ventures	—	—	—	—	796	—	134	930	—	930
Income tax relating to components of other comprehensive income	—	—	—	—	(256)	—	(41)	(297)	—	(297)
Total comprehensive income / (expense) for the period	—	—	—	—	786	3,011	4,354	8,151	219	8,368
Dividend paid	—	—	—	—	—	—	(4,611)	(4,611)	—	(4,611)
Distribution paid on perpetual capital securities	—	—	—	—	—	—	—	—	(219)	(219)
At 30th June, 2023 (unaudited)	2,520	16,185	6,062	68	2,338	(5,925)	101,685	122,933	9,885	132,920

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months ended 30th June

HK\$ million	Note	Unaudited	
		2024	2023
Net cash from operating activities	12	641	1,686
Net cash from investing activities		443	38
Net cash utilised in financing activities		(4,981)	(7,716)
Net decrease in cash and cash equivalents		(3,897)	(5,992)
Cash and cash equivalents at 1st January		13,077	18,045
Cash and cash equivalents at 30th June		9,180	12,053

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which is identical to the International Accounting Standard 34 “Interim Financial Reporting” issued by International Accounting Standards Board (“IASB”), and Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”).

The accounting policies adopted for the preparation of the consolidated interim financial statements are consistent with those set out in the Group’s consolidated annual financial statements for the year ended 31st December, 2023, except for adoption of the amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA and International Financial Reporting Standards (“IFRS”) issued by the IASB, which are effective to the Group for accounting periods beginning on 1st January, 2024. The adoption of those amendments to HKFRSs has no material impact on the Group’s results and financial position for the current or prior periods and does not result in any significant change in accounting policies of the Group.

2. TURNOVER

Turnover represents net sales of infrastructure materials, interest income from loans granted to associates and joint ventures, sales of waste management services and share of turnover of joint ventures. Sales of infrastructure materials and waste management services were substantially recognised at a point in time.

Turnover comprises both sales and interest income from infrastructure investments and share of turnover of joint ventures as follows:

HK\$ million	Six months ended 30th June	
	2024	2023
Sales of infrastructure materials	751	981
Interest income from loans granted to associates	52	136
Interest income from loans granted to joint ventures	698	1,076
Sales of waste management services	977	987
Sales and interest income from infrastructure investments	2,478	3,180
Share of turnover of joint ventures	16,612	16,354
Turnover	19,090	19,534

3. OTHER INCOME

Other income includes the following:

HK\$ million	Six months ended 30th June	
	2024	2023
Bank interest income	303	350

4. OPERATING COSTS

Operating costs include the following:

HK\$ million	Six months ended 30th June	
	2024	2023
Cost of inventories sold	702	907
Cost of services provided	580	599
Depreciation of property, plant and equipment	149	149
Amortisation of intangible assets	9	16

5. TAXATION

Taxation is provided for at the applicable tax rates on the estimated assessable profits less available tax losses. Deferred taxation is provided on temporary differences under the liability method using tax rates applicable to the Group's operations in different countries.

HK\$ million	Six months ended 30th June	
	2024	2023
Current taxation—Hong Kong	1	1
Current taxation—outside Hong Kong	33	25
Deferred taxation	19	24
Total	53	50

for the six months ended 30th June

311

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

7. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to shareholders of the Company of HK\$4,311 million (2023: HK\$4,239 million) and on 2,519,610,945 shares (2023: 2,519,610,945 shares) in issue during the interim period.

8. INTERIM DIVIDEND

The interim dividend declared by the Board of Directors is as follows:

HK\$ million	Six months ended 30th June	
	2024	2023
Interim dividend of HK\$0.72 per share (2023: HK\$0.71 per share)	1,814	1,789

9. DEBTORS AND PREPAYMENTS

Included in debtors and prepayments are trade debtors of HK\$287 million (HK\$363 million at 31st December, 2023) and their aging analysis is as follows:

HK\$ million	30/6/2024	31/12/2023
Less than 1 month	211	199
1 to 3 months	45	102
More than 3 months but less than 12 months	23	54
More than 12 months	18	18
Gross total	297	373
Loss allowance	(10)	(10)
Total after allowance	287	363

Trade with customers is carried out largely on credit, except for new customers, residential customers of waste management services and customers with unsatisfactory payment records, where payment in advance is normally required. Invoices are normally due within 1 month of issuance, except for certain well-established customers, where the terms are extended to 2 months, and certain customers with disputed items, where the terms are negotiated individually. Each customer has a maximum credit limit, which was granted and approved by senior management in accordance with the laid-down credit review policy and procedures.

10. CREDITORS, ACCRUALS AND OTHERS

Included in creditors, accruals and others are trade creditors of HK\$250 million (HK\$329 million at 31st December, 2023) and their aging analysis is as follows:

HK\$ million	30/6/2024	31/12/2023
Current	130	211
1 month	64	42
2 to 3 months	27	39
Over 3 months	29	37
Total	250	329

11. SHARE CAPITAL

There were no movements in the share capital of the Company in the six months ended 30th June, 2024.

12. NOTE TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

HK\$ million	Six months ended 30th June	
	2024	2023
Net cash from operating activities	641	1,686
Dividends received from associates	1,566	1,660
Dividends received from joint ventures	1,126	691
Funds from operations*	3,333	4,037

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

13. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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 30th June, 2024, investment properties amounting to HK\$408 million (HK\$408 million at 31st December, 2023) and unlisted investment in securities amounting to HK\$352 million (HK\$353 million at 31st December, 2023) 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\$1,189 million (HK\$1,189 million at 31st December, 2023) 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.

14. COMMITMENTS

The Group's capital commitments outstanding at 30th June, 2024 and not provided for in the consolidated interim financial statements are as follows:

HK\$ million	Contracted but not provided for	
	30/6/2024	31/12/2023
Investments in joint ventures	1	3
Plant and machinery	180	131
Other financial assets	128	139
Total	309	273

15. CONTINGENT LIABILITIES

The contingent liabilities of the Group are as follows:

HK\$ million	30/6/2024	31/12/2023
Other guarantee given in respect of a joint venture	68	142
Performance bond indemnities	168	174
Sub-contractor warranties	24	22
Total	260	338

16. EVENT AFTER THE REPORTING PERIOD

In August 2024, a consortium comprising CKI, CK Asset Holdings Limited and Power Assets Holdings Limited, which will own 40%, 40% and 20% interests in the portfolio, have entered into an agreement to acquire a portfolio of operating onshore wind farms in the United Kingdom for approximately £350 million (approximately HK\$3.5 billion), subject to certain closing adjustments. The portfolio comprises of 32 wind farms located in England, Scotland and Wales, totalling 175 MW in installed capacity and 137 MW in net attributable capacity. The transaction is expected to be completed in September.

17. REVIEW OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The consolidated interim financial statements are unaudited, but have been reviewed by the Audit Committee.

PART 13

ADMISSION, SETTLEMENT AND TRADING

The Shares will be admitted to trading on the London Stock Exchange. It is expected that Admission will become effective, and dealings in the Shares will commence, at 8:00 a.m. (UK time) on 19 August 2024. The Shares are in registered form and exist only in certificated form. It is not necessary to be a member of CREST to hold Shares in certificated form.

In order to support the public trading of the Shares on the London Stock Exchange from the date of Admission, the Company intends to enter into customary arrangements with market makers on the London Stock Exchange to facilitate liquidity. In addition, and based on engagement the Company has had with its controlling shareholder, CK Hutchison Holdings Limited, with regards to ongoing liquidity, there is a possibility that the Company's controlling shareholder could make available some Shares to facilitate initial trading in Shares on the London Stock Exchange following Admission in order to accommodate market demand.

1. DI Depositary

The Company has established a depositary interest arrangement to enable investors to settle trades in the Shares on the London Stock Exchange through the CREST system. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument.

As the Shares are securities issued by CKI, a non-UK company, they cannot be directly held in uncertificated form or transferred electronically in the CREST system. However, to enable investors to hold and transfer such securities, and settle the trades in the Shares placed on the London Stock Exchange through the CREST system, a depositary or custodian can hold the relevant securities and issue de-materialised depositary interests ("**Depositary Interests**" or "**DIs**") representing the underlying securities which are held on trust for the holders of the Depositary Interests.

The Company has engaged (i) Computershare Investor Services PLC (the "**Depositary**") to provide the required services to allow for CREST members to hold and transfer interests in and settle trades of Shares placed on the London Stock Exchange within CREST, pursuant to a depositary interest arrangement, and (ii) Computershare Investor Services (Bermuda) Limited to maintain the Principal Share Register on which the Depositary will (directly or through its nominated custodian) hold the underlying Shares represented by Depositary Interests in certificated form. The Shares are not themselves admitted to CREST. Instead, the Depositary issues Depositary Interests. The Depositary Interests are independent securities constituted under English law which may be held and transferred through the CREST system. Depositary Interests are created and issued pursuant to a deed poll entered into by the Depositary, which governs the relationship between the Depositary and the holders of the Depositary Interests. Shares represented by Depositary Interests are issued or transferred to the Depositary (or any custodian appointed by the Depositary), and are held on bare trust for the holders of the Depositary Interests.

The Depositary Interests are held on a register in the UK maintained by the Depositary. The Depositary Interests have the same security code as the underlying Shares which they represent and do not require a separate admission to the London Stock Exchange. Each Depositary Interest is treated as one Share for the purposes of determining, for example, eligibility for any dividends. The Depositary or its nominated custodian shall, to the extent possible, pass on to the holder of Depositary Interests all rights and entitlements which the Depositary or nominated custodian receives in respect of the Shares such as any such rights or entitlements to cash distributions, to information to make choices and elections, and to attend and vote at general meetings.

The Depositary Interests are not themselves admitted to trading on the London Stock Exchange or any other exchange. They simply represent a mechanism by which trades in the Shares placed on the London Stock Exchange can be settled in CREST. Once settled, the holders can either continue to hold their interests in Shares in the form of Depositary Interests (in CREST) or withdraw their interests from CREST (at which point the underlying Shares will be transferred in certificated form to them) on the Principal Share Register.

The Depositary Interests exist only in uncertificated form and are therefore only available to members of the CREST system or their sponsored members. It is possible to convert holdings of Depositary Interests (in uncertificated form) into holdings of Shares (in certificated form) on either the Principal Share Register, or, so as to be able to transact on the Hong Kong Stock Exchange, the Hong Kong Branch Share Register, and vice versa (see "*Withdrawal from and Deposit into CREST*" below).

Deed Poll

The Deed Poll executed by the Depositary prior to Admission contains the following provisions:

The Depositary will hold (itself or through the Custodian), as bare trustee, the underlying Shares and all and any rights and other securities, property and cash attributable to the underlying Shares pertaining to the Depositary Interests for the benefit of the holders of the relevant Depositary Interests (the “Depositary Interest Holders”) as tenants in common. The Depositary will re-allocate securities or Depositary Interests distributions allocated to the Depositary or Custodian pro rata to the Shares held for the respective accounts of the holders of Depositary Interests but will not be required to account for fractional entitlements arising from that re-allocation.

Holders of Depositary Interests agree to give any warranties and certifications to the Depositary as the Depositary may reasonably require. In particular, holders of Depositary Interests warrant, among other things, that the securities in the Company transferred or issued to the Depositary or Custodian on behalf of the Depositary for the account of the Depositary Interest Holder are free and clear of all liens, charges, encumbrances or third party interests and that those transfers or issues are not in contravention of the Bye-laws of the Company or any contractual obligation, or applicable law or regulation binding or affecting that holder, and Depositary Interests Holders agree to indemnify the Depositary against any liability incurred as a result of any breach of that warranty.

The Depositary and any appointed Custodian will pass on to the Depositary Interest Holders and, so far as they are reasonably able, exercise on behalf of the Depositary Interest Holders all rights and entitlements received or to which they are entitled in respect of the underlying Shares which are capable of being passed on or exercised. Rights and entitlements to cash distributions, to information, to make choices and elections and to call for, attend and vote at meetings will, subject to the Deed Poll, be passed on in the form in which they are received, together with amendments and additional documentation necessary to effect the passing-on, or, as the case may be, exercised in accordance with the Deed Poll. If arrangements are made which allow a holder to take up rights in the Company’s securities requiring further payment, the holder must put the Depositary in cleared funds before the relevant payment date or other date notified by the Depositary if it wishes the Depositary to exercise those rights on its behalf.

The Depositary will be entitled to cancel Depositary Interests and treat the Depositary Interests Holders as having requested a withdrawal of the underlying securities in certain circumstances, including where a Depositary Interest Holder fails to furnish to the Depositary with any certificates or representations as to material matters of fact, including their identity, as the Depositary deems appropriate.

The Depositary warrants that it is an authorised person under the FSMA and is duly authorised to carry out custodian and other activities under the Deed Poll. It also undertakes to maintain that status and authorisation.

The Deed Poll contains provisions excluding and limiting the Depositary’s liability. For example, the Depositary will not be liable to any Depositary Interest Holder or any other person for liabilities in connection with the performance or non-performance of obligations under the Deed Poll or otherwise except as may result from its negligence, wilful default or fraud or that of any person for whom it is vicariously liable, provided that the Depositary will not be liable for the negligence, wilful default or fraud of any Custodian or agent which is not a member of its group unless it has failed to exercise reasonable care in the appointment and continued use and supervision of that Custodian or agent. Except in the case of personal injury or death, any liability incurred by the Depositary to a holder under the Deed Poll is limited to the lesser of:

- the value of the Shares that would have been properly attributable to the Depositary Interests to which the liability relates; and
- that proportion of £5 million which corresponds to the portion which the amount the Depositary would otherwise be liable to pay to the holder bears to the aggregate of the amounts the Depositary would otherwise be liable to pay to all of those holders in respect of the same act, omission or event which gave rise to that liability or, if there are no amounts of that type, £5 million.

The Depositary is entitled to charge holders of Depositary Interests fees and expenses for the provision of its services under the Deed Poll.

Each holder of Depositary Interests is liable to indemnify the Depositary and any Custodian (and their agents, officers and employees), and hold each of them harmless, from and against all liabilities arising from or incurred in connection with, or arising from any act related to, the Deed Poll so far as they relate to the property held for the account of that holder, other than those caused by or resulting from the wilful default, negligence or fraud of: (i) the Depositary; or (ii) the Custodian or any agent if that Custodian or agent is a

member of the Depositary's group or if, not being a member of the same group, the Depositary will have failed to exercise reasonable care in the appointment and continued use of that Custodian or agent.

The Depositary is entitled to make deductions from the deposited property or any income or capital arising from it, or to sell any deposited property and make deductions from the sale proceeds of it, in order to discharge the indemnification obligations of Depositary Interest Holders.

The Depositary may terminate the Deed Poll by giving not less than 30 days' notice. During that notice period, Depositary Interest Holders may cancel their Depositary Interests and withdraw their deposited property and, if any Depositary Interests remain outstanding after termination, the Depositary will, as soon as reasonably practicable and amongst other things: (i) deliver the deposited property in respect of the Depositary Interests to the relevant Depositary Interest Holder; or (ii) at the Depositary's discretion; sell all or part of that deposited property. It will, as soon as reasonably practicable, deliver the net proceeds of any sale, after deducting any sums due to the Depositary, together with any other cash held by it under the Deed Poll, pro rata to the Depositary Interest Holders in respect of their Depositary Interests.

The Depositary or the Company may require from any holder: (i) information as to the capacity in which Depositary Interests are owned or held by any holders and the identity of any other person with any interest of any kind in those Depositary Interests or the underlying Shares and the nature of those interests; (ii) evidence or declaration of nationality or residence of the legal or beneficial owner(s) of Depositary Interests and any information as is required to transfer the relevant Depositary Interests or Shares to the holder; and (iii) any information as is necessary or desirable for the purposes of the Deed Poll or any other agreement or arrangement relating to the CREST system, and holders are bound to provide any information requested. The holders of Depositary Interests consent to the disclosure of that information by the Depositary, Custodian or the Company to the extent necessary or desirable to comply with their respective legal or regulatory obligations.

Furthermore, to the extent that the Company's constitutional documents, including its Bye-laws, or applicable laws or regulations may require the disclosure to the Company of, or limitations in relation to, beneficial or other ownership of, or interests of any kind whatsoever in the Company's securities, the Depositary Interest Holders shall comply with the Company's instructions with respect to them, and consent to the disclosure of that information for those purposes.

Holders of Depositary Interests may not have the opportunity to exercise all of the rights and entitlements available to holders of Shares, including, for example, the ability to vote on a show of hands. In relation to voting, it will be important for Depositary Interests Holders to give prompt instructions to the Depositary or its nominated Custodian, in accordance with any voting arrangements made available to them, to vote the underlying Shares on their behalf or, to the extent possible, to take advantage of any arrangements enabling holders of Depositary Interests to vote those Shares as a proxy of the Depositary or its nominated Custodian.

Depositary Services Agreement

The Depositary Services Agreement entered into between the Company and the Depositary prior to Admission contains the following provisions:

Under the Depositary Services Agreement, the Company appoints the Depositary to constitute and issue from time to time, upon the terms of the Deed Poll, a series of Depositary Interests representing the Shares and to provide certain other services (including depositary services, custody services and dividend services) in connection with those Depositary Interests.

The Depositary agrees that it will comply with the terms of the Deed Poll and that it will perform its obligations with reasonable skill and care. The Depositary assumes certain specific obligations, including, for example, to arrange for the Depositary Interests to be admitted to CREST as participating securities and provide copies of, and access to, the register of Depositary Interests.

The Company acknowledges that it will be its responsibility and undertakes to advise the Depositary promptly of any securities laws or other applicable laws, rules or regulations in Bermuda with which the Depositary must comply in providing the services.

The Company agrees to provide any assistance, information and documentation to the Depositary as is reasonably required by the Depositary for the purposes of performing its duties, responsibilities and obligations under the Depositary Services Agreement.

The Company will indemnify the Depositary on demand from and against all loss suffered by the Depositary as a result of or in connection with the performance of its obligations under the Depositary Services Agreement except to the extent that any losses result from the Depositary's own negligence, fraud or wilful default (or its

officers, employees, agents or sub-contractors), or as a result of a breach by the Depositary of a term of this Agreement. The Depositary will indemnify the Company and its officers and employees on demand from and against any loss (excluding indirect, consequential or special loss) which any of them may incur in any way as a result of or in connection with the fraud, negligence or wilful default of the Depositary (or its officers, employees, agents or sub-contractors). The aggregate liability of the Depositary to the Company over any 12-month period under the Depositary Services Agreement will not exceed twice the amount of the Fees (as defined in the Depositary Services Agreement) payable in any 12-month period in respect of a single claim or in the aggregate.

Subject to any earlier termination, the appointment of the Depositary will continue for a fixed period of three years and thereafter until terminated in accordance with the terms of the Depositary Services Agreement. Should the Depositary Services Agreement be terminated for any reason, other than arising from the Depositary's fraud, negligence, wilful default or material breach of a term of the Depositary Services Agreement, the Company will within 30 days of termination pay to the Depositary the Depositary's reasonable costs and expenses of transferring the Depositary Interest register to its new registrar. Either party may terminate the Depositary Services Agreement by giving not less than 6 months' notice in writing. Either party may terminate the Depositary Services Agreement with immediate effect by notice in writing if the other party: (i) will be in persistent or material breach of any material term of the Depositary Services Agreement and that breach is not remedied within 21 days of receiving notice of such breach and a request for that remedy; (ii) goes into insolvency or liquidation or administration or a receiver is appointed over any part of its undertaking or assets, subject to certain provisos; or (iii) will cease to have the appropriate authorisations which permit it lawfully to perform its obligations under the Depositary Services Agreement.

The Depositary will be entitled to employ agents for the purposes of carrying out certain of its obligations under the Depositary Services Agreement which the Depositary reasonably considers to be of a specialist nature.

The Company is to pay to the Depositary an annual fee for the services. The Company will pay a fixed fee for the deposit, cancellation and transfer of the Depositary Interests and the compilation of the initial Depositary Interests register. The Company will in addition reimburse the Depositary within 30 days of the Depositary's invoice for all network charges, CREST charges, money transmission and banking charges and other reasonable and documented out-of-pocket expenses incurred by it in connection with the provision of the services under the Depositary Services Agreement.

2. Transfer of Shares from the Hong Kong Share Register to the Principal Share Register

Shares are currently registered on the Principal Share Register and the Hong Kong Branch Share Register. As of the date of this Prospectus, there was an aggregate of 2,519,610,945 issued Shares on the Principal Share Register and the Hong Kong Branch Share Register, all of which were admitted to trading on the Hong Kong Stock Exchange. For the purposes of settling trades on the London Stock Exchange, the Shares must be registered (or capable of being registered) on the Principal Share Register.

Investors whose Shares are registered on the Hong Kong Branch Share Register and who wish to trade Shares on the London Stock Exchange must first reposition their Shares from the Hong Kong Branch Share Register to the Principal Share Register. Any investor whose Shares are registered on the Hong Kong Branch Share Register can at any time obtain, from the Hong Kong registrar, a paper repositioning request from the Hong Kong registrar to remove Shares to the Principal Share Register. On the return of such form, duly completed, together with the corresponding share certificates and payment for the relevant charges, the Hong Kong registrar will arrange for the removal of such Shares. A request to remove Shares between registers is typically processed in three to five business days.

Shares held in the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited ("CCASS") must either (i) be withdrawn from CCASS in accordance with the rules of CCASS and registered in the shareholder's name on the Hong Kong Branch Share Register in order to be removed, through the completion of a paper repositioning request form to the Principal Share Register, or (ii) deliver Shares to the CCASS account of the Hong Kong registrar and complete an online repositioning instruction through the registrars proprietary online portal, "xSettle". Accordingly, shareholders following process (i) above, in addition to submitting a removal request, any shareholder holding Shares in CCASS should instruct a broker to withdraw the Shares from the shareholder's CCASS account. A stock withdrawal instruction is typically processed in one business day, subject to the time of receipt of such instruction and the relevant broker.

3. Transfer of Shares from the Principal Share Register to Hong Kong Share Register

For the purposes of trading on the Hong Kong Stock Exchange, the Shares must be registered (or capable of being registered) in the Hong Kong Branch Share Register.

Any investor whose Shares are registered on the Principal Share Register and who wish to trade Shares on the Hong Kong Stock Exchange must first remove the Shares from the Principal Share Register to the Hong Kong Branch Share Register. Any investor whose Shares are registered on the Principal Share Register, in certificated form, may at any time obtain a paper repositioning request form from the Principal Share Registrar maintaining the Principal Share Register. A repositioning request instruction when completed should be returned together with the corresponding share certificates and payment for the relevant charges to the Principal Share Registrar, who will arrange for the removal of such Shares from the Principal Share Register and moved to the Hong Kong Branch Share Register. A request to remove Shares between registers is typically processed in three to five business days.

Holders of Depositary Interests held in CREST must either (i) withdraw their securities from CREST and complete a paper repositioning request form in order to be removed to the Hong Kong Branch Share Register, or (ii) complete an online repositioning instruction through the registrars proprietary online portal, “xSettle”. In both cases, in addition to submitting a removal request (in paper form or via xSettle), any holder holding Depositary Interests in CREST should arrange for a stock withdrawal instruction to be sent through the CREST system specifying the number of Depositary Interests to be withdrawn from CREST and the name and address for registration of such Shares prior to removal to the Hong Kong Branch Share Register. A stock withdrawal instruction is typically processed within the same day, subject to the time of receipt of such instruction.

4. Withdrawal from and Deposit into CREST

Procedure for re-materialising Shares from Depositary Interests

As set out above, if holders of Depositary Interests wish to move their Shares to the Hong Kong Branch Share Register, they would first have to re-materialise their Shares. In order to do this, holders of Depositary Interests may request that the Depositary cancel the Depositary Interests held by them and transfer the underlying Shares represented by the Depositary Interests by giving the relevant share withdrawal instruction through the CREST system. The relevant number of Shares are then transferred from the Depositary (or its nominated custodian) to the person specified in the share withdrawal transaction.

The process of re-materialising shares is initiated and carried out by CREST participants at the request of the relevant beneficial shareholder and is not controlled by the Company. The Company understands that once the CREST participant has input a valid message for share withdrawal into the CREST system, it will normally be re-materialised within one business day.

Procedure for de-materialising Shares into Depositary Interests

If holders of Shares in certificated form registered on the Principal Share Register who are CREST members wish to hold Depositary Interests instead of holding physical share certificates, they can do so by submitting a share deposit pursuant to CREST procedures. Holders of certificated Shares who are not CREST members, but would like to de-materialise their Shares, may do so by submitting a CREST transfer form.

PART 14

ADDITIONAL INFORMATION

1. Persons responsible

The Company and the Directors (whose names and functions appear on page 27 of this Prospectus) accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

2. Incorporation

The Company was incorporated in Bermuda on 28 May 1996 as an exempted company limited by shares under the Bermuda Companies Act under the name CHEUNG KONG INFRASTRUCTURE HOLDINGS LIMITED and registration number 21980. On 10 May 2017 the Company changed its name and was registered as CK Infrastructure Holdings Limited with the secondary name 長江基建集團有限公司.

The Company's registered office is at Clarendon House, Church Street, Hamilton HM11, Bermuda, and its principal place of business is at 12th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong. The Company's LEI is 5299005U11RQ1C27MR12, and its website is www.cki.com.hk. The contents of the Company's website do not form part of this Prospectus, unless that information is specifically incorporated by reference into this Prospectus.

The principal laws and legislation under which the Company operates and the Shares have been created are the Bermuda Companies Act and regulations made thereunder.

3. Share Capital

The Shares that will be admitted to trading are the issued ordinary shares of the Company with a nominal value of HK\$1.00 each. When admitted to trading, the Shares will be registered with ISIN number BMG2178K1009 and SEDOL number BRXDBN4, and trade on the Main Market of the London Stock Exchange under the ticker symbol CKI. The Shares are currently listed and traded on the Main Board of the Hong Kong Stock Exchange under stock code 1038.

The Shares are quoted and traded in HK\$ on the Hong Kong Stock Exchange and, following Admission, will be quoted and traded in GBP on the London Stock Exchange.

On incorporation, the Company's authorised share capital was HK\$100,000.00 divided into shares of HK\$1.00 each.

The Company's authorised share capital was increased on 1 July 1996 from HK\$100,000.00 to HK\$2,000,000,000.00 by the creation of an additional 1,999,900,000 shares of HK\$1.00 each and further increased on 3 March 1997 from HK\$2,000,000,000.00 to HK\$4,000,000,000.00 by the creation of an additional 2,000,000,000 shares of HK\$1.00 each.

In March 2016, in connection with the issue of perpetual capital securities listed on the Hong Kong Stock Exchange by OVPH Limited (the Company's subsidiary), the Company issued 131,065,097 Shares to OVPH Limited, which were accounted for as treasury shares in the Group's consolidated financial statements. Upon the redemption of the perpetual capital securities in March 2021, the shares were subsequently cancelled by the Company in December 2021. Save for the foregoing, there has been no other changes in the Company's issued share capital since 1 January 2021 until the date of this Prospectus.

As at the date of this Prospectus, the Company has an authorised share capital of HK\$4,000,000,000 consisting of 4,000,000,000 ordinary shares of HK\$1.00 each and an issued and fully paid-up share capital of HK\$2,519,610,945 consisting of 2,519,610,945 ordinary shares of HK\$1.00 each.

At Admission, the Shares will be freely and publicly transferable and it is expected that in excess of 10% of the Shares will be held in public hands (within the meaning of paragraph 14.2.2 of the UK Listing Rules).

By an ordinary resolution of the shareholders of the Company passed at an annual general meeting held on 22 May 2024, it was resolved:

(1) that:

- (a) subject to paragraph (1)(b) below, a general mandate be and is hereby unconditionally given to the Directors during the Relevant Period (as hereinafter defined) to issue, allot and dispose of such

number of additional shares of the Company not exceeding ten per cent of the total number of shares of the Company in issue at 22 May 2024 (excluding treasury shares and such total number to be subject to adjustment in the case of any conversion of any or all of the shares of the Company into a larger or smaller number of shares of the Company after the passing of the resolution), such mandate to include the granting of offers, options, warrants or rights to subscribe for, or to convert any securities (including bonds and convertible debentures) into, shares of the Company which might be exercisable or convertible during or after the Relevant Period;

- (b) any shares of the Company to be allotted and issued (whether wholly or partly for cash or otherwise) pursuant to the mandate in paragraph (1)(a) of the resolution shall not be at a discount of more than ten per cent to the Benchmarked Price (as hereinafter defined) of such shares of the Company; and
- (c) for the purpose of the resolution:

(I) “Benchmarked Price” means the price which is the higher of:

- (i) the closing price of the shares of the Company as quoted on the Hong Kong Stock Exchange on the date of the agreement involving the relevant proposed issue of shares of the Company; and
- (ii) the average closing price as quoted on the Hong Kong Stock Exchange of the shares of the Company for the five trading days immediately preceding the earlier of:
 - (A) the date of announcement of the transaction or arrangement involving the relevant proposed issue of shares of the Company;
 - (B) the date of the agreement involving the relevant proposed issue of shares of the Company; and
 - (C) the date on which the price of the shares of the Company that are proposed to be issued is fixed.

(II) “Relevant Period” means the period from 22 May 2024 until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- (iii) the date on which the authority set out in the resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

(III) Any reference to an allotment, issue, grant, offer or disposal of shares of the Company shall include the sale or transfer of treasury shares in the capital of the Company (including to satisfy any obligation upon the conversion or exercise of any convertible securities, warrants, options or similar rights to subscribe for shares in the Company) to the extent permitted by, and subject to the provisions of, the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and applicable laws and regulations.

(2) that:

- (a) subject to paragraph (2)(b) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to buy back shares of HK\$1.00 each in the capital of the Company in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the maximum number of issued shares of the Company to be bought back by the Company pursuant to the approval in paragraph (2)(a) above shall not exceed ten per cent of the total number of shares of the Company in issue at 22 May 2024 (excluding treasury shares and such total number to be subject to adjustment in the case of any conversion of any or all of the shares of the Company into a larger or smaller number of shares of the Company after the passing of the resolution), and the said approval shall be limited accordingly; and
- (c) for the purposes of the resolution, “Relevant Period” means the period from 22 May 2024 until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;

- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- (iii) the date on which the authority set out in the resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

4. Company's Memorandum of Association and Bye-laws

The following description of certain provisions of the Company's memorandum of association and the Bye-laws does not purport to be complete and is subject to, and qualified by reference to, all of the provisions of the memorandum of association and the Bye-laws.

Restrictions on Objects

The business activities of a Bermudian company are governed by the provisions of its memorandum of association which sets out its specific business objects and the powers that may be exercised in support of its principal business objects. Bermuda law distinguishes between objects and powers, the latter being regarded as supplemental to the principal business objects.

The objects set out or included by reference in the different paragraphs of the objects clause in a company's memorandum of association shall not, unless otherwise stated, be limited or restricted in any way by reference to or inference from the terms of any other paragraph in the memorandum of association and such objects may be carried out in as full and ample a manner and construed in such a manner as if each paragraph defined the objects of a separate and independent company and each is construed as a primary object.

Limited Liability

The Memorandum of Association states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the Company is an exempted company as defined in the Bermuda Companies Act.

Rights attaching to shares

Pre-emptive rights

There are no mandatory provisions for pre-emptive rights under the Bye-laws and there are no restrictions against such rights under the laws of Bermuda. However, under the Bye-laws, the Company may by ordinary resolution, before the issue of any new shares, determine that the same, or any of them, shall be offered in the first instance, and either at par or at a premium, to all the existing holders of any class of shares in proportion as nearly as may be to the number of shares of such class held by them respectively, or make any other provisions as to the issue and allotment of such shares, but in default of any such determination or so far as the same shall not extend, such shares may be dealt with as if they formed part of the capital of the Company existing prior to the issue of the same.

Voting rights of members

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Bye-laws, at any general meeting on a poll every member present in person or by proxy or (being a corporation) by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share.

A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that in the case of a physical meeting the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a clearing house (or its nominee(s)) is a member of the Company it may authorise or appoint such persons as it thinks fit to act as its representative(s) or proxy(ies) at any meeting of the Company or at any meeting of any class of members of the Company provided that the authorisation or instrument of proxy shall specify the

number and class of shares in respect of which each such person is so authorised or appointed. A person so authorised or appointed under the provisions of the Bye-laws shall be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person was an individual registered holder of the shares held by that clearing house (or its nominee(s)) in respect of the number and class of shares specified in the relevant authorisation or instrument or proxy including the right to vote individually on a show of hands.

Where any member is, under the rules of the relevant stock exchange, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

Winding-up and liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Bermuda Companies Act, divide among the members, in specie or kind, the whole or any part of the assets of the Company, whether or not the assets shall consist of properties of one kind or shall consist of properties of different kinds to be divided as aforesaid, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

Capitalisation reserves

The Company may in general meeting, upon the recommendation of the board of directors of the Company (the “**Board**”), at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including the profit and loss account) whether or not the same is available for distribution and accordingly that such amount be set free for distribution among the members or any class of members who would be entitled thereto if it were distributed by way of dividend and in the same proportions, on the footing that the same is not paid in cash but is applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such members respectively or in paying up in full unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid up among such members, or partly in one way and partly in the other, and the Board shall give effect to such resolution provided that, for the purposes of the Bye-law, a share premium account and any reserve or fund representing unrealised profits, may be applied only in paying up in full unissued shares of the Company to be allotted to such members credited as fully paid. In carrying sums to reserve and in applying the same the Board shall comply with the provisions of the Bermuda Companies Act.

Issue of shares

Subject to any special rights conferred on the holders of any shares or class of shares, any shares in the Company may be issued with or have attached thereto such rights or restrictions whether with regard to dividend, voting, return of capital, distribution of assets or otherwise as the Company may by ordinary resolution determine or, if there has not been any such determination or so far as the same shall not make specific provision, as the Board may determine.

The Board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

All unissued shares of the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it may in its absolute discretion determine, but so that no shares shall be issued at a discount.

Preference Shares

Subject to the Bermuda Companies Act, any preference shares may be issued or converted into shares that are liable to be redeemed, at a determinable date or at the option of the Company or, if so authorised by the

Memorandum of Association, at the option of the holder, on such terms and in such manner as the Company before the issue or conversion may by ordinary resolution determine.

Alteration of share capital

The Company in general meeting may from time to time by ordinary resolution in accordance with the relevant provisions of the Bermuda Companies Act:

- (a) increase its share capital by the creating of new shares;
- (b) consolidate any of its capital into shares of larger amount than its existing shares;
- (c) divide its shares into several classes;
- (d) sub divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association;
- (e) change the currency denomination of its share capital;
- (f) make provision for the issue and allotment of shares which do not carry any voting rights; and
- (g) cancel any shares which, at the date of passing of the resolution, have not been taken or agreed to be taken by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may, by special resolution, subject to any confirmation or consent required by law, reduce its authorised or issued share capital or any share premium account or other undistributable reserve in any manner permitted by law.

Variation of class rights

Subject to the Bermuda Companies Act, all or any of the special rights for the time being attached to the shares or any class of shares may, unless otherwise provided by the terms of issue of the shares of that class, from time to time (whether or not the Company is being wound up) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths of the aggregate nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

To every such separate general meeting the provisions of the Bye-laws relating to general meetings will mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned or postponed meeting) shall be at least two persons holding or representing by proxy or authorised representative not less than one-third in nominal value of the issued shares of that class and at any adjourned or postponed meeting of such holders, two holders present in person (or in the case of a holder being a corporation, by its duly authorised representative) or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person (or in case of the holder being a corporation, by its duly authorised representative) or by proxy may demand a poll.

Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The Board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The Board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register of members to any branch register of members or any share on any branch register of members to the principal register of members or any other branch register of members.

Unless the Board otherwise agrees, no shares on the principal register of members shall be transferred to any branch register of members nor may shares on any branch register of members be transferred to the principal register of members or any other branch register of members. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register of members, at the relevant registration office and, in the case of shares on the principal register of members, at the registered office in Bermuda or such other place in Bermuda at which the principal register of members is kept in accordance with the Bermuda Companies Act.

The Board may, in its absolute discretion, and without giving any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The Board may decline to recognise any instrument of transfer unless a fee of such maximum sum as the relevant stock exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the registered office or such other place in Bermuda at which the principal register of members is kept accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers of shares or of any class of shares may be suspended at such times and for such periods (not exceeding in the whole thirty (30) days in any year) as the Board may determine.

Share Certificates

Every person whose name is entered, upon an allotment of shares, as a member in the register of members of the Company shall be entitled, without payment, to receive one certificate for all such shares of any one class or several certificates each for one or more of such shares of such class upon payment for every certificate after the first of a sum equal to the relevant maximum amount as the relevant stock exchange may from time to time determine or such lesser sum as the Board from time to time determines.

Every share certificate shall be issued under the common seal of the Company or a facsimile thereof and shall specify the number and class and distinguishing numbers (if any) of the shares to which it relates, and the amount paid up thereon and may otherwise be in such form as the directors may from time to time determine. No certificate shall be issued representing shares of more than one class. The Board may by resolution determine, either generally or in any particular case or cases, that any signatures on any such certificates (or certificates in respect of other securities) need not be autographic but may be affixed to such certificate by some mechanical means or may be printed thereon or that such certificates need not be signed by any person.

In the case of a share held jointly by several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to one of several joint holders shall be sufficient delivery to all such holders.

Share certificates shall be issued within the relevant time limit as prescribed in the Bermuda Companies Act or as the relevant stock exchange may from time to time determine, whichever is the shorter, after allotment or, except in the case of a transfer which the Company is for the time being entitled to refuse to register and does not register, after lodgment of a transfer with the Company.

Upon every transfer of shares the certificate held by the transferor shall be given up to be cancelled, and shall forthwith be cancelled accordingly, and a new certificate shall be issued to the transferee in respect of the shares transferred to him at such fee (not exceeding the relevant maximum amount as the relevant stock exchange may from time to time determine provided that the Board may at any time determine a lower amount for such fee). If any of the shares included in the certificate so given up shall be retained by the transferor a new certificate for the balance shall be issued to him at the aforesaid fee payable by the transferor to the Company in respect thereof.

If a share certificate shall be damaged or defaced or alleged to have been lost, stolen or destroyed a new certificate representing the same shares may be issued to the relevant member upon request and on payment of such fee as the relevant stock exchange may determine to be the maximum fee payable or such lesser sum as the Board may determine and, subject to compliance with such terms (if any) as to evidence and indemnity and to payment of the costs and reasonable out-of-pocket expenses of the Company in investigating such evidence and preparing such indemnity as the Board may think fit and, in case of damage or defacement, on delivery of

the old certificate to the Company provided always that where share warrants have been issued, no new share warrant shall be issued to replace one that has been lost unless the directors are satisfied beyond reasonable doubt that the original has been destroyed.

Disclosure of interests in shares

The register of members of the Company shall be open for inspection between 10 a.m. and 12 noon on every business day by members of the public without charge at the registered office of the Company for the time being or such other place at which the register of members of the Company is kept in accordance with the Bermuda Companies Act. The register of members of the Company including any overseas or local or other branch register of members may, after notice has been given by announcement or by electronic communication or by advertisement in an appointed newspaper and where applicable, the newspapers in accordance with the requirements of any relevant stock exchange to that effect, be closed at such times or for such periods not exceeding in the whole thirty (30) days in each year as the Board may determine and either generally or in respect of any class of shares.

Forfeiture of shares

The Board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the Board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or instalments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding twenty per cent. (20%) per annum as the Board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the Board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the Board determines.

Uncertificated shares

Each person who agrees to become a member of a company and whose name is entered in the register of members is deemed to be a member of the company. The register of members shall be prima facie evidence of any matters by the Bermuda Companies Act directed or authorised to be inserted therein.

Communications by the Company

Any notice or document to be given or issued under the Bye-laws by the Company shall be in writing or by cable, telex or facsimile transmission message or other form of electronic transmission or electronic communication and any such notice and document may be given or issued by the following means:

- (a) by serving it personally on the relevant person;

- (b) by sending it through the post in a prepaid envelope addressed to such member at his registered address as appearing in the register of members of the Company or at any other address supplied by him to the Company for the purpose;
- (c) by delivering or leaving it at such address as aforesaid;
- (d) by placing an advertisement in appointed newspapers (as defined in the Bermuda Companies Act) or other publication and where applicable, or in newspapers published daily and circulating generally in the territory of and in accordance with the requirements of the relevant stock exchange;
- (e) by sending or transmitting it as an electronic communication to the relevant person at such electronic address as he may provide under the Bye-laws, subject to the Company complying with the Bermuda Companies Act and any other applicable laws, rules and regulations from time to time in force with regard to any requirements for the obtaining of consent (or deemed consent) from such person;
- (f) by publishing it on the Company's website or the website to which the relevant person may have access, subject to the Company complying with the Bermuda Companies Act and any other applicable laws, rules and regulations from time to time in force with regard to any requirements for the obtaining of consent (or deemed consent) from such person and/or for giving notification to any such person that the notice, document or publication is available on the Company's computer network website (a "notice of availability");
- (g) by sending or otherwise making it available to such person through such other means to the extent permitted by and in accordance with the Statutes and other applicable laws, rules and regulations.

The notice of availability may be given by any of the means set out above other than by posting it on a website.

In the case of joint holders of a share all notices shall be given to that one of the joint holders whose name stands first in the register of members and notice so given shall be deemed a sufficient service on or delivery to all the joint holders.

Every person who, by operation of law, transfer, transmission, or other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share, which, previously to his name and address (including electronic address) being entered in the register of members as the registered holder of such share, shall have been duly given to the person from whom he derives title to such share.

Every member or a person who is entitled to receive notice from the Company under the provisions of the Bermuda Companies Act and all applicable laws or the Bye-laws may register with the Company an electronic address to which notices can be served upon him.

Any Notice or other document (including any corporate communication) given or issued by or on behalf of the Company:

- (a) if served or delivered by post, shall where appropriate be sent by airmail and shall be deemed to have been served or delivered on the day following that on which the envelope or wrapper containing the same, properly prepaid and addressed, is put into the post; in proving such service or delivery it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly prepaid, addressed and put into the post and a certificate in writing signed by the secretary of the Company or other officer of the Company or other person appointed by the Board that the envelope or wrapper containing the notice or other document was so properly prepaid, addressed and put into the post shall be conclusive evidence thereof;
- (b) if sent by electronic communication, shall be deemed to be given on the day on which it is transmitted from the server of the Company or its agent. A notice placed on the Company's website or the website of the relevant stock exchange is deemed given by the Company to a member on the day following that on which a notice of availability is deemed served on the member;
- (c) if published on the Company's website, shall be deemed to have been served on the day on which the notice, document or publication first so appears on the Company's website to which the relevant person may have access or the day on which the notice of availability is deemed to have been served or delivered to such person under the Bye-laws, whichever is later;
- (d) if served or delivered in any other manner contemplated by these Bye-laws other than by advertisement in appointed newspapers or other newspapers permitted under the Bye-laws, shall be deemed to have been served or delivered at the time of personal service or delivery or, as the case

may be, at the time of the relevant despatch or transmission; and in proving such service or delivery a certificate in writing signed by the secretary of the Company or other officer of the Company or other person appointed by the Board as to the fact and time of such service, delivery, despatch or transmission shall be conclusive evidence thereof;

- (e) if served by advertisement in appointed newspapers or other newspapers permitted under the Bye-laws, shall be deemed to have been served on the day on which the notice is first published; and
- (f) may be given to a member in the English language only, the Chinese language only or in both the English language and Chinese language, subject to due compliance with all applicable Statutes, rules and regulations.

Any notice or other document delivered or sent by post to or left at the registered address of any member or served by any means permitted by and in pursuance of these Bye-laws shall, notwithstanding that such member is then dead or bankrupt or that any other event has occurred, and whether or not the Company has notice of the death or bankruptcy or other event, be deemed to have been duly served or delivered in respect of any share registered in the name of such member as sole or joint holder unless his name shall, at the time of the service or delivery of the notice or document, have been removed from the register of members as the holder of the share, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.

A notice may be given by the Company to the person entitled to a share in consequence of the death, mental disorder or bankruptcy of a member by sending it through the post in a prepaid letter, envelope or wrapper addressed to him by name, or by the title of representative of the deceased, or trustee of the bankrupt, or by any like description, at the address, if any, supplied for the purpose by the person claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death, mental disorder or bankruptcy had not occurred.

Any person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which prior to his name and address being entered on the register of members shall have been duly given to the person from whom he derives his title to such share.

Purchase of own shares

The power of the Company to purchase its own shares is exercisable by the Board upon such terms and conditions as it thinks fit.

Subject to compliance with the rules and regulations of the relevant stock exchange and any other competent regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

Meetings of Shareholders

Special resolution

A special resolution of the Company must be passed by a majority of not less than three fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Bye-laws.

Annual general meetings and special general meetings

An annual general meeting of the Company shall be held in each year other than the year of incorporation at such time (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting unless a longer period would not infringe the rules of the relevant stock exchange).

Special general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid-up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the secretary for the purpose of requiring a special general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may proceed to convene a physical meeting.

Notices of meetings and business to be conducted thereat

An annual general meeting and any special general meeting at which the passing of a special resolution is to be considered shall be called by notice of not less than twenty-one (21) clear days. All other special general meetings may be called by notice of at least fourteen (14) clear days. The notice must specify (a) the time and date of the meeting, (b) the place of the meeting or the principal place of the meeting (as applicable), (c) if the general meeting is to be a hybrid meeting, the notice shall include a statement to that effect and with details of the electronic facilities for attendance and participation by electronic means at the meeting or where such details will be made available by the Company prior to the meeting, and (d) particulars of resolutions to be considered at the meeting. The notice convening an annual general meeting shall specify the meeting as such.

Notice of every general meeting shall be given to all members other than to such members as, under the provisions of the Bye-laws or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, to all persons entitled to a share in consequence of the death or bankruptcy or winding-up of a member and to each of the directors and the Auditors.

Quorum for meetings and separate class meetings

For all purposes the quorum for a general meeting shall be two members entitled to vote and present in person or (in the case of a member being a corporation) by its duly authorised representative or by proxy. In respect of a separate class meeting (other than an adjourned or postponed meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one third in nominal value of the issued shares of that class.

Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting but the number of proxies appointed by any one member (other than HKSCC Nominees Limited (or any successor thereto) or a clearing house (or its nominee(s)) shall not exceed three.

A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.

Directors

Appointment, retirement and removal of directors

At each annual general meeting, one third of the directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third, or such higher number of directors to be determined by the Board or a number determined by such other manner of rotation as may be required by any codes, rules and regulations as may be prescribed by the applicable regulatory authority from time to time) will retire from office by rotation. The directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any director who wishes to retire and not to offer himself for re-election. Any further directors so to retire shall be those of the other directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

The directors shall have the power from time to time and at any time to appoint any person as a director either to fill a casual vacancy on the Board or, subject to ordinary resolution of the members in general meeting, as an addition to the existing Board but so that the number of directors so appointed shall not exceed any maximum number determined from time to time by the members in general meeting. Any director appointed by the Board shall hold office only 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 that meeting.

A director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such director may have for damages for any breach of any contract between him and the Company) provided that the notice of any such meeting convened for the purpose of removing a director shall contain a statement of the intention to do so and be served on such director not less than fourteen (14) days before the meeting and, at such meeting, such director shall be entitled to be heard on the motion for his removal. Unless otherwise determined by the Company in general meeting, the number of

directors shall not be less than two. Unless otherwise determined by an ordinary resolution of the members in general meeting, there is no maximum number of directors of the Company.

There is no shareholding qualification for directors nor is there any provisions relating to retirement of directors upon reaching any age limit.

The Board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period (subject to their continuance as directors) and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments (but without prejudice to any claim for damages that such director may have against the Company or vice versa).

The Board may delegate any of its powers, authorities and discretions to committees consisting of such director or directors and other persons as the Board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

Remuneration of directors

The ordinary remuneration of the directors shall from time to time be determined by the Company in general meeting, such remuneration (unless otherwise directed by the resolution by which it is voted) to be divided amongst the directors in such proportions and in such manner as the Board may agree or, failing agreement, equally, except that any director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as directors.

Any director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to the Bye-laws.

A director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a director.

The Board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any director or ex-director who may hold or have held any executive office or any office of profit under the Company or any of its subsidiaries) and ex-employees of the Company and their dependants or any class or classes of such persons.

The Board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependants, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependants are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the Board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

Conflicts of interest and restrictions on voting

A director may hold any other office or place of profit with the Company (except that of auditor of the Company) in conjunction with his office of director for such period and, subject to the Bermuda Companies Act, upon such terms as the Board may determine, and may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to the Bye-laws.

A director may be or become a director or other officer or manager of, or a member of, any company promoted by the Company or any other company in which the Company may be interested, and shall not be accountable for any remuneration, profits or other benefits received by him as a director, officer, manager or member of, or from his interest in, such other company. Subject as otherwise provided by the Bye-laws, the Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the directors or any of them to be directors or officers or manager of such other company, or voting or providing for the payment of remuneration to the directors or officers or managers of such other company.

A director shall not vote or be counted in the quorum on any resolution of the Board concerning his own appointment as the holder of any office or place of profit with the Company or any other company in which the Company is interested (including the arrangement or variation of the terms thereof, or the termination thereof).

Subject to the Bermuda Companies Act and to the Bye-laws, no director or proposed or intending director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any director is in any way interested be liable to be avoided, nor shall any director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such director holding that office or the fiduciary relationship thereby established. A director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the Board after he knows that he is or has become so interested.

Subject to the rules of the relevant stock exchange, a director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his close associate(s) (and if required by the rules of the relevant stock exchange, his other associate(s)) is materially interested, and if he shall do so his vote shall not be counted and he shall not be counted in the quorum of such resolution of the Board but this prohibition shall not apply to any of the following matters namely:

- (a) any contract or arrangement for the giving by the Company or any of its subsidiaries of any security or indemnity to the director or his close associate(s) (and if required by the rules of the relevant stock exchange, his other associate(s)) in respect of money lent by him or any of them or obligations incurred or undertaken by him or any of his close associate(s) (and other associate(s), as the case may be) at the request of or for the benefit of the Company or any of its subsidiaries;
- (b) any contract or arrangement for the giving by the Company or any of its subsidiaries of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the director or his close associate(s) (and if required by the rules of the relevant stock exchange, his other associate(s)) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (c) any contract or arrangement by a director or his close associate(s) (and if required by the rules of the relevant stock exchange, his other associate(s)) to subscribe for shares or debentures or other securities of the Company or any of its subsidiaries to be issued pursuant to any offer or invitation to the members or debenture holders or to the public which does not provide the director or his close associate(s) (and other associate(s), as the case may be) any privilege not accorded to any other members or debenture holders or to the public;
- (d) any contract, arrangement or proposal concerning an offer of the shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase where the director or his close associate(s) (and if required by the rules of the relevant stock exchange, his other associate(s)) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (e) any contract or arrangement in which the director or his close associate(s) (and if required by the rules of the relevant stock exchange, his other associate(s)) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company or any of its subsidiaries by virtue only of his/their interest in shares or debentures or other securities of the Company or any of its subsidiaries;

- (f) any contract, arrangement or proposal concerning any company in which the director or his close associate(s) (and if required by the rules of the relevant stock exchange, his other associate(s)) is/are interested only, whether directly or indirectly, as an officer, executive or a shareholder or in which the director or his close associate(s) (and other associate(s), as the case may be) is/are beneficially interested in shares of that company provided that the director and any of his close associate(s) (and other associate(s), as the case may be) do not in aggregate own five (5) per cent. or more of such company, within the meaning as described in the Bye-laws;
- (g) any proposal or arrangement for the benefit of employees of the Company or its subsidiaries or its associated companies including the adoption, modification or operation of a pension fund or retirement, death or disability benefit scheme which relates both to directors (or their close associate(s)) (and if required by the rules of the relevant stock exchange, their other associate(s)) and employees of the Company or of any of its subsidiaries or its associated companies and does not give the director, or his close associate(s) (and other associate(s), as the case may be), as such any privilege or advantage not generally accorded to the employees to whom such scheme or fund relates; or
- (h) any proposal concerning the adoption, modification or operation of any share scheme involving the issue or grant of options over shares or other securities by the Company to, or for the benefit of the employees of the Company or its subsidiaries or its associated companies under which the director or his close associate(s) (and if required by the rules of the relevant stock exchange, his other associate(s)) may benefit.

For the purposes of the Bye-laws, “subsidiary” shall have the meaning as defined in Rule 1.01 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

A company shall be deemed to be a company in which a director and any of his close associate(s) (and if required by the rules of the relevant stock exchange, his other associate(s)) in aggregate own five (5) per cent. or more if and so long as (but only if and so long as) a director and his close associate(s) (and other associate(s), as the case may be), (either directly or indirectly) are in aggregate the holders of or beneficially interested in five (5) per cent. or more of the issued shares of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his/their interest is derived). For the purpose of this paragraph there shall be disregarded any shares held by a director or any of his close associate(s) (and other associate(s), as the case may be) as bare or custodian trustee and in which he has no beneficial interest, any shares comprised in a trust in which the interest of the director or any of his close associate(s) (and other associate(s), as the case may be) is in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the director or his close associate(s) (and other associate(s), as the case may be) is interested only as a unit holder and any shares which carry no voting right at general meetings and very restrictive dividend and return of capital right.

Where a company in which a director and any of his close associate(s) (and if required by the rules of the relevant stock exchange, his other associate(s)) in aggregate own five (5) per cent. or more (within the meaning as described in the Bye-laws) is materially interested in a transaction, then that director shall also be deemed materially interested in such transaction.

If any question shall arise at any meeting of the Board as to the materiality of the interest of a director or his close associate(s) (and if required by the rules of the relevant stock exchange, his other associate(s)) (other than the chairman of the meeting) or as to the entitlement of any director (other than such chairman) to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the chairman of the meeting and his ruling in relation to such other director shall be final and conclusive except in a case where the nature or extent of the interest of the director concerned and of his close associate(s) (and other associate(s), as the case may be) as known to such director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman and of his close associate(s) (and other associate(s), as the case may be) as known to such chairman has not been fairly disclosed to the Board.

The Company may by ordinary resolution ratify any transaction not duly authorised by reason of a contravention of the Bye-law provided that no director who is or whose close associate(s) (and if required by the rules of the relevant stock exchange, his other associate(s)) is/are materially interested in such transaction

shall vote upon such ordinary resolution in respect of any shares in the Company in which he/they is/are interested.

Indemnity of officers

Subject to the provisions of and so far as may be permitted by the Bermuda Companies Act, the directors, the secretary of the Company and other officers and every auditor for the time being of the Company and the liquidator or trustees (if any) for the time being acting in relation to any of the affairs of the Company and every one of them, and every one of their heirs, executors and administrators, 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 they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts; and none of them shall be answerable for the acts, receipts, neglects or defaults of the other or others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto; 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 any of said persons.

Proceedings of the Board

A meeting of the Board may be convened by the secretary of the Company on request of a director or by any director. The secretary of the Company shall convene a meeting of the Board of which notice may be given in writing or by telephone or in such other manner as the Board may from time to time determine whenever he shall be required so to do by the president or chairman, as the case may be, or any director. Any director may waive notice of any meeting either prospectively or retrospectively.

The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be two (2). An alternate director shall be counted in a quorum in the case of the absence of a director for whom he is the alternate provided that he shall not be counted more than once for the purpose of determining whether or not a quorum is present.

Questions arising at any meeting shall be determined by a majority of votes. In the case of any equality of votes the chairman of the meeting shall have an additional or casting vote.

Directors may participate in any meeting of the Board by means of a conference telephone or other communications equipment through which all persons participating in the meeting are capable of hearing and speaking to each other throughout the meeting.

The Board may elect a chairman and one or more deputy chairmen of its meetings and determine the period for which they are respectively to hold such office. If no chairman or deputy chairman is elected, or if at any meeting neither the chairman nor any deputy chairman is present within five (5) minutes after the time appointed for holding the same, the directors present may choose one of their number to be chairman of the meeting.

A resolution in writing signed by all the directors except such as are absent from the place in which the head office is for the time being situated or temporarily unable to act through ill-health or disability, and all the alternate directors, if appropriate, whose appointors are temporarily unable to act as aforesaid shall (provided that such number is sufficient to constitute a quorum and further provided that a copy of such resolution has been given or the contents thereof communicated to all the directors for the time being entitled to receive notices of Board meetings in the same manner as notices of meetings are required to be given by the Bye-laws) be as valid and effectual as if a resolution had been passed at a meeting of the Board duly convened and held.

Without prejudice to the foregoing, a director (or his alternate director) may sign or otherwise signify agreement to resolution in writing of directors. A director (or his alternate director) signifies agreement to a written resolution of directors when the Company receives from that director (or from his alternate director) a document or notification in hard copy form or in electronic form as authenticated by that director or by his alternate director in a manner previously agreed between that director and the Company:

- (a) identifying the resolution to which it relates; and
- (b) indicating that director's agreement to the resolution.

Notwithstanding any contrary provisions contained in the Bye-laws and subject to any applicable laws, rules and regulations:

- (a) any signature of the director or alternate director to any such resolution in writing may be made electronically, and any such resolution bearing the electronic signature of any director or alternate director shall be as valid and effectual as if it were bearing the handwritten signature of the relevant director or alternate director. Any such resolution in writing may consist of several documents in like form each signed (whether in handwritten form or in electronic form as aforesaid) by one or more of the directors or alternate directors; and
- (b) any signification of agreement to resolution in writing of directors authenticated as aforesaid shall be as valid and effectual as if the resolution had been signed by such director or alternate director, and a certificate by a director or the secretary of the Company of such signification and authentication shall be sufficient evidence without further proof thereof.

Borrowing Powers

The Board may from time to time at its discretion exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Bermuda Companies Act, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Dividends

Declaration of dividends

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board. The Company in general meeting may also make a distribution to its members out of contributed surplus (as ascertained in accordance with the Bermuda Companies Act). No dividend shall be paid or distribution made out of contributed surplus if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than the aggregate of its liabilities and its issued share capital and share premium accounts.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The directors may deduct from any dividend or other monies payable to a member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Fixed and interim dividends

The Board may from time to time pay to the members such interim dividends as appear to the Board to be justified by the profits of the Company and in particular (but without prejudice to the generality of the foregoing) if at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Board acts bona fide the Board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferential rights and may also pay any fixed dividend which is payable on any shares of the Company half-yearly or on any other dates, whenever such profits, in the opinion of the Board, justifies such payment.

Calculation and currency of dividends

Please refer to above sections.

Dividends not to bear interest

No dividend or other moneys payable by the Company on or in respect of any share shall bear interest against the Company.

Calls or debts may be deducted from dividends

The Board may deduct from any dividend or other moneys payable to a member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Dividends in specie

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

Scrip dividends

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the Board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit. The Company may also upon the recommendation of the Board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Unclaimed dividends

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the Board and shall revert to the Company.

5. Takeover Provisions

Application of the Hong Kong Takeovers Code

As the Company is listed on the Hong Kong Stock Exchange, the HK Takeovers Code applies to the Company. The UK Takeover Code will not apply to the Company as it is incorporated in Bermuda.

Under the HK Takeovers Code, a mandatory offer is required to be made to all shareholders of a company in the following circumstances, unless a waiver is granted by the Executive Director of the Corporate Finance Division of the Hong Kong Securities and Futures Commission (the “**Executive**”):

- (a) when any person (or two or more persons acting in concert) acquires, whether by a series of transactions over a period of time or not, 30% or more of the voting rights of a company; or
- (b) when any person (or two or more persons acting in concert) holding not less than 30% and not more than 50% of the voting rights of a company, acquires additional voting rights that increase his or their holding of voting rights by more than 2% from the lowest percentage holding by that person (or the concert group) in the preceding 12-month period.

Compulsory Acquisition Rules

Under Bermuda law, where an offer is made for shares of a company, and within four months of the offer, the holders of not less than 90% of the shares not owned by the offeror, its subsidiaries or their nominees accept the offer, the offeror may by notice require the non-tendering shareholders to transfer their shares on the terms of the offer. Dissenting shareholders do not have express appraisal rights but are entitled to seek relief (within one month of the compulsory acquisition notice) from the Bermuda court, which has the power to make such orders as it thinks fit.

In addition, where one or more parties hold not less than 95% of the shares of a company, such parties may, pursuant to a notice given to the remaining shareholders, acquire the shares of such remaining shareholders. Dissenting shareholders have the right to apply to the court for appraisal of the value of their shares within one month of the compulsory acquisition notice. If a dissenting shareholder is successful in obtaining a higher valuation, that valuation must be paid to all shareholders being squeezed out.

Further, under the HK Takeovers Code, except with the consent of the Executive, where any person seeks to privatise a company by means of an offer and the use of compulsory acquisition rights, such rights may only be exercised if, in addition to satisfying the requirements imposed by law, acceptances of the offer and purchases (in each case of the disinterested shares) made by the offeror and persons acting in concert with it during the period from the date of the announcement of a firm intention to make an offer to the expiry of the four month period after the date of the initial offer document total 90% of the disinterested shares.

Scheme of Arrangement

Under Bermuda law, a company may also be privatised by way of a scheme of arrangement which is (a) approved by a majority in number of shareholders representing not less than three-fourths in value of the shares subject to the scheme of arrangement and (b) sanctioned by the Bermuda court. Once the scheme of arrangement is sanctioned by the Bermuda court, all shareholders of the company will be bound.

Further, under the HK Takeovers Code, except with the consent of the Executive, where a scheme of arrangement is used to privatise a company, in addition to satisfying the requirements imposed by law, the scheme of arrangement is required to be (a) approved by at least 75% of the votes attaching to the disinterested shares and (b) the number of votes cast against the resolution is not more than 10% of the votes attaching to all disinterested shares.

Delisting

Under the HK Takeovers Code, if after a proposed offer, the shares in the company are to be delisted from the Hong Kong Stock Exchange, the resolution to approve the delisting must be subject to (a) approval by at least 75% of the votes attaching to the disinterested shares, (b) the number of votes cast against the resolution is not more than 10% of the votes attaching to all disinterested shares and (c) the offeror being entitled to exercise, and exercises, its right of compulsory acquisition.

6. Directors' and Senior Managers' interests

As at the date of this Prospectus, the interests in the share capital of the Company of the Directors and the Senior Managers (all of which, unless otherwise stated, are beneficial and include interests of persons connected with a Director or a Senior Manager) are set out below. The interests set out below represent each individual's economic interest in the Shares of the Company and do not represent individual voting interests in the Company.

Director/Senior Manager	Number of Shares	Percentage of issued share capital
Li Tzar Kuoi, Victor	5,655,000	0.22%
Kam Hing Lam	100,000	0.003%

No Director has, or has had, any interest in any transactions which:

- are, or were, unusual in their nature or conditions, or
- are or were significant to the business of the Group or any of its subsidiary undertakings,

and which were effected by the Group or any of its subsidiaries during the current or immediately preceding financial year or during an earlier financial year and which remain in any respect outstanding or unperformed.

There are no outstanding loans or guarantees granted or provided by any member of the Group to or for the benefit of any of the Directors or the Senior Managers.

Mr. Kam Hing Lam is an uncle of Mr. Li Tzar Kuoi, Victor, the Chairman of the Company. Save for the foregoing, there are no family relationships between any of the Directors and/or the Senior Managers.

7. Directors' terms of employment

The Directors and their functions are set out in "*Directors, Senior Managers and Corporate Governance*". The business address of each of the Directors is 12th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

Each of the Directors has entered into a letter of appointment with the Company for a period commencing 1 January 2012 (except for Chen Tsien Hua from 1 January 2017 and Paul Joseph Tighe from 21 April 2017)

and shall retire at the general meeting of the Company subject to the provision of retirement and rotation of directors under the Bye-laws and the HK Listing Rules.

Pursuant to the terms of the letters of appointment entered into between each Director (on the one part) and the Company (on the other part), the annual director's fee payable by the Company to each of them is HK\$75,000. Only director fee is included in the letters of appointment. Director will receive from the Company an additional fee of HK\$100,000 for being a member of the audit committee and HK\$25,000 for being a member of the remuneration committee, the nomination committee or the sustainability committee. The director's fees payable by the Company to the relevant Director is subject to increase or reduction as shall be determined or approved by the Board and the Shareholders.

The Company will reimburse each Director in accordance with the Bye-laws and the Company's policies for reasonable expenses incurred in performing his/her duties as a Director.

None of the letters of appointment provide for any benefits upon termination of employment.

Directors' Remuneration

Directors' remuneration comprises 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"), an 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"), an additional annual fee of HK\$25,000 each is paid. The remuneration of each of the Company's directors for the current year, excluding remuneration received from the Group's associates, are as follows:

<i>HK\$ million</i>	Fees	Basic Salaries, Allowances and Other Benefits	Bonuses	Provident Fund Contributions	Inducement or Compensation Fees	Total Remuneration 2023
Li Tzar Kuoi, Victor ^(1 and 3)	0.125	—	30.024	—	—	30.149
Kam Hing Lam	0.075	4.200	10.819	—	—	15.094
Ip Tak Chuen, Edmond	0.100	1.800	11.788	—	—	13.688
Fok Kin Ning, Canning ⁽¹⁾	0.075	—	—	—	—	0.075
Frank John Sixt	0.075	—	—	—	—	0.075
Andrew John Hunter ⁽¹⁾	0.075	13.683	17.671	1.368	—	32.797
Chan Loi Shun ^(1, 2 and 3)	0.075	7.868	3.466	0.785	—	12.194
Chen Tsien Hua	0.075	6.220	2.409	0.620	—	9.324
Cheong Ying Chew, Henry ^(4 and 5)	0.200	—	—	—	—	0.200
Kwok Eva Lee ⁽⁴⁾	0.100	—	—	—	—	0.100
Sng Sow-mei ⁽⁴⁾	0.200	—	—	—	—	0.200
Lan Hong Tsung, David ^(4 and 5)	0.175	—	—	—	—	0.175
Barrie Cook ^(4 and 5)	0.125	—	—	—	—	0.125
Paul Joseph Tighe ⁽⁴⁾	0.200	—	—	—	—	0.200
Lee Pui Ling, Angelina	0.075	—	—	—	—	0.075
George Colin Magnus	0.075	—	—	—	—	0.075
Total for the year 2023	1.825	33.771	76.177	2.773	—	114.546

⁽¹⁾ During the year, Mr. Li Tzar Kuoi, Victor, Mr. Andrew John Hunter and Mr. Chan Loi Shun each received directors' fees of HK\$70,000, Mr. Fok Kin Ning, Canning received director's fees of HK\$120,000 from Power Assets. The directors' fees totalling HK\$330,000 were then paid back to the Company.

⁽²⁾ During the year, the directors' remuneration in the sum of HK\$5,087,100 received by Mr. Chan Loi Shun from Power Assets were paid back to the Company.

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

⁽⁴⁾ INED, ACM, RCM, NCM and SCM—During the year, Mr. Cheong Ying Chew, Henry and Mrs. Sng Sow-mei have acted as INED, ACM and RCM of the Company. Mrs. Kwok Eva Lee has acted as INED and NCM of the Company. Mr. Lan Hong Tsung, David has acted as INED and ACM of the Company. Mr. Paul Joseph Tighe has acted as INED, ACM and SCM of the Company. Mr. Barrie Cook has acted as INED, NCM and SCM of the Company during the year. The total remuneration paid to these INED, ACM, RCM, NCM and SCM during the year were HK\$1,000,000.

- ⁽⁵⁾ Mr. Barrie Cook has retired as an INED, NCM and SCM of the Company with effect from 10 February 2024. Mr. Cheong Ying Chew, Henry was appointed as NCM of the Company and Mr. Lan Hong Tsung, David was appointed as SCM of the Company, both with effect from 10th February, 2024.

Directors' and Senior Managers' current and past directorships and partnerships

Set out below are the directorships and partnerships held by the Directors and the Senior Managers (other than, where applicable, directorships held in the Company and its subsidiaries and the subsidiaries of the companies listed below), in the five years prior to the date of this Prospectus:

Name	Current directorships/partnerships		Past directorships/partnerships
Li Tzar Kuoi, Victor	CK Infrastructure Holdings Limited CK Hutchison Holdings Limited CK Asset Holdings Limited CK Life Sciences Int'l., (Holdings) Inc. Power Assets Holdings Limited HK Electric Investments Limited Li Ka Shing Foundation Limited Li Ka Shing (Global) Foundation Li Ka Shing (Canada) Foundation Li Ka Shing Shantou University Foundation Li Ka Shing Overseas Foundation Li Ka Shing Overseas Foundation 2023 Li Ka-Shing Castle Holdings Limited Li Ka-Shing Castle II Holdings Limited Li Ka-Shing Unity Holdings Limited Li Ka-Shing Unity II Holdings Limited Cophorne Holdings Ltd. Alpha 2011 Limited Alpha 2012 Limited Alpha 2013 Limited	Alpha 2016 Limited Calm Pearl Corporation Dragon Reign Limited Dragonfield Limited Pitana Limited Pohay Limited Virtual Giant Limited Vivid Image Limited Apex Dynasty Limited Cheung Kong Industrial Company Limited Golden Core International Limited Kinetic Venture Limited Pacific Atlantic Investment Limited Tangiers Enterprises Limited Mayspin Management Limited Victory Pleasure Limited The Hong Kong General Chamber of Commerce Friends of Hong Kong Association Development Foundation Limited Friends of Hong Kong Association Limited	The Hongkong and Shanghai Banking Corporation Limited Husky Energy Inc.
Kam Hing Lam . .	CK Infrastructure Holdings Limited CK Hutchison Holdings Limited CK Asset Holdings Limited CK Life Sciences Int'l., (Holdings) Inc. Hui Xian Asset Management Limited		—
Ip Tak Chuen, Edmond	CK Infrastructure Holdings Limited CK Hutchison Holdings Limited CK Asset Holdings Limited CK Life Sciences Int'l., (Holdings) Inc. Hui Xian Asset Management Limited Righteous Group Limited		—
Fok Kin Ning, Canning	CK Infrastructure Holdings Limited CK Hutchison Holdings Limited Hutchison Telecommunications Hong Kong Holdings Limited TPG Telecom Limited HK Electric Investments Manager Limited HK Electric Investments Limited CK Hutchison Group Telecom Holdings Limited PT Indosat Tbk Brilliant Cheer Investment Limited Carmita Limited CASS Concept Limited Chateau Hill Properties Limited City Bright Development Ltd Clear Vantage Limited Clever Joy Investments Limited Collin Limited Direct Channel Limited Full Court Holdings Limited Full Kind Enterprises Limited	Fullfield International Limited Global Vast Limited Gold Palace International Limited Honnet Limited Horizon Limited Jacada Investment Limited Joachim Limited Mecon Limited Modern Profit Property Limited Modern View Resources Limited Pioneer Front International Limited Polygain Investments Limited Resear Limited Ronden Assets Limited Splendid Luck Holdings Limited Terry Limited Velmax Limited Westley Resources Limited	Hutchison Telecommunications (Australia) Limited Hutchison Port Holdings Management Pte. Limited Power Assets Holdings Limited Cenovus Energy Inc. Husky Energy Inc. Champion Year Investments Limited Dingford Development Limited DWB Capital Limited 深資本有限公司 Falconwing Limited Key Success Investments Limited Leading Ease Limited Ventures Success Limited 上海萬世商務諮詢有限公司
Frank John Sixt . .	CK Infrastructure Holdings Limited CK Hutchison Holdings Limited TOM Group Limited Hutchison Telecommunications (Australia) Limited	Anne Sixt & Company Limited Asian Youth Orchestra Limited Cycad Investment Corp Cycad Investments (Ireland) Limited Cycad Property Limited	PT Indosat Tbk Husky Energy Inc.

Name	Current directorships/partnerships	Past directorships/ partnerships
	TPG Telecom Limited Cenovus Energy Inc. HK Electric Investments Manager Limited HK Electric Investments Limited Aegean Services Limited	Cyrad Farm Limited Kingroy Limited
Andrew John Hunter	CK Infrastructure Holdings Limited Power Assets Holdings Limited CK Hutchison Holdings Limited	—
Chan Loi Shun . .	CK Infrastructure Holdings Limited Power Assets Holdings Limited HK Electric Investments Manager Limited HK Electric Investments Limited	—
Chen Tsien Hua . .	CK Infrastructure Holdings Limited	—
Cheong Ying Chew, Henry	CK Infrastructure Holdings Limited CK Asset Holdings Limited New World Department Store China Limited Skyworth Group Limited BTS Group Holdings Public Company Limited Worldsec Limited Asia Foundation (Holdings) Ltd Findley Realty Ltd HC Investment Holdings Ltd HC Investment Services Ltd Hsiao Ying Investments Holding Ltd Livegood Ltd	Hutchison Telecommunications Hong Kong Holdings Limited TOM Group Limited CNNC International Limited Greenland Hong Kong Holdings Limited Derma Dream Investments Ltd Eagleton Trading Co Hanclara Investment Ltd Helot Investments Ltd Mighty Glow Ltd Rawlins Investment Ltd
Kwok Eva Lee . .	CK Infrastructure Holdings Limited CK Asset Holdings Limited CK Life Sciences Int'l., (Holdings) Inc. Li Ka Shing (Canada) Foundation Amara Holdings Inc. Cenovus Energy Inc.	Husky Energy Inc.
Sng Sow-mei . . .	CK Infrastructure Holdings Limited CK Asset Holdings Limited ESR Asset Management (Prosperity) Limited	Hutchison Port Holdings Management Pte. Limited
Lan Hong Tsung, David	CK Infrastructure Holdings Limited Cinda Financial Holdings Co., Limited ESR Asset Management (Prosperity) Limited David H T Lan Consultants Limited Nanyang Commercial Bank, Limited International Probono Legal Services Association Limited	Hutchison Telecommunications Hong Kong Holdings Limited
Paul Joseph Tighe	CK Infrastructure Holdings Limited CK Hutchison Holdings Limited CK Life Sciences Int'l., (Holdings) Inc.	—
Lee Pui Ling, Angelina	CK Infrastructure Holdings Limited Henderson Land Development Company Limited TOM Group Limited Great Eagle Holdings Limited Li Ka Shing Foundation Limited Li Ka Shing (Global) Foundation Li Ka Shing (Canada) Foundation Charles K Kao Foundation for Alzheimer's Disease Limited SAR Philharmonic Charitable Foundation Limited UCL Scholarship Hong Kong Foundation Limited Blue Sky Property Limited Breccta Company Limited Eastern Express Limited	Groverton Limited Kincheer Limited Luxcastle Limited Master Growth Enterprises Limited Pedigree Profits Limited Sky Winner Limited Tiffany Investments Limited Top Harvest Limited Tracker Investment Limited Venetian Holdings Limited 38D Beacon Court LLC Fine Field Group Limited Ginger Group Limited Great Choice Associates Limited Mightyberg Limited Robust Group Limited Topway Associates Limited Woo Kwan Lee & Lo
George Colin Magnus	CK Infrastructure Holdings Limited CK Hutchison Holdings Limited HK Electric Investments Manager Limited HK Electric Investments Limited CommonWealthSharing Network Limited Eagle Team Investment Limited	Nest Egg Limited Summit Corporation Limited Ennismore Properties Limited Hampstead Limited St James Realty Limited 362487 British Columbia Limited 362488 British Columbia Limited 391688 British Columbia Limited

Name	Current directorships/partnerships		Past directorships/ partnerships
	Excel Enterprise Limited Flytop Limited Goodview City Limited Paul Storr & Company Limited Paul de Lamerie & Company Limited	Artistic Enterprises Limited Striking Eagle Investments Limited	
Chan Kee Ham, Ivan	—		—
Lun Pak Lam . . .	—		—
Luk Sai Hong, Victor	—		—
Tong Barnes Wai Che, Wendy	Excel Good Investments Ltd Vantop Investments Ltd Gillies International Ltd		—
Duncan Nicholas Macrae	Palace Gate City Wall Exeter Limited Palace Gate (Exeter) Management Company Limited		—
Chiu Yue Seng . .	Senlen Development Limited Capital Trader Limited		—

Within the period of five years preceding the date of this Prospectus, none of the Directors:

- has had any convictions in relation to fraudulent offences;
- has received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of affairs of a company; or
- has been a member of the administrative, management or supervisory bodies or director or senior manager (who is relevant in establishing that a company has the appropriate expertise and experience for management of that company) of any company at the time of or within a 12-month period preceding any bankruptcy, receivership, liquidation or entry into administration of such company.

Conflicts of interest

There are no potential conflicts of interest between any duties owed by the Directors or Senior Managers to the Company and their private interests or other duties.

8. Principal Shareholders

In so far as is known to the Directors, the following are the interests (within the meaning of Part 22 of the UK Companies Act) which represent, directly or indirectly, 3% or more of the issued share capital of the Company as at the date of this Prospectus:

Shareholder	Shares outstanding in the Company (%)
Hutchison Infrastructure Holdings Limited ⁽¹⁾	75.67%

⁽¹⁾ Hutchison Infrastructure Holdings Limited is 100% owned indirectly by CK Hutchison

Save as disclosed above, in so far as is known to the Directors, there is no other person who is, as at the date of this Prospectus, directly or indirectly, interested in 3% or more of the issued share capital of the Company, or of any other person who can, will or could, directly or indirectly, jointly or severally, exercise control over the Company. The Directors have no knowledge of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

There are no applicable notification requirements regarding interests in the Company's capital or voting rights under Bermuda law, being the law of the Company's jurisdiction of incorporation.

9. Employee share plans

The Company does not have an employee share plan.

10. Remuneration Policy

The remuneration packages of the Executive Directors and senior management are determined with reference to the skills, knowledge, experience, involvement in the Company's affairs and the performance of the individuals, taking into account the corporate goals and objectives of the Board resolved from time to time, the expected overall performance of the Group's businesses, market trends (including market data and the prevailing market conditions during that year), and whether the current remuneration programme effectively aligns executive pay and performance. A significant proportion of the Executive Directors' remuneration packages has been structured to link rewards to corporate and individual performance. The Company does not have any share option scheme in place. The Board has resolved that, for remuneration purposes, the senior management of the Company comprises the Executive Directors of the Company only. The Independent Non-executive Directors receive fixed fees for their appointments as members of the Board and additional fees for sitting on each Board Committee. None of such fees are based on the performance of the Group.

11. Employee benefit trust

The Company does not have any employee benefit trust.

12. Pensions

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 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 each at 5 per cent of the employees' monthly relevant income capped at HK\$30,000. Contribution to the defined contribution plans in New Zealand are made by either the employer only at 9 per cent of the employees' monthly basic salaries or by both the employer and employees each at 4 to 9 per cent of the employees' monthly basic salaries.

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

The Group's costs in respect of defined contribution plans for 2023 amounted to HK\$29 million. Forfeited contributions and earnings for 2023 under the defined contribution plans amounting to HK\$1 million were used to reduce the existing level of contributions. At 31 December 2023, there were no forfeited contributions and earnings available to the Group to reduce its contributions to the defined contribution plans in future years.

13. Subsidiaries

The Company is the principal holding company of the Group. The subsidiaries and subsidiary undertakings of the Company as of 31 December 2023 are as follows:

Subsidiary	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\$200,000,000	100	Production and laying of asphalt and investment holding
Cheung Kong China Infrastructure Limited	Hong Kong	HK\$2	100	China infrastructure investment holding
China Cement Company (International) Limited	Hong Kong	HK\$1,000,000	70	Investment holding
Green Island Cement Company, Limited	Hong Kong	HK\$306,694,931	100	Manufacturing, sale and distribution of cement

Subsidiary	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
				and property investment
Green Island Cement (Holdings) Limited	Hong Kong	HK\$722,027,503	100	Investment holding
Enviro NZ Services Limited	New Zealand	NZ\$84,768,736	100	Waste management services

14. Dividend Policy

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.

15. Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or another member of the Group: (a) within the two years immediately preceding the date of this Prospectus which are, or may be, material to the Company or any member of the Group; or (b) at any time and contain provisions under which the Company or any member of the Group has an obligation or entitlement which is, or may be, material to the Company or any member of the Group as at the date of this Prospectus:

Listing Agent Agreement

On the date hereof, the Company entered into a listing agent agreement with HSBC which sets out the terms on which HSBC advised the Company in respect of Admission (the "**Listing Agent Agreement**"). The Listing Agent Agreement contains, among other things, certain warranties and indemnities given by the Company to HSBC.

Deed Poll

On the date hereof, a deed was made by Computershare Investor Services PLC (the "**Depositary**") in favour of all the holders of the Depositary Interests from time to time with respect to the issuance and management of Depositary Interests representing the Shares (the "**Deed Poll**"). Please refer to paragraph 1 of Part 13 (*Admission, Settlement and Trading*) of this Prospectus for further information regarding the Deed Poll.

Depositary Services Agreement

On the date hereof, the Company entered into an agreement with Computershare Investor Services PLC as the Depositary for the provision by the Depositary of certain depositary and custody to be provided following Admission (the "**Depositary Services Agreement**"). Please refer to paragraph 1 of Part 13 (*Admission, Settlement and Trading*) of this Prospectus for further information regarding the Depositary Services Agreement.

Registry Services Agreement

On the date hereof, the Company entered into an agreement with Computershare Investor Services (Bermuda) Limited for the provision of registry and associated services (the "**Registry Services Agreement**"). The Registry Services Agreement sets out the terms of the appointment of Computershare Investor Services (Bermuda) Limited as the Principal Share Registrar to maintain the Company's register of shareholders and to provide certain associated services, including, among other things, the processing of share transfers, dividend services, share certificate services and share reporting services.

NWG Shareholders' Agreement

On 22 December 2022, CKI UK Co 5 Limited, an indirect wholly-owned subsidiary of CKI ("**CKI Holdco**"), Mara Development Inc., an indirect wholly-owned subsidiary of CKA ("**CKA Holdco**"), Brockhill Investments Corporation, a wholly-owned subsidiary of an entity the issued shares of which are in turn held by a wholly-

owned subsidiary of CK Hutchison (“**Brockhill**”, and together with CKI Holdco and CKA Holdco, the “**Lead Investors**”), Nimbus UK Bidco Limited, an entity controlled by affiliates of Kohlberg Kravis Roberts & Co. L.P. (“**KKR Bidco**”, and together with the Lead Investors, the “**Investors**”) and Northumbrian Water entered into a shareholders’ agreement (the “**NWG Shareholders’ Agreement**”), which governs the rights and obligations of Northumbrian Water and the respective Investors following the sale by the Lead Investors of the partial stakes in Northumbrian Water in 2022.

Pursuant to the NWG Shareholders’ Agreement, the Lead Investors may, acting together, appoint or remove the majority of the directors of Northumbrian Water’s board (the “**NWG Board**”), provided that the Lead Investors (and their associated companies) hold an aggregate of more than 50 per cent of the share capital of Northumbrian Water. The Lead Investors may also designate a chairperson of the NWG Board. In addition, the Lead Investors may appoint or remove such other directors as they shall determine, subject to certain limitations if KKR Bidco or other qualifying investors hold more than 20 per cent of share capital in Northumbrian Water. Decisions on certain reserved matters, such as changes to the company’s capital structure, mergers, and significant financial transactions, require the approval of the Lead Investors and, in some cases, other investors holding a significant percentage of shares. The NWG Shareholders’ Agreement also grants the Investors certain pre-emption rights to subscribe for a pro rata portion of securities newly issued by Northumbrian Water.

16. UK Taxation

The following statements are of a general nature and do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding and disposing of the Shares. The statements are based on current UK tax law and on the current published practice of His Majesty’s Revenue and Customs (“**HMRC**”) (which may not be binding on HMRC), as of the date of this Prospectus, all of which are subject to change, possibly with retrospective effect. They are intended to address only certain UK tax consequences for shareholders who are tax resident in (and only in) the UK, and in the case of individuals, domiciled in (and only in) the UK (except where expressly stated otherwise) who are the absolute beneficial owners of the Shares and any dividends paid on them and who hold the Shares as investments (other than in an individual savings account or a self-invested personal pension). They do not address the UK tax consequences that may be relevant to certain classes of shareholders such as traders, brokers, dealers, banks, financial institutions, insurance companies, investment companies, collective investment schemes, tax-exempt organisations, trustees, persons connected with the Company or the Group, persons holding their Shares as part of hedging or conversion transactions, shareholders who have (or are deemed to have) acquired their Shares by virtue of an office or employment, or shareholders who are or have been officers or employees of the Company or a company forming part of the Group. In addition, the summary below may not apply to any shareholder who either directly or indirectly holds or controls 10% or more of the Company’s share capital (or class thereof), voting power or profits.

The following is intended only as a general guide and is not intended to be, nor should it be considered to be, legal, business or tax advice to any particular prospective purchaser of the Shares. Accordingly, prospective subscribers for, or purchasers of, the Shares who are in any doubt as to their tax position regarding the acquisition, ownership or disposition of the Shares or who are subject to tax in a jurisdiction other than the United Kingdom should consult their own tax advisers.

Taxation of dividends

Withholding tax

The Company will not be required to withhold UK tax at source when paying dividends. The amount of any liability to UK tax on dividends paid by the Company will depend on the individual circumstances of a shareholder.

Taxation of Dividends—UK Resident Shareholders

An individual shareholder who is resident in the UK for tax purposes may, depending on their particular circumstances, be subject to UK tax on dividends received from the Company.

All dividends received by a UK tax resident individual shareholder from the Company or from other sources will form part of the shareholder’s total income for income tax purposes and will constitute the top slice of that income. A nil rate of income tax will apply to the first GBP500 of taxable dividend income received by the shareholder in a tax year (the “**Nil Rate Band**”). Income within the Nil Rate Band will be taken into account in determining whether income in excess of the Nil Rate Band falls within the basic rate, higher rate or additional rate tax bands. Where the dividend income is above the Nil Rate Band, any excess amount will be taxed at

8.75% to the extent that the excess amount falls within the basic rate tax band, 33.75% to the extent that the excess amount falls within the higher rate tax band and 39.35% to the extent that the excess amount falls within the additional rate tax band.

Corporate shareholders that are resident for tax purposes in the UK should not be subject to UK corporation tax on any dividend received from the Company so long as the dividends qualify for exemption (as is likely) and certain conditions are met (including anti-avoidance conditions). If the conditions for exemption are not met or cease to be satisfied, or such a shareholder elects for an otherwise exempt dividend to be taxable, the shareholder will be subject to UK corporation tax on dividends received from the Company, at the rate of corporation tax applicable to that shareholder.

Taxation of Dividends—Non-UK Resident Shareholders

An individual shareholder who is not resident for tax purposes in the UK should not be chargeable to UK income tax on dividends received from the Company unless he or she carries on (whether solely or in partnership) any trade, profession or vocation in the UK through a branch or agency to which the Shares are attributable. There are certain exceptions for trading in the UK through independent agents, such as some brokers and investment managers.

Corporate shareholders who are not resident in the UK will not generally be subject to UK corporation tax on dividends unless they are carrying on a trade, profession or vocation in the UK through a permanent establishment in connection with which the Shares are used, held, or acquired.

A shareholder who is resident outside the UK may be subject to non-UK taxation on dividend income under local law.

Taxation of capital gains

UK resident Shareholders

A disposal or deemed disposal of Shares by an individual or corporate shareholder who is tax resident in the UK may, depending on the shareholder's circumstances and subject to any available exemptions or reliefs (such as the annual exempt amount for individuals), give rise to a chargeable gain or allowable loss for the purposes of UK taxation of chargeable gains.

Any chargeable gain (or allowable loss) will generally be calculated by reference to the consideration received for the disposal of the Shares less the allowable cost to the shareholder of acquiring such Shares.

The applicable tax rates for UK resident individual shareholders realising a gain on the disposal of Shares is, broadly, 10% for basic rate taxpayers and 20% for higher and additional rate taxpayers. An individual shareholder is entitled to realise an annual exempt amount of gains (GBP3,000 for the 2024/2025 tax year) without being liable to UK capital gains tax.

For corporate shareholders, corporation tax is generally charged on chargeable gains at the rate applicable to the relevant corporate shareholder. A gain accruing to a corporate shareholder on a disposal of Shares may qualify for the substantial shareholding exemption if certain conditions are met. If the substantial shareholding exemption applies, such gains are exempt from tax and losses do not accrue.

Non-UK Shareholders

Shareholders who are not resident in the UK and, in the case of an individual shareholder, not temporarily non-resident, should not be liable for UK tax on capital gains realised on a sale or other disposal of Shares unless: (i) such Shares are used, held or acquired for the purposes of a trade, profession or vocation carried on in the UK through a branch or agency or, in the case of a corporate shareholder, through a permanent establishment; or (ii) where certain conditions are met, the Company derives 75% or more of its gross value from UK land.

Generally, an individual shareholder who has ceased to be resident in the United Kingdom for UK tax purposes for a period of five years or less and who disposes of Shares during that period may be liable on their return to the United Kingdom to UK taxation on any capital gain realised (subject to any available exemption or relief).

UK stamp duty and UK stamp duty reserve tax ("SDRT")

The statements in this paragraph are intended as a general guide to the current position relating to stamp duty and SDRT and apply to any shareholder irrespective of their place of tax residence. Certain categories of

person, including intermediaries, brokers, dealers and persons connected with depositary receipt arrangements and clearance services, may not be liable to stamp duty or SDRT, or may be liable at a higher rate, or may, although not primarily liable for the tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

Stamp duty will in principle be payable on any instrument of transfer of Shares that is executed in the United Kingdom or that relates to any property situated, or to any matter or thing done or to be done, in the United Kingdom. An exemption from stamp duty is available on an instrument transferring Shares where the amount or value of the consideration is GBP1,000 or less and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the consideration exceeds GBP1,000. Shareholders should be aware that, even where an instrument of transfer is in principle subject to stamp duty, there is no obligation to pay stamp duty unless it is necessary to rely on the instrument for legal purposes, for example to register a change of ownership or in litigation in a UK court.

Subject to the below paragraph, provided that Shares are not registered in any register maintained in the United Kingdom by or on behalf of the Company and are not paired with any shares issued by a UK incorporated company, any agreement to transfer Shares will not be subject to SDRT. The Company does not intend that any register of Shares will be maintained in the United Kingdom.

Where Shares are traded electronically in the United Kingdom on the London Stock Exchange and settled by way of DIs within CREST, transactions in those DIs will be exempt from SDRT provided that (i) the Company is not centrally managed and controlled in the United Kingdom, (ii) the Shares are not registered in a register maintained in the United Kingdom by or on behalf of the Company, and (iii) the Shares are listed and admitted to trading on the London Stock Exchange (or another “recognised stock exchange” within the meaning of section 1005 of the UK Income Tax Act 2007). As a result, following Admission and provided the above conditions are and continue to be satisfied, an agreement to transfer DIs should not attract a charge to SDRT.

17. Certain Hong Kong Tax Considerations

The sale, purchase and transfer of Shares registered on the Company’s Hong Kong Branch Register of Members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.10% of the higher of the consideration paid for, or the market value of the Shares being sold, purchased or transferred, whether or not the sale or purchase is effected on or off the Hong Kong Stock Exchange.

Hong Kong profits tax will not be payable by any shareholders (other than shareholders carrying on a trade, profession or business in Hong Kong and holding the Shares for trading purposes) on any capital gains made on the sale or transfer of the Shares. Trading gains derived from dealings in the Shares by persons carrying on a trade, profession or business in Hong Kong may be subject to Hong Kong profits tax.

Hong Kong estate duty was abolished on 11 February 2006. No Hong Kong estate duty will be payable by shareholders in relation to the Shares owned in the Company.

18. Certain Bermuda Tax Considerations

At the present time, there is no Bermuda income or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by us or by our shareholders in respect of our shares. However, Bermuda enacted the Corporate Income Tax Act 2023 on 27 December 2023 (the “CIT Act”). Entities subject to tax under the CIT Act are the Bermuda constituent entities of multi-national groups. A multi-national group is defined under the CIT Act as a group with entities in more than one jurisdiction with consolidated revenues of at least EUR750mm for two out of the four previous fiscal years. If Bermuda constituent entities of a multi-national group are subject to tax under the CIT Act, such tax is charged at a rate of 15 per cent of the net taxable income of such constituent entities as determined in accordance with and subject to the adjustments set out in the CIT Act (including in respect of foreign tax credits applicable to the Bermuda constituent entities). No tax is chargeable under the CIT Act until tax years starting on or after 1 January 2025.

We have obtained an assurance from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966 that, in the event that any legislation is enacted in Bermuda imposing any tax computed on profits or income, or computed on any capital asset, gain or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not, until 31 March 2035, be applicable to us or to any of our operations or to our shares, debentures or other obligations except insofar as such tax applies to persons

ordinarily resident in Bermuda or is payable by us in respect of real property owned or leased by us in Bermuda. Any liability for tax of a Bermuda constituent entity in scope of the CIT Act shall apply notwithstanding the assurance given to such entity pursuant to the Exempted Undertakings Tax Protection Act 1966.

Given the limited duration of any assurance by the Minister of Finance, the Company cannot be certain that it will not be subject to any Bermuda taxes after 31 March 2035. The Company pays an annual Bermuda government fee.

Pursuant to the Payroll Tax Act 1995 and the Payroll Tax Rates Act 1995 of Bermuda (together, the “**Payroll Tax Act**”), an employer is subject to taxation based on an employee’s annual actual remuneration up to a maximum of US\$1,000,000 at a rate of 10.25 per cent. For the purposes of the Payroll Tax Act, any gain obtained by the exercise, assignment or release of any option awarded under any Company option plan will constitute actual remuneration.

19. Litigation

There are no governmental, legal or arbitration proceedings (including such proceedings which are pending or threatened of which the Company is aware) during the 12 months preceding the date of this Prospectus, which may have, or have had in the recent past, a significant effect on the Company’s and/or the Group’s financial position or profitability.

20. Related party transactions

Save as described in Note 36 of Part 11 (*Audited Historical Financial Information*) and the equity contribution to AVR described in Section 8 (*Infrastructure Investments*) of Part 6 (*Business*) as well as the recapitalisation exercise for CK William described in Section 14 (*Recent Developments*) of Part 6 (*Business*) of this Prospectus, there are no related party transactions between the Company or members of the Group and related parties.

21. No significant change

There has been no significant change in the financial position or financial performance of the Group since 30 June 2024, the date as of which the Unaudited Interim Historical Financial Information included in this Prospectus was prepared.

22. Working Capital

In the opinion of the Company, taking into account the facilities available to the Group, the working capital available to the Group is sufficient for its present requirements, which is for at least 12 months following the date of this Prospectus.

23. Statutory auditors

The Company’s auditors are Deloitte Touche Tohmatsu, whose registered address is at 35/F One Pacific Place, 88 Queensway, Hong Kong. Deloitte Touche Tohmatsu is a registered public interest entity auditor, registered to carry out audit work by the Accounting and Financial Reporting Council in Hong Kong.

24. Rights of Holders Through CREST

Please refer to Part 13 (*Admission, Settlement and Trading*) of this Prospectus for further information regarding DIs and rights of DI holders.

25. Miscellaneous

The Company will bear approximately £6.5 million of fees and expenses in connection with Admission, including estimated fees and expenses in connection with Admission and amounts in respect of VAT.

26. Documents available for inspection

Copies of the Bye-laws will be available on the Company’s website, at www.cki.com.hk, for a period of 12 months following the date of this Prospectus.

This Prospectus will be published in electronic form and be available on the Company’s website at www.cki.com.hk.

The date of this Prospectus is 14 August 2024.

PART 15 DEFINITIONS AND GLOSSARY

“ACM”	Audit Committee Members;
“Admission”	the admission of the Shares to listing in the ESICC category of the Official List and to trading on the Main Market of the London Stock Exchange;
“Alternate Directors”	(1) Man Ka Keung, Simon, alternate director to Ip Tak Chuen, Edmond, and (2) Eirene Yeung, alternate director to Kam Hing Lam, each appointed pursuant to Bermuda law;
“Amara”	Amara Holdings Inc.;
“Audited Historical Financial Information”	the audited consolidated financial information as of and for the three years ended 31 December 2023, 2022 and 2021;
“Bermuda Companies Act”	the Companies Act 1981 of Bermuda, as amended;
“Board”	the board of directors of the Company;
“Bye-laws”	the bye-laws of the Company (as amended from time to time);
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the HK Listing Rules;
“CK Asset”	CK Asset Holdings Limited;
“CK Group”	CKI, CK Hutchison, Power Assets and CK Asset;
“CK Hutchison”	CK Hutchison Holdings Limited;
“CK William”	CK William UK Holdings Limited, the Company’s joint venture;
“CKH”	Cheung Kong (Holdings) Limited;
“CKH Group”	CKI, CK Hutchison and Power Assets;
“CKHGT”	CK Hutchison Group Telecom Holdings Limited;
“Company” or “CKI”	CK Infrastructure Holdings Limited;
“Deed Poll”	the deed poll dated 14 August 2024 (as subsequently modified, supplemented and/or restated);
“Depository”	Computershare Investor Services PLC, as the issuer of the DIs;
“Directors”	the directors of the Company as set out in Part 4 (<i>Directors, Secretary, Registered and Head Offices, Advisers, and Timetable of Principal Events</i>) of this Prospectus, other than the Alternate Directors;
“DIs” or “Depository Interests”	depository interests issued by the Depository representing the Shares which are held on trust by the Depository for the holders of the depository interests;
“DTRs”	the Disclosure Guidance and Transparency Rules of the FCA;
“ESCC”	the Equity Shares (Commercial Companies) category of the Official List;
“ESG”	environmental, social and governance;
“ESICC”	the Equity Shares (International Commercial Companies Secondary Listing) of the Official List;
“Euroclear UK”	Euroclear UK and International Limited;
“FCA”	the UK Financial Conduct Authority;
“FSMA”	the Financial Services and Markets Act 2000, as amended;

“Great Britain”	England, Scotland and Wales;
“Group”	CKI and its subsidiaries;
“Group’s businesses” or “Group’s portfolio businesses”	subsidiaries, JVs and associates (meaning companies, other than subsidiaries or joint ventures, 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).
“Historical Financial Information” .	the Audited Historical Financial Information and the Unaudited Interim Historical Financial Information;
“HK Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (as amended from time to time);
“HK Takeovers Code”	the Code on Takeovers and Mergers in Hong Kong;
“HKAS 34”	Hong Kong Accounting Standard 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants;
“HKEIM”	HK Electric Investments Manager Limited;
“HKEX”	Hong Kong Exchanges and Clearing Limited;
“HKFRS”	Hong Kong Financial Reporting Standards;
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“HKSAR”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HMRC”	His Majesty’s Revenue and Customs;
“HPHM”	Hutchison Port Holdings Management Pte. Limited;
“HWL”	Hutchison Whampoa Limited;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Hong Kong Branch Share Register”	the segment of the CKI register of members maintained in Hong Kong by Computershare Hong Kong Investor Services Limited;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“IFRS”	International Financial Reporting Standards;
“LEI”	legal entity identifier;
“LKS Canada Foundation”	Li Ka Shing Canada Foundation;
“London Stock Exchange”	London Stock Exchange plc;
“Main Market”	the main market for listed securities of the London Stock Exchange;
“Mainland China”	the People’s Republic of China, which for the purposes of this Prospectus only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the HK Listing Rules
“MPF”	master trust Mandatory Provident Fund;
“NCM”	Nomination Committee Members;
“Official List”	the official list of the FCA;
“ORSO Schemes”	MPF-exempted recognised occupational retirement schemes;
“Payroll Tax Act”	the Payroll Tax Act 1995 and the Payroll Tax Rates Act 1995 of Bermuda;

“Power Assets”	Power Assets Holding Limited;
“Prospectus”	this document approved by the FCA as a prospectus prepared in accordance with the Prospectus Regulation Rules made under section 73A of the FSMA;
“Principal Share Register”	the segment of the CKI register of members which shall be maintained in Bermuda by Computershare Investor Services (Bermuda) Limited;
“Prospectus Regulation Rules”	the prospectus regulation rules of the FCA;
“RCM”	Remuneration Committee Member;
“SCM”	Sustainability Committee Member;
“SDRT”	stamp duty reserve tax;
“SFO”	the Securities and Futures Ordinance, Cap. 571;
“SGX-ST”	Singapore Exchange Securities Trading Limited;
“Senior Manager”	each member of the senior management team of the Company;
“Shares”	the ordinary shares of the Company with a nominal value of HK\$1.00 each;
“UK Companies Act”	the Companies Act 2006, as amended;
“UK Prospectus Regulation”	the UK version of Regulation (EU) No 2017/1129 as amended by The Prospectus (Amendment etc.) (EU Exit) Regulations 2019, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended from time to time;
“Unaudited Interim Historical Financial Information”	the unaudited condensed consolidated interim income statement and balance sheet as of and for the six-month period ended 30 June 2024, together with the unaudited comparative six-month period ended 30 June 2023;
“United Kingdom”	England, Scotland, Wales and Northern Ireland;
“U.S. Securities Act”	the United States Securities Act of 1933;
“YE 2021”	the year ended 31 December 2021;
“YE 2022”	the year ended 31 December 2022; and
“YE 2023”	the year ended 31 December 2023.

